Executive Summary

Comedia has conducted a survey of creative industries enterprises in Welland, Leicestershire, the city of Leicester and specific priority regeneration wards of the city. Resulting in a database of over 2,200 enterprises, it is the most detailed and comprehensive study of its kind ever conducted in the area.

Extrapolating from the sample survey, it can be concluded that in the sub-region as a whole there are almost 3,500 creative industries businesses which employ nearly 20,000 people and generate an annual turnover of £1.4 billion. Of this:

- Leicestershire contains 1,935 businesses employing 9,405 with turnover of £718 million

- Welland contains 1,310 businesses employing 5,415 with turnover of £354 million

- The city of Leicester contains 745 businesses employing 6,605 with turnover of £448 million

- The priority regeneration wards of the city of Leicester contain 325 businesses employing 3,235 with turnover of £246 million

Industry sectors

These businesses are active in almost all aspects of the creative industries but sectors in which the area is strong are design and print and packaging each with about 20% of the total, software and computer services (16%) and advertising (10%).

- Welland is particularly well represented with design, publishing, architecture, art and antiques and crafts enterprises.

- Leicestershire is most notable for software and design

- The city is particularly well represented with print and packaging, fashion and textiles, design, advertising and performing arts

- The priority wards are dominated by print and packaging and fashion and textiles.

Size of enterprises

This is a small and micro-business economy with more than 80% of enterprises turning over less than £500,000 and nearly a third with a turnover less than £50,000. Nearly 70% of enterprises employ fewer than 5 people while only 1% have more than 150 employees.

Leicester has the highest number of enterprises turning over less £50,000 and also all the of the very largest companies (i.e. over £50 million). Welland and the county have a higher proportion of companies in the £50,000 to £500,000 category, whilst Leicestershire has the highest proportion of companies turning over between £5 million and £50 million.

Type of enterprises

It is a relatively mature sector however, with 44% of enterprises having been in business for more than 10 years. 17% of enterprises have only been operating for between one and three years whilst 7% are in their first year of trading. Whilst most owners of enterprises (86%) are aged between 25 and 60, a significant proportion are under 25 (4%) or over 60 (10%) years of age. Three-quarters of owners are male and a quarter female. 80.2% of owners describe themselves as white whilst a further 17% describe themselves as of South Asian origin, and the remainder is made up of people of mainly African Caribbean and Chinese origin.

Business growth, support and training issues

There is a high level of business confidence with 70% of enterprises expecting growth over the next 12 months, and over 20% of respondents could foresee no barriers to growth. About 40% of companies had received some form of business support in the last year and of these over only 5% had been dissatisfied with what they had received. When questioned why they had not called upon business support, the overwhelming response was that none was needed. Perceptions of barriers to growth tend to be more pronounced in the city as opposed to the county and businesses in the county make the lowest level of use of business support. Over a third of enterprises had availed themselves of training opportunities in the last year with those in the city the most likely to do so. Only 2% had been dissatisfied with what they had received. 60% of respondents felt that local training provision met their needs.

The arts

The study separated out enterprises which fall within the remit of the subsidised arts, i.e. music, visual art, crafts, music, film, video and photography. Over 60% of them turn over less than £50,000 and 13% less than £5,000 and almost half of them are sole traders.

Other issues

A range of other issue emerged from an extensive programme of interviews and focus groups.

The area has some notable strengths:

- Firstly, the city of Leicester itself, which is an important economic and cultural hub, with an extensive hinterland and, importantly, an established tradition of excellence in some key craft and creative industries.

- Good transport and communications links to local, national and international markets and suppliers.

- Some of the research and teaching activities of Loughborough University, DMU and Leicester College, and the graduates they produce;

- Aspects of the Asian and African Caribbean creative sector (including the Bollywood initiative, and the potential for intercultural music, design and fashion activities);

- The Leicestershire design sector (especially point of purchase design);

- The commitment of the City of Leicester to invest in the Creative Business Depot and other aspects of the Cultural Quarter;

- Traditions of innovation in aspects of architecture, furniture design, metalwork, printing and publishing, spread right across the area.

- A generally high quality of life and environment which, added to the good communications infrastructure, make the rural areas an attractive relocation option for businesses in London and the South East, Birmingham and Nottingham.

There are also some causes for concern:

- Policy and support for the creative industries is fragmented across the area. There is a severe lack of information or even awareness of the sector in many quarters.

- A profound weakness across all areas and sectors is a lack of networking capacity. There are few channels for enabling knowledge and skills transfer or trade. The creative industries in the city and the sub-region lack self-consciousness or self-confidence in themselves as a sector, and there is little awareness or celebration of local champions.

- There are not enough incentives to keep graduates and other local talent in the area.

- Many BME-led creative enterprises remain locked into an ethnic economy and out of the mainstream economy and there is too little intercultural exchange and trade. Leicester is not making the most of its diversity.

- Large parts of the white working class areas of the city of Leicester have virtually no creative economy at all.

- Whilst Leicester has been making progress through investment in infrastructure and the creative economy, it is still perceived to falling behind other larger places in terms of becoming a ‘creative city’.

We conclude that the sector would be best served by a pooling of resources of all the partners in the sub-region and the creation of some form of Creative Industries Development Agency.

Introduction

This research project was initially commissioned by Leicester City Council and Business Link Leicestershire. A baseline study of the creative sector of the City's economy was required to support the proposed work of the Creative Industries Regeneration Team, for which funding had been obtained from the Neighbourhood Renewal Fund, among other sources, and which was associated with the creation of the Leicester Creative Business Depot, a managed workspace and incubator project. In the brief for the study a particular focus as placed on the thirteen regeneration wards designated within the City. The objects of the study were focused on the scale and scope of the existing creative industries sector in the City, the barriers to growth which are perceived and the skills and training needs of businesses and practitioners.

After a competitive process, Comedia was commissioned on this basis and work began in November 2003.

Meanwhile, independently of the City/Business Link project, the forum of the Leicestershire County, District and City authorities arts officers had been working on a plan to commission a piece of baseline creative industries research to support the forthcoming partnership initiative between the authorities and Arts Council England to develop the creative economy in Leicestershire. At the same time, Welland SSP was also considering a parallel piece of work in pursuit of its economic objectives for the Welland are, which includes Rutland and parts of Leicestershire, Lincolnshire and Northamptonshire.

Once it became clear, in December 2003, that these three pieces of work could advantageously be combined together, work was halted. the range of interests met early in January 2004 and agreed a new, combined brief. Once a final brief was agreed, the project re-commenced in February 2004 on the enlarged scale.

The revised brief set out the objects of the study.

1. To review the literature and policy background with a view to providing an advocacy document which will promote the impact of creative industries.

2. To survey companies and freelancers to create a database for Leicester, Leicestershire and Welland and establish a dataset of economic information around them. Data to enable separate analysis by ward level.

3. To establish the barriers and enablers to developing creative industry businesses including review of pre-start and aspirational businesses.

4. From this data, to identify key groups to explore further through focus groups and case studies particular geographical, sectoral, age, gender or ethnicity groups which provide

5. To map training provision currently available to the creative industries sector identifying gaps and over-provision. This to include training in both technical, management and business skills.

6. To develop an understanding of the profile and decision to locate, retention rates and stickability of businesses within areas.

7. To establish the business support requirements, business development needs and make recommendations on appropriate frameworks for delivery.

8. To identify current strengths and weaknesses in the industry.

9. To identify the contribution creative industries make to their local economies.

Research Team

Dr Franco Bianchini
Fred Brookes
Marc Collett
Mandeep Kandola
Max Trotter-Landry
Peter Sinclair
Phil Wood

and

Keydata Group

Methodology

The first steps of the project included three elements:

- Survey preparation - collection and collation of listings, cleaning and de-duplication, preparation of questionnaires and arrangements for the telephone survey;
- Orientation interviews – meetings with individuals and organisations involved, particularly in the regeneration areas and among the BEM communities, to understand the way the sector works and to establish contacts.
- Focus Groups – preparations for formally organised focus groups were undertaken.

Survey

As comprehensive as possible a database of potentially surveyable contacts was compiled. Listings were provided by a range of bodies including, Business Link Leicestershire, BL Northamptonshire, BL Lincolnshire and Rutland, Leicester City Council, Leicestershire County Council, the relevant District Councils in Leicestershire, Lincolnshire and Northamptonshire, Arts Council, EM Media, Princes Trust, creative industries training organisations including Intermedia and SoundTracks, and contacts provided by interviewees. Searches were made of relevant business directories and trade associations. A total of 2,754 unique contacts was surveyed, using the telephone survey services of Keydata Ltd.

The questionnaire texts were agreed by the partners and the telephone survey was piloted in the week of 1st March with 100 selected contacts, following which adjustments were made to the questionnaires to distinguish three categories of respondent, existing businesses, freelance practitioners and business pre-starts. The survey proper began on 15th March.

As expected, the listings proved to be of variable quality, particularly in respect of freelance practitioners. As in the region-wide survey undertaken in 2001, about 50% of the listings are either no longer in business, retired, moved away, wrong numbers or mis-classified. Similarly to the earlier survey, the response rate among the valid contacts is about 50%.

The survey was concluded on 9th June 2004. 865 interviews were completed. These comprise existing businesses 723, freelances 123, pre-starts 20.

As the contacts used for this study have excluded those who responded to the 2001 survey, an additional 1512 records in the relevant area were available, from which data could be aggregated.

Interviews and Focus Groups

The planned sequence of focus groups is aimed to cover the range of sectors and the geography of the area. The intention is to enhance and add depth to the picture being revealed in the survey through a series of focus groups and interviews with individuals and sectoral representatives throughout the area. The first set were targeted at the city and in particular at communities in the regeneration areas. The difficulty of successfully bringing groups together in this context has been clearly shown, and there have been many cancellations and no-shows. With the assistance of locally-based organisations it has been possible to carry out five focus groups concentrating on aspiring and new start businesses. These have included a group of recent Loughborough University graduates, African-Caribbean creative practitioners, young Asian creative entrepreneurs and a De Montfort university students and graduates.

Where focus groups have proved impossible, detailed structured interviews with relevant individuals have being substituted, and this approach has proved fruitful. Over 100 people have been involved in interviews and focus groups (see Annex 1). Because the origins of this project are in the regeneration wards of the city of Leicester, this area is over-represented in terms of interviews and focus groups.

Background and context

Alongside the primary research, an extensive and detailed background and context paper was researched as an element of the study, providing an up-to-date view of business support practice in the creative sector.

At an interim stage, using information gained from the first part of the research findings in respect of training needs and provision, a survey of training providers was undertaken. A database of 100 contacts within relevant training providers in the area was been compiled to support this aspect of the project.

Expert panel

To support the research programme and bring a wider range of knowledge and expertise to the project, and expert panel was convened to oversee the process of the project and, in particular, to contribute to its conclusions and recommendations.

Analysis

Following completion of the survey and tabulation of the results, the analysis phase was undertaken. The findings of the interviews and survey were brought together to inform a very detailed view of the creative industries in the area. The analysis is based on the four geographic areas, sixteen distinct sub-sectors of the creative industries and three business types.
The knowledge digested from the analysis of the data and findings forms the basis on which the research team and expert panel prepare conclusions and recommendations to the partners for action to be taken in achieving their own objectives.

Database

The database of 865 competed interviews, with 755 data fields for each record, and tabulated results by business type, geographic area and sub-sector are made available to the partners in digital format.

Policy Context

Background

The Creative Industries is a relatively new industrial sector gaining UK Government recognition as such as late as 1998.

The DCMS' Creative Industries Task Force, a cross-government task force undertook a number of research and mapping exercises and set about defining the creative industries. The critical documents that came out of this period were 'Mapping The Creative Industries' (1998) followed by an update in 2001 and, in the context of this paper, 'Creative Industries; The Regional Dimension' (1999).

The process also set about defining the sector and whilst there are many differences of opinion as to the appropriateness of the current definition, a nationally agreed definition has been critically important in establishing a consistency of approach at a regional and a national level.

Business Support

One of the key recommendations of the 'Regional Dimension' document was the need to improve the scope, quality and appropriateness of business support for the sector – particularly the service provided by the Government's principal support agency, the Business Link network.

Pertinent issues highlighted in the report were:

- A lack of strategic thinking by local, regional and national agencies and a subsequent lack of integration between creative industries and other related strategies.

- Lack of understanding of the creative industries sector by business support providers and potential investors

- Lack of business, management and marketing skills among the small and medium-sized creative businesses.

- Lack of access to education and training opportunities.

The report made (amongst others) the following recommendations to address these issues:

- Ensure that creative industries strategies are integrated with other strategies.

- Co-ordinate the enabling agencies at a regional level to ensure a co-ordinated approach to the development of the creative sector within a coherent framework.

- Improve business development agencies' appreciation and understanding of creative businesses to ensure that they have access to appropriate support services, venture capital, help with marketing and communication networks.

- Help link creative businesses with wider networks of communication and exchange.

- Increase potential investors' knowledge of the creative industries and the investment opportunities available.

It also included a range of recommendations related to training and professional development.

At the same time as the sector was getting established at a national policy level, there were three major reorganisations taking place – the development of the Small Business Service and replacement of the existing Business Link structures (with retained branding); the disbandment of the TECs and their replacement by the Learning & Skills Councils and, critically, the development of a devolved system of regional development through the newly emerging Regional Development Agencies.

The SBS was organised with a national centre and regional departments. These regional departments established SBS contracts with local providers within each region. A feature of this establishment work for each SBS was to take on board national priorities and be responsive to regional and local variations and strategic priorities. The work of the SBS was intended to move the Business Link model on and develop a business support service that is capable of delivering appropriate support programmes to an increasingly service and knowledge based economy and business community. This would move Business Link services on from the predominantly manufacturing / service-based support models that had dominated the late 1980's and 1990s.

These new SBS services were developed in the context of the new Regional Development Agencies. A key role of the RDAs was to develop and, in partnership with regional and local agencies, deliver an appropriate business development strategy that would meet the existing needs of their regional business base and account for developments within the regional, national and global economy in preparing for future needs.

New Regional Structures

The strategic delivery of these new functions has been through a network of regional quangos, Regional Development Agencies with the power to distribute resources at a regional level that had previously been controlled at a national level through the Single Regeneration Budget (SRB). Each RDA has been responsible for a Regional Economic Strategy and for developing social inclusion, workforce and skills development strategies and support programmes, physical infrastructure development, regional intelligence and business development programmes.

At a regional government level, each English region has a regional Government Office (GO) primarily structured to deliver the policy requirements of the DTI, DfES and DTER/ODPM. In 1999, the DCMS secured a formal representative in each GO to oversee the interests of the Department at a regional level.

The Secretary of State for Culture has established a Regional Cultural Consortium in each English region charged with co-ordinating regional policy and advocacy work for the Departments principal sponsored bodies – The Arts Boards/Arts Council; Museums & Archives; Heritage; Tourism; Sport England.

An element of the cluster development approach adopted by the RDAs has been the establishment in some regions of Sector Champions or Cluster Heads for the Creative Industries responsible for strategy development and implementation of a regional Action Plan.

Cluster Development

The business development position adopted by the Regional Development Agencies and championed through the DTI has been the focus on 'growth clusters' within the regional economy. The cluster development approach is a means of focusing appropriate business support services into the areas that may produce the greatest growth over time and as a means of generating both a regional competitive advantage and distinctiveness.

DTI Cluster Policy

Cluster development was first highlighted at a policy level in the DTI's 1998 Competitiveness White Paper. Following the publication of this paper, Lord Sainsbury, the then Minister for Science, led a detailed inquiry into biotechnology clusters with the resulting report 'Biotechnology Clusters' identifying 10 critical factors for success.

A Cluster Policy Steering Group was set up in 1999 to identify barriers to cluster development and recommend new initiatives to government. The group was informed by a mapping document of existing cluster development, 'Business Clusters in the UK: A First Assessment' (2001). A further White Paper 'Opportunity For All In A World Of Change' (DTI / DfEE) pointed the way to cluster development as a key economic development tool for the new Regional Development Agencies. The paper encouraged *RDAs* to develop existing and embryonic clusters and to build on the natural capabilities in their region. The Cluster Policy Steering Group was disbanded in 2003.

The Cluster Policy aims to 'create the conditions that encourage the formation and growth of clusters but not to artificially created clusters.'

DTI Cluster Cross Cutting Themes

The DTI has identified 4 cross cutting issues that are critical to the successful development of clusters at a regional and national level. These are Skills; Access To Finance; Linkage with Higher Education Institutes; Planning.

These cross cutting issues are being progressed by the DTI and regional partners through a number of policy drivers and on-the-ground initiatives.

For example, the Access to Finance issue is being addressed in part by the establishment of Regional Venture Capital Funds, Seed Corn Funds and other initiatives that ensure improved access to micro and other forms of debt finance at a regional or local level.

Spatial Planning issues have been championed through the DETR research report 'Planning For Clusters' (2000) which fed into the review of the planning system being carried out by the (now) ODPM and the 'Planning Green Paper' (2001)

Skills issues are being driven forward at a policy level - '21st Century Skills; Realising Our Potential' (2003) - and through implementation at a regional and sub-regional level through the Learning & Skills Councils.

Linkage with and spin outs from HEIs are seen as a critical factor in developing innovation-led business products and services with specific funds now in place to support the transfer and exploitation of knowledge held within HEIs (Higher Education Innovation Fund). Policy in this area is driven by a DTI report, 'Clusters – Higher Education and Business Collaborating for Success' (2002).

ERDF / Regeneration-led CI Programmes

The DCMS Task Force has had an influence on the DTI cluster development policy and regional implementation in ensuring that the Creative Industries sector has been seriously considered as a growth sector alongside tourism, automotive, biotechnologies, ICT, food etc.

Equally, an important influence at a regional level is the work that has been undertaken in establishing the importance of the creative industries sector by a number of regeneration programmes throughout the country primarily through ERDF (Objective 1 and Objective 2) programmes. During the 1990's, stimulated by policy at a European level, ERDF funded programmes focussed on creative, media, tourism and leisure industries as the industries of the future for support under European Structural Fund programmes. A feature of all Objective 2 and Objective 1 programmes in the mid-1990's in the UK was some focus on these service and knowledge-based areas as potential drivers for economic development and regional distinctiveness. This was particularly true in areas that were suffering from the most long-term and intense decline, particularly a decline in manufacturing.

The Growth of Specialist Creative Industries Agencies

A direct consequence of this regeneration-led development policy has been the emergence of specialist agencies that took responsibility for the development of the creative industries sector and an influence on the strategic positioning of the sector within the local support and funding frameworks. A number of (then) Regional Arts Boards took an active role in supporting the development of an economic strand to the support within their region for the creative sector. This included support for the establishment of specialist agencies within certain areas. Some Regional Arts Boards went as far as applying for and managing ERDF resources on behalf of the sector, putting in place quasi-professional business support programmes. (for example, NWAB's Art of Employment, a £1.7 million ERDF programme aimed at increasing the business efficiency of arts and creative organisations in Objective 2 areas).

During the early to mid 1990's, a number of specialist support organisations emerged in the UK, primarily funded by ERDF or other regional (pre-devolved administrations) enterprise programmes. These included sub-sector specialist agencies like MIDA (Moving Image Development Agency) in Liverpool and Yorkshire Media Production Agency in Sheffield, Liverpool & Manchester Design Initiative, Manchester City Music Network etc. as well as specialist cross sector agencies. These included Merseyside ACME, Manchester CIDS, Sheffield CIQ, Cultural Enterprise in Wales and by the end of the 1990's / early 2000, these structures were being replicated in many urban centres including CIDA in London. The roles and functions of these agencies varied from region to region and from agency to agency. However, they generally had a focus on enterprise development within the sector, providing access to sector expertise and experience and, in one form or another, plugging gaps where mainstream agencies were perceived to be failing the creative sector. Over time this approach has developed into a sophisticated network of specialist support agencies providing a range of targeted services to their sectors often in partnership with the more responsive mainstream agencies, academic institutions and private sector intermediaries.

Failure of the Mainstream

These agencies developed for two principal reasons:

- A failure of the mainstream business support providers to cater adequately for the needs of the creative sector – particularly in the perceived high risk and the creative-led areas of the sector.

- The availability of finance (in the short to medium term) through regeneration programmes to support these new agencies.

There is a wide range of reasons for the perceived inability of the mainstream support agencies to cater for the needs of the creative sector. These range from the nature of businesses in the sector itself (often creative not business focussed; large number of small business units and informal networked organisations; a mistrust of mainstream providers) to the nature of provision within the mainstream agencies (not flexible enough for fast moving small enterprises; business advisers with a strong track record in manufacturing and service sectors not knowledge-based enterprises; lack of experience within the agencies of the markets or routes to markets of many creative sub-sectors; a conservative approach to business management often not reflected in creative enterprises).

Strengths and Weaknesses of this Position.

Some of the strengths and weaknesses of the specialist agency approach can be represented as:

Strengths	**Weaknesses**
Build up of centres of excellence and access to specialist networks. Potential for leverage of focussed support from mainstream and specialist adviser networks.	Potential long term disengagement of the creative sector from broader range of support services
Visible, credible access points for creative businesses entering the skills / business development arena.	Continued marginalisation of creative enterprises and perception of creative enterprises as creative but not enterprising.
Development of good local networks, potential inter-trading and development of cluster businesses.	Over dependence on 'same' industry networks; lack of exposure to new business opportunities and supply chain networks in other industrial sector.
Potential to access new resources, particularly area-based regeneration resources to generate added value for the sector.	Long-term cost of maintaining agencies alongside existing mainstream contracts for business support services.
Ability to develop new products that reflect the perceived needs and/or business practices of the creative sector.	Continued lack of credibility in of products not developed through mainstream routes.

To some extent, the current approach through regional cluster development strategies has the ability to draw on the body of specialist knowledge and combine this with the wider experience of the business development professions and create a genuine 'braided' service that draws on expertise from both the mainstream and specialist services.

Key Themes for the Creative Industries

Access To Finance

As with the DTI's Cluster Policy Cross Cutting Issues, 'Access to Finance' is a continuing issue for businesses from across the spectrum of the creative sector. Different businesses from different sectors require access to different types of finance and at very different times within their businesses cycle. The scale and nature of the finance required by an emerging film-maker is substantially different from that needed by a new crafts producer.

'Banking on Culture' commissioned by North West Arts Board, highlighted the range of issues around access to finance for the creative sector. The theme was continued by the DCMS through a series of seminars 'Financing Creativity' and a commissioned piece of research, 'Banking On A Hit' (2002) to look specifically at issues of finance within the music sector.

Advantage West Midlands commissioned the Creative Advantage Fund as a pilot to test the demand for and the risk and return rates for venture capital investments in the creative sector. This has now established the £5m Advantage Creative Fund.

As a direct result of the Banking On Culture research programme, North West Development Agency and Arts Council England North West have established a pilot, Culture Finance North West, to test the demand for micro-credit across the north west and to provide a specialist information and investment readiness services for enterprises looking for a range of types of finance.

Importantly, a recent report commissioned by NESTA (National Endowment for Science, Technology & the Arts), has reinforced the need to develop appropriate financial instruments for the creative sector and highlights the failure of both the commercial debt and equity providers and the growing number of non-sector specific debt and equity funds to meet the needs of the sector.

The report, 'Forward Thinking. New Solutions to Old Problems: Investing in the Creative Industries' (NESTA, 2004) highlights the following issues and characteristics that make the Creative Industries a special case:

The Creative Industries are a distinctive sector in which creation of content and intellectual property is a central activity; There is a lack of investment readiness amongst early stage businesses; They are innovators producing products for which there is not already an established market; There is a mistrust of investors and a misunderstanding of risk involved investing in creative businesses by investors.

There is a perception amongst investors that creative businesses are emotionally rather than business driven; that they are non-conformist; they move quickly and rarely settle on long-term plans. Equally, a lack of investor expertise in the sector reduces confidence in the viability of the businesses.

The report makes a number of proposals including:

- Creative Industries Gateway services to effect better dissemination of information; improved market intelligence; dedicated business support and networking structures.

- Bespoke Creative Finance should be developed to encourage investors; Specific projects (Creative Industries Business Angels) could be developed to finance the sector.

- The Higher Education Institutes need to be more active in developing commercially focused businesses.

- Further development of initiatives to target investment in the Creative Industries through existing and developing clusters.

Incubation

Incubation – both in its more traditional physical environment and in developing models of virtual incubation – has become a key tool for the development of business growth for new and existing businesses across a range of sectors. Incubation is considered a means of concentrating a range of business support services into a defined number of businesses over a period of time and through the process, consolidate their establishment and accelerate the growth rate of those businesses.

In the private sector there is a commercial aspect to incubation with certain services provided at low cost in return for an equity stake in the businesses involved in the incubation process. Public sector incubators often adopt this practice as a means of sustaining the incubator over a longer period of time.

The process is seen as critical in commercialising products developed within Higher Education Institutions as well as generating high value spin-out businesses from the corporate sector.

UKBI (United Kingdom Business Incubation) is the primary professional body for incubators in the UK and provides a range of services for its members. Until recently, the Creative Industries were not a priority for UKBI as there was not the critical mass of Creative Industries-related incubators and there was a perception that those that did exist were not commercially driven. However, over the past 18 months, UKBI has supported a UK network of Creative Industries incubation professionals and commissioned a piece of research ('Pilot Study of the Provision of Business Incubation to the Creative Industries' 2003) alongside the network to look at the opportunities and issues affecting the Creative Industries and incubation.

The network represents 28 operational creative industries incubators and a further 11 projects in the pipeline.

Market Development & International Markets

Market development is one of the fundamental objectives of most creative industries business development programmes at a sub-regional or regional level. Integral to market development is the potential to develop global or localised international markets for creative products and services.

At a national level, UK Trade & Investment (formerly TPUK) lead on export and international trade issues and national policy is delivered through both a regional network of UKTI offices and their sub-regional delivery partners (usually through the sub-regional Business Link) and through an international network of Trade Desks in UK embassies and consulates worldwide.

Nationally, there is a Creative Industries Team within UKT&I drawn from a number of professional and trade associations and includes: Music, Performing Arts, Design, Content, Film & TV. The national team has recently produced a strategy paper for the sector. There is also a network of retained advisers for a range of sectors including the creative industries.

UKT&I supports a number of trade initiatives at a national level including representation at a number of key industry international trade fairs. Regionally, policy and strategy is co-ordinated through the Regional UKT&I team and the Cluster Head within the RDA.

The principal service offered direct to businesses at a local or sub-regional level, is the Passport To Export scheme which provides an integrated diagnostic, training, market research and funding for market development for individual businesses. This is open to all businesses but, as with many forms of support, specialised businesses in the creative sector find the generic training element, too general to meet their needs. UKT&I are in the process of piloting some sector specific training programmes through their regional offices.

Regional offices of UKT&I also have some resources available to support cluster development initiatives from the region.

The British Council, through the Arts Division, has championed international trade initiatives for the creative industries through a specialist Creative Industries section. The British Council's role has included piloting industry specific trade missions into certain territories (Japan, Brazil); commissioning industry specific research in certain territories; establishing a creative industries-specific international trade website (www.creativexport.co.uk) with access to a wide range of sub-sector specific information.

There is currently no indication of any direct support for regional / sub-regional programmes for the sector from the British Council.

The British Chambers of Commerce has the remit to part-fund international market research for businesses proposing to develop their export potential into new markets. This resource is open to businesses from all sectors.

Network Development

The development of active networks between creative enterprises based on a combination of geographic location and sub-sector interests is a common theme throughout most creative industries development programmes. The importance of networks in cluster or sector development activity can, however, be over emphasised, particularly those networks that are driven by the public sector and not adopted by the enterprises in the sector itself.

However, networks do have an important role to play in the consolidation and development of sector activity and are particularly important in reducing isolation amongst micro-businesses and generating inter-trading and collaborative working opportunities in the sector.

The creative industries are considered to operate extremely well through informal networks and the large amount of specialised micro-businesses units often rely on coming together to provide associate service to a larger client. There are few formal professional or trade associations for many sub-sectors within the creative sector (with the exception of architecture) that operate at a regional, sub-regional and city level. The development of formal networks facilitated through specialist support agencies is seen as a useful mechanism to fill this gap, provide routes for the dissemination of information, recruit business to skills, business and trade development programmes and provide forums for consultation and feedback to the support sector.

Networking and network events are also a way to raise the profile of the sector within the local or regional environment, a means of attracting high value individuals to advise and support small creative businesses and an opportunity for enterprises in the sector to feel part of a larger a movement, build confidence, contacts and, potentially, to generate business.

From the perspective of mainstream providers and private sector intermediaries, sector specific network events are an opportunity to promote their services and recruit small businesses (that may have high value later in their business cycle) to a range of initiatives.

A theme running parallel to network development is the relatively recent focus on e-communities and e-forums as a means of generating linkage between enterprises in the sector, between enterprises and specialist and mainstream support services and as channels for information and marketing.

Data and Intelligence

One of the success factors of the DCMS Mapping Document of 1998 is that it established a benchmark for the sector both in terms of a definition, but also in establishing some broad brushstroke baseline data for the sector. At a national level, we have data on overall sector size by employment and turnover, balance of trade figures and the same data by sub-sector with some key data on secondary economic impact, sector trends etc.

This baseline mapping has provided the arguments at national, regional and local level for the inclusion in economic development policy of the creative industries as a whole, and for a specific focus on certain sub-sectors. However, statistics at a national level are of some use in taking policy arguments forward but become less valuable when trying to understand the size and nature of the sector at a regional and sub-regional level.

The lack of data about the sector at a regional and sub-regional level has been apparent to many people working to support the sector for some time. The issue has been highlighted in 2001 when RDAs commissioned work to gauge the size and scope of the broader cultural sector as part of the establishment of the Regional Cultural Consortia. This process highlighted the inconsistency of data, the plethora of methodologies, the inadequacy of pre-1998 definitions of the sector and the inability of SIC and SOC codes to provide adequate information about the sector.

The development of sophisticated datasets providing regional intelligence is a key element of the role of RDAs – both to provide internal intelligence to inform future strategy and investments and also to inform partners at a sub-regional and local authority level of trends in a broad range of areas.

The Regional Cultural Consortia and DCMS commissioned a piece of work in 2002 with the intention of clearly articulating the issues around data for the cultural and creative sectors and to develop a guide to enable a consistency of approach to gathering data against a wide range of indicators. This work, the Regional Cultural Data Framework reported in 2003 and following a 'road testing' period in 2003/2004, is due to be launched by the DCMS in late 2004.

Simultaneously, and informed by this work, a number of regions have been exploring the potential of creating Regional Cultural Observatories to manage a portfolio of research activities for the cultural sector within the region. To date, observatories are in development in a number of regions. East Midlands, has a Regional Observatory responsible for research, data gathering and intelligence on behalf of the Regional Development Agency

The University of Nottingham is running a 3-year research project, 'Creative Clusters' looking at the way that businesses operating in the creative sector operate at both an economic and a social level. The research project has held focus groups and produced reports in the areas of Digital Media and Music.

Urban vs. Rural

One of the issues of cluster development practice as it is implemented in a UK regional context is that the support models and programmes have generally emanated from an urban environment – from larger metropolitan centres like Manchester, Glasgow, Liverpool, Nottingham, Newcastle and London.

The challenge that has emerged for Regional Development Agencies is how to apply appropriate cluster development models that have grown up around urban centres, into the rural reaches of each region. The need to meet this challenge has been accelerated substantially with in the aftermath of the Foot & Mouth crisis and the need to rebuild the business infrastructure within rural communities.

The creative industries development models have generally developed around urban centres where manufacturing has been in steep decline and there has been a need to replace the old industries with new and emerging industries. These urban centres have also been the subject of broader regeneration stimulating a greater night time economy and important market opportunities for many creative businesses. They are also in close proximity to Universities with substantial student markets for a range of products and services as well as providing a ready source of new graduates with creative skills and ideas and opportunities to practice them.

There are still few models for creative industries development services within predominantly rural areas with the exception of Herefordshire Creative Industries Development; Creative Kernow (Cornwall); An emerging county-wide Creative Industries Partnership in Cumbria; An online community in Norfolk as well as Cultural Enterprise (Wales).

Creative industries in the area

The East Midlands and Leicestershire Context

East Midlands Development Agency (*emda*), like other English Development Agencies and devolved administrations, has adopted the cluster development approach to economic development and business growth in the region.

The target growth sectors for *emda* are:

- High Performance Engineering
- Clothing & Textiles
- Food & Drink
- Healthcare
- Creative Industries (with a focus on Design, and Screen and Digital Media)
- Environmental Technologies

Creative Industries are represented in this portfolio at the high tech / innovation end of the spectrum, through new media. However, Clothing & Textiles also encompasses some aspects of Designer Fashion and High Performance Engineering links to the manufacturing-end of Product Design.

emda commissioned a study of the creative industries sector which reported in April 2003 'The Creative Industries In The East Midlands' (Comedia). The headlines from this study demonstrated the size of the sector in the region and identified some key strengths within the sector:

- 12,375 enterprises in the sector in the region.
- Employment in the sector stands at around 80,000 representing 4.5% of employment in the region.
- There is a combined annual turnover of £6.9 billion.
- Average business size is 6.4 employees with an average turnover of £452,000. However, 60% of enterprises are in the micro-business and freelance size-band and 25% of all enterprises turnover less than £50,000
- Strong sectors are Software & Computer Services and Print & Packaging with significant numbers of enterprises in Design, Advertising, Architecture, Art & Antiques, Fashion and Publishing.
- The Design sector stands out as a significant asset for the region.
- Most enterprises are located in the main centres of population. Proportionately, Northamptonshire has the largest number of enterprises with Lincolnshire having the least.
- Key sub-sector strengths for Leicestershire are Software & Computer Services; Print & packaging; Design; Art & Antiques.

- Most enterprises are part of local or regional supply chains with a very low level of export activity within the sector. Very few companies derive more than 50% of their income from international trade.
- There is a high business confidence in the industry with only 3.6% of businesses predicting a decline in business over the next 12 months and 66.5% predicting growth.

East Midlands Business Support Strategy

East Midlands business support strategy is guided by the Business Support Action Plan (April 200 onwards). The Action Plan establishes the strategic framework for business support and focuses on 6 areas:

- Business Births
- Innovation
- Information and Communications Technology
- Sector & Cluster Development
- International Trade
- Quality Monitoring and Evaluation.

Business Services East Midlands

In 2004, *emda* is establishing Business Services East Midlands (BSEM), a new organisation responsible for overhauling all business support services for the region and for providing a new regional management structure to shape the future business and workforce development environment for enterprise in the East Midlands.

The East Midlands: Sector Specific Support

Business Growth Manager

emda has a appointed a Creative Industries Business Growth Manager to support sector specific developments coming out of *emda*.

Arts Council England East Midlands (ACE EM)

As with other regional offices of Arts Council England, East Midlands provides considerable support for the creative industries in the region through advocacy, partnership support, project initiation and joint funding of certain activities.

ACE EM has had a lead role in establishing the regional economic and social importance of the arts and creative industries in the East Midlands and has commissioned or partnered a number of key policy documents over the past 5 years including the Creative Industries Pathfinder Report (with *emda*) and 'Creativity & Growth –

the economic importance of the arts sector' with Arts Training Central. ACE EM has also funded research and strategy documents for the creative industries with local authorities including Derbyshire's Creative Industries Action Plan, Nottingham's Capital Strategy for the Arts & Creative Industries and The Creative Industries Network's 4 Year Business plan.

ACE EM has had a substantial role in developing projects alongside *emda* and other support / development agencies in the region. This includes the joint financing of *emda*'s Business Growth Manager and investment in the regional creative industries e-community, ShoutOut.

ACE EM has worked with a number of Local Authorities over the past few years as a joint investor in the establishment of Creative Industries posts within the authorities. These include posts in Nottingham, Mansfield, Derby and Derbyshire.

ACE EM is a partner in OPUN (see below) and has worked with the Princes Trust to develop and is the majority funder of the specialist creative industries work undertaken by the Trust in the region.

As a substantial part of its core business, Arts Council England provides grants for artists and arts organisations through the national Grants For The Arts scheme and runs the East Midland's element of the national Arts Purchasing Scheme

ShoutOut

emda has commissioned and in December 2003, launched a creative industries e-community, 'ShoutOut' as a resource for networking and information, access to a range of business support resources, promotion and inter-trading of services and products for the sector.

The partners to ShoutOut are:

- *emda*
- Arts Council England
- Business Link
- Princes Trust
- Connect UK
- EM Media
- Prime

The site currently has a membership Directory of over 300 creative enterprises. It can be found at www.shoutout.info

EM Media

EM Media is the regional screen agency for the East Midlands and is part of the national network of screen agencies supported by The Film Council and Skillset at a national level and by *emda* at regional level.

EM Media's role is to support the development of the film & television industry in the region through access to finance, specialist business support and training initiatives, networking and showcasing events. The agency also provides location services for incoming and indigenous production companies and promotes inward investment into the region.

Princes Trust: The Creative Industries Toolkit

The Princes Trust runs a generic business start-up mentoring, finance and support programme to entrepreneurs under the age of 31. In general this is not sector specific. However, The Princes Trust have been running a specialist creative industries start-up programme for young entrepreneurs. The programme is part-funded by Arts Council England and *emda* and provides start-up support and small loans to creative businesses being established by 18-30 year olds in the East Midlands.

East Midlands Princes Trust also administers the Creative Industries Toolkit – a business support pack for young entrepreneurs setting up in a creative enterprise.

Connect-UK

Connect-UK is a regional East Midland's resource established in Lincolnshire with *emda* and Objective 2 funds. The Connect UK website aims to promote, support and act as a virtual network for designer-makers and visual artists from the region. www.connect-UK.org.

OPUN

OPUN Architecture East Midlands is a regional built environment and design initiative that aims to promote design as a driver for regeneration; foster creative talent in the design sector; support a design infrastructure in the region. OPUN is a part of Regeneration East Midlands.

East Midlands Incubation Network

EMIN is a collaboration between 6 HEIs in the East Midlands and aims to channel the expertise and incubation services of these universities into early-stage and innovative businesses.

The network has identified 12 clusters where there is both demand for the services and expertise within the HEIs. The Creative Industries are represented amongst the 12 with services for the creative sector being provided through the Sparkhouse Studios at the University of Lincoln. The focus is on media production, graphic design and web design.

Creative Business Depot, Leicester

Based in the heart of the new cultural quarter, this project, will provide a high profile incubator (actual and virtual) for a wide range of creative businesses in Leicester and particularly those businesses in the most culturally diverse and economically and socially deprived wards in the City.

Networks

There are a number of formal, virtual networks that support specific sub-sectors. These include the Print, Graphics and Media Network (www.printsector.net) for the print, media and graphics sector; YAH, a virtual network and promotional site for the visual arts; Second Wednesday, a business-to-business networking club for businesses in the digital media sector of the East Midlands; Creative Industries Network (CIN) run for creative business networking in Derbyshire.

Findings

Headline findings

To gain an overarching view of the scale and performance of the creative industries in the area, Comedia drew on data from the Inter-Departmental Business Register (IDBR) provided by the Office for National Statistics (ONS). This register draws together data from all VAT-registered businesses together with PAYE and Companies House data. While IDBR does not represent the very small businesses which form an important part of the creative sector, it does give comprehensive and authoritative information for all businesses above the VAT threshold, and so is a valuable indicator for this study. Using the specification of creative industries given in Annex 2 in the Appendix to this report, IDBR data was obtained on the number, employment and turnover size of VAT businesses. On that basis some headline figures can be given.

Across the Leicester, Leicestershire and Welland area, nearly 3,500 creative industries businesses employ just under 20,000 people and generate an annual turnover of £1.4 billion.

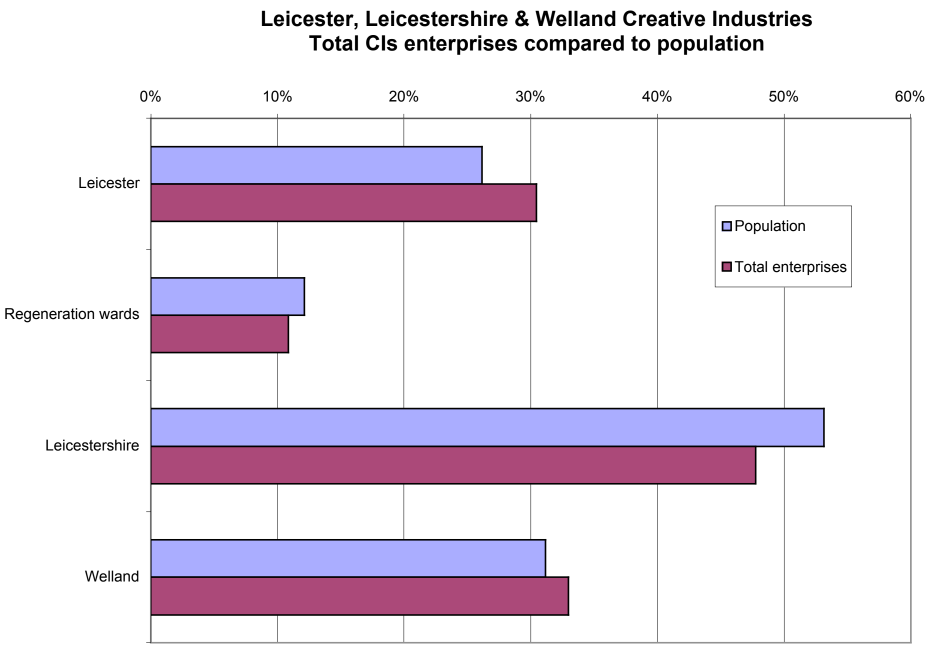
Broken out across the four areas considered in this study the headline figures are:

	Leicester	Regeneration Wards	Leicestershire	Welland
No of VAT businesses	745	325	1,935	1,310
Employment	6,605	3,235	9,405	5,415
Turnover	£447,760,000	£245,955,000	£718,315,000	£354,445,000

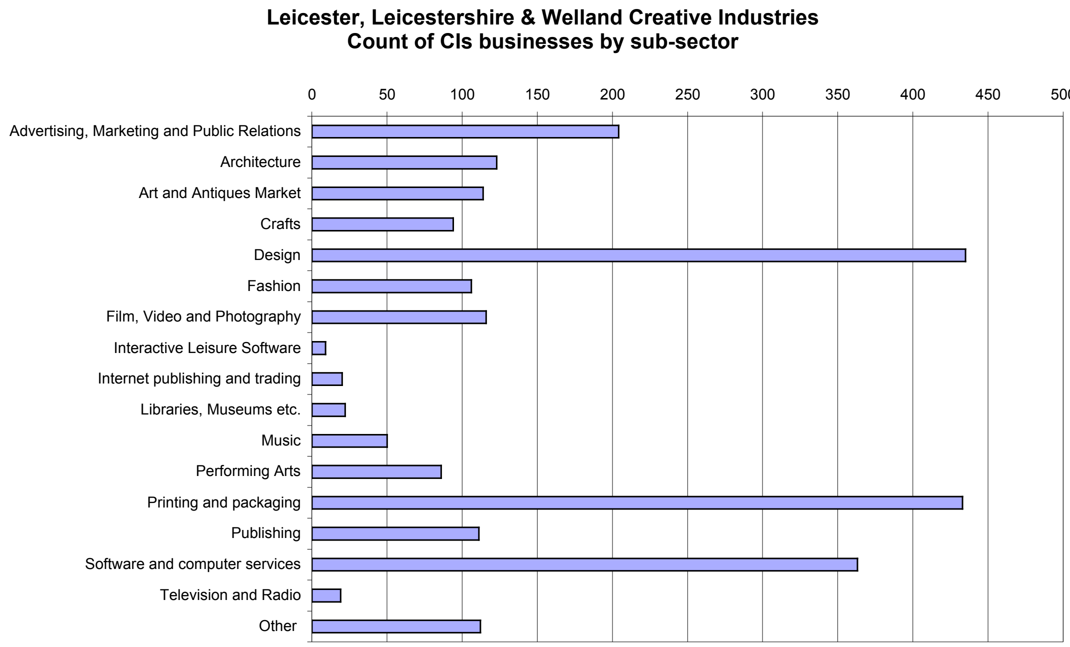
Survey findings

The survey of creative industries carried out by Comedia for the East Midlands Creative Industries Study (EMCIS) in 2002 pioneered the large-scale and detailed surveying of creative businesses in the English regions. The database which resulted contains some 5,000 records. In order to maximise the effectiveness of the survey carried out for the Leicester, Leicestershire and Welland Creative Industries study (L, L & W), contacts in the earlier survey were not duplicated. Further, while the L, L & W survey is considerably more detailed and focuses on issues of particular interest to the commissioning clients, much of the structure of the data was made consistent with that of the EMCIS database, so that data could be combined. Bringing these two sources together creates a database of over 2,200 records of creative sector enterprises in the area of study. Comparison with the IDBR figures given above shows that the combined surveys represent a high proportion of the population of businesses, and therefore the resulting data is likely to be robust. The following findings are drawn from the combined data.

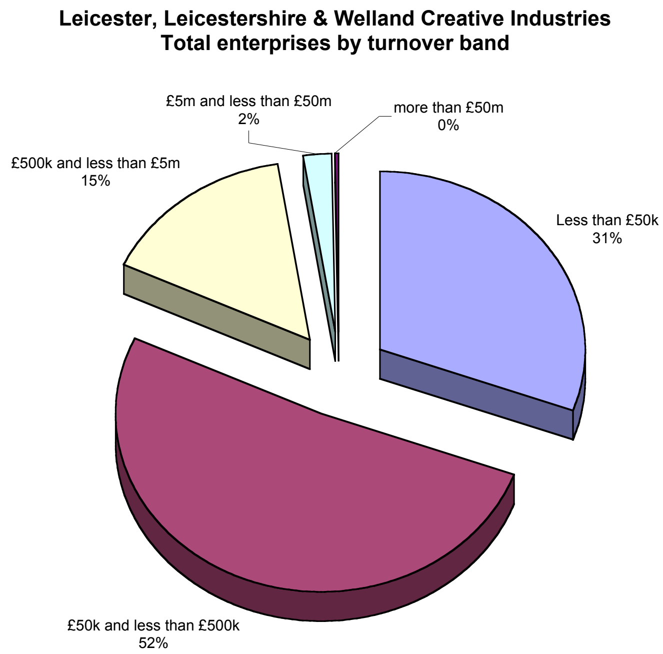
Distribution across the geography of the four areas of this study is compared with the population distribution on the chart below. This shows that the range of the database accords closely with the population, suggesting that a good representation has been achieved. As one would expect, the clustering effect within Leicester is reflected in a degree of over-representation compared to population, and vice versa in Leicestershire.



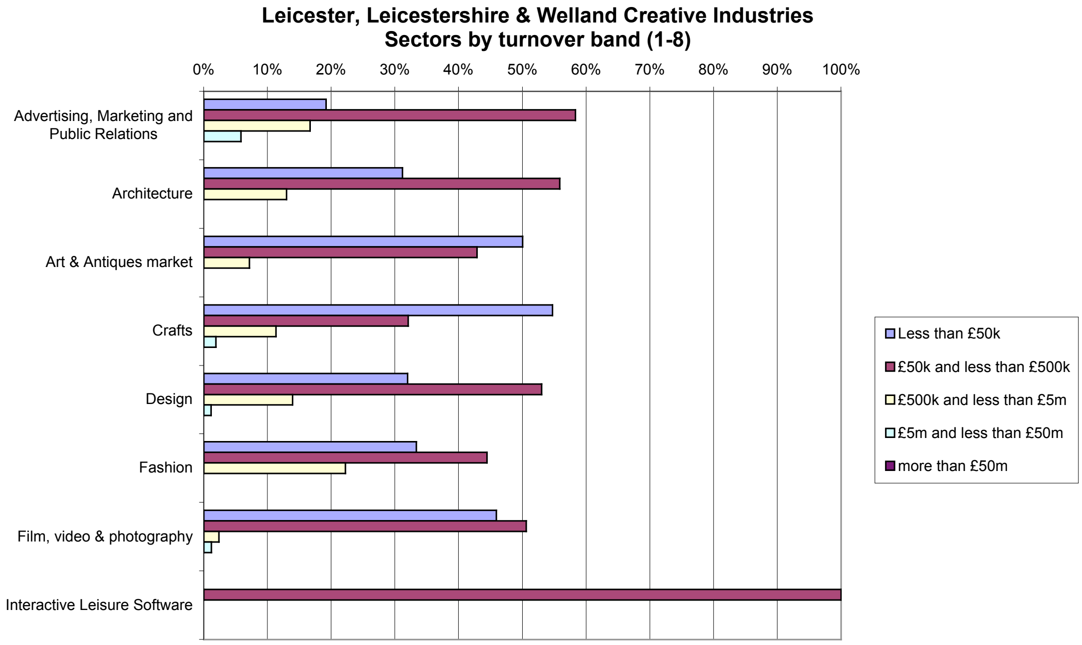
A count of the 2,213 enterprises on the database shows the dominance of three sub-sectors, design, and print & packaging, each over 400, and software and computer services, over 300.

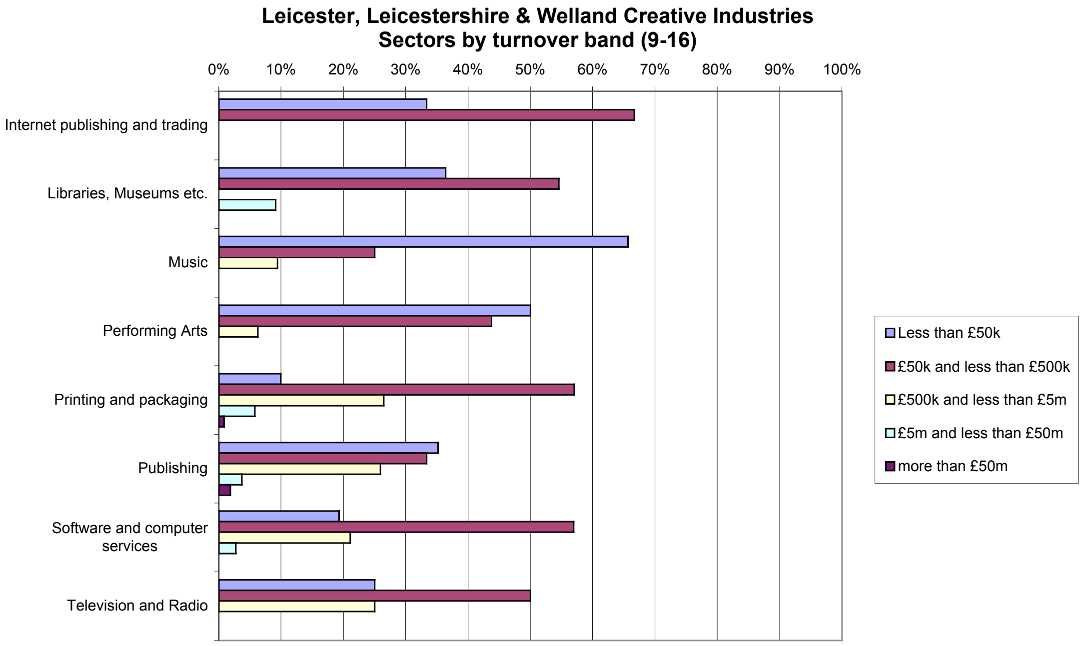


The broad picture of the economy of the sector across the whole area can be drawn by reference to turnover and employment data. Respondents were asked to place their business's annual turnover in one of five bands. Taking all the enterprises together, it is clear that this is an economy principally made up of small businesses. More than 80% of respondents have an annual turnover less than £500,000, and nearly a third turnover less than £50,000.

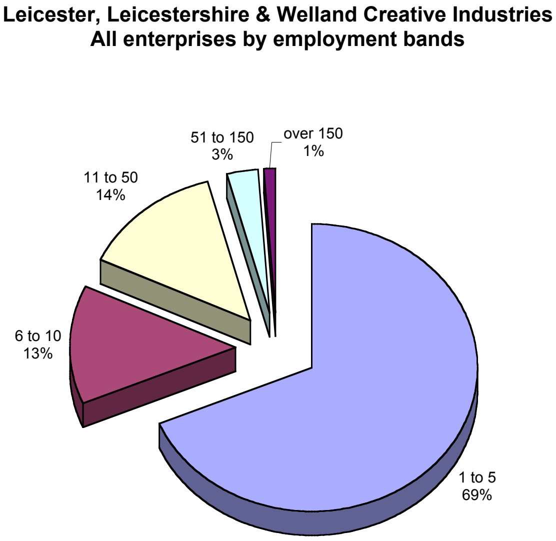


Within sub-sectors the profile of turnover data varies greatly. For clarity, the data for the sixteen subsectors is shown on two separate charts below.

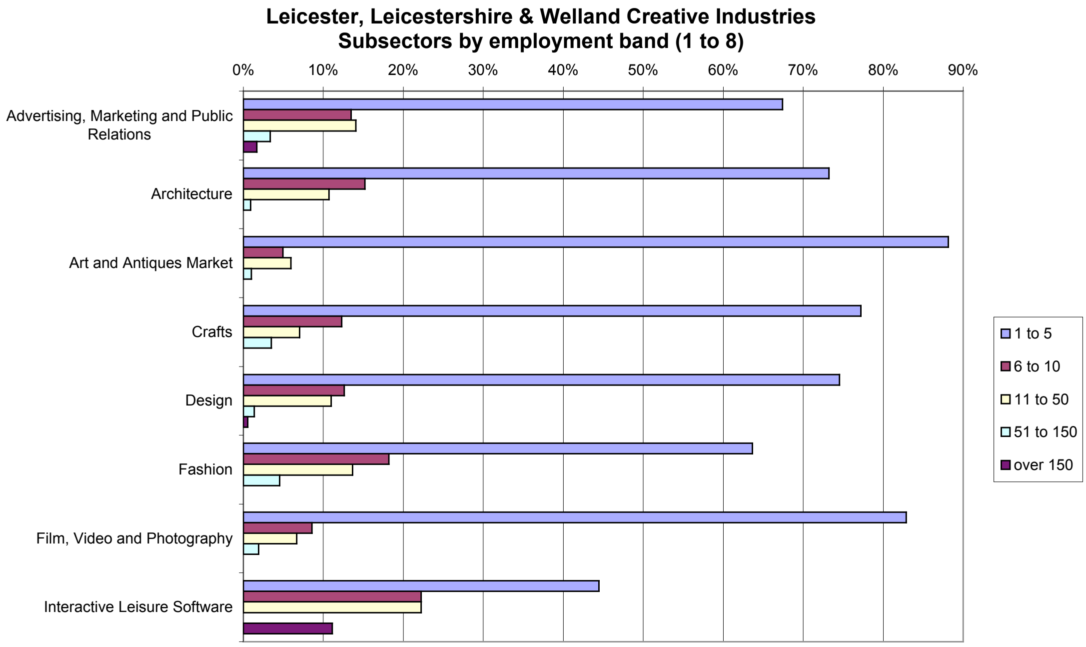


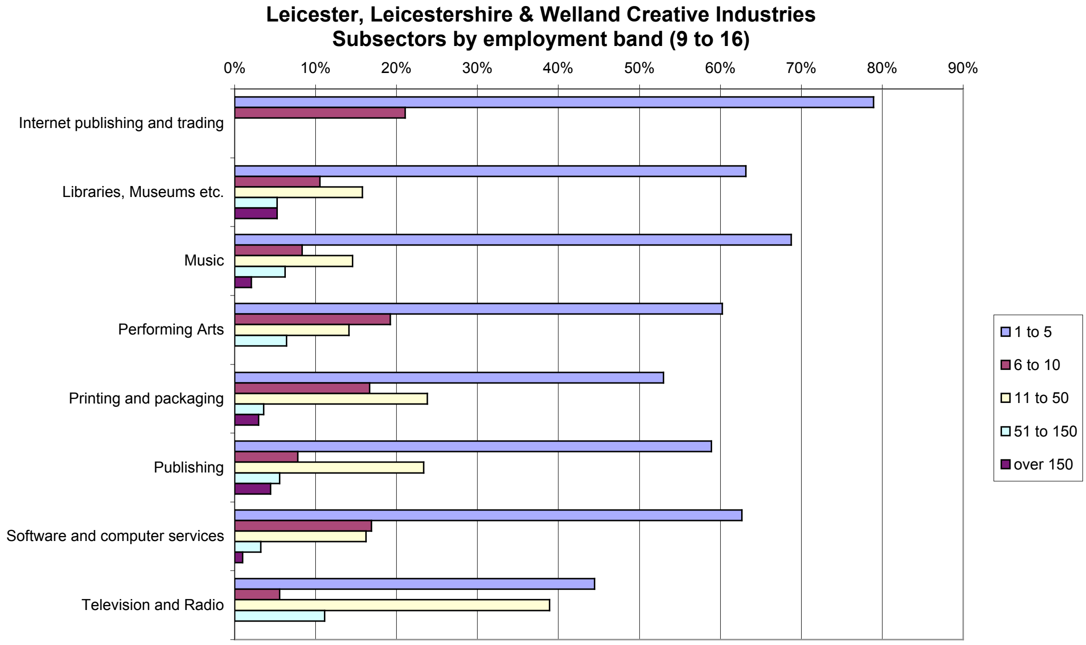


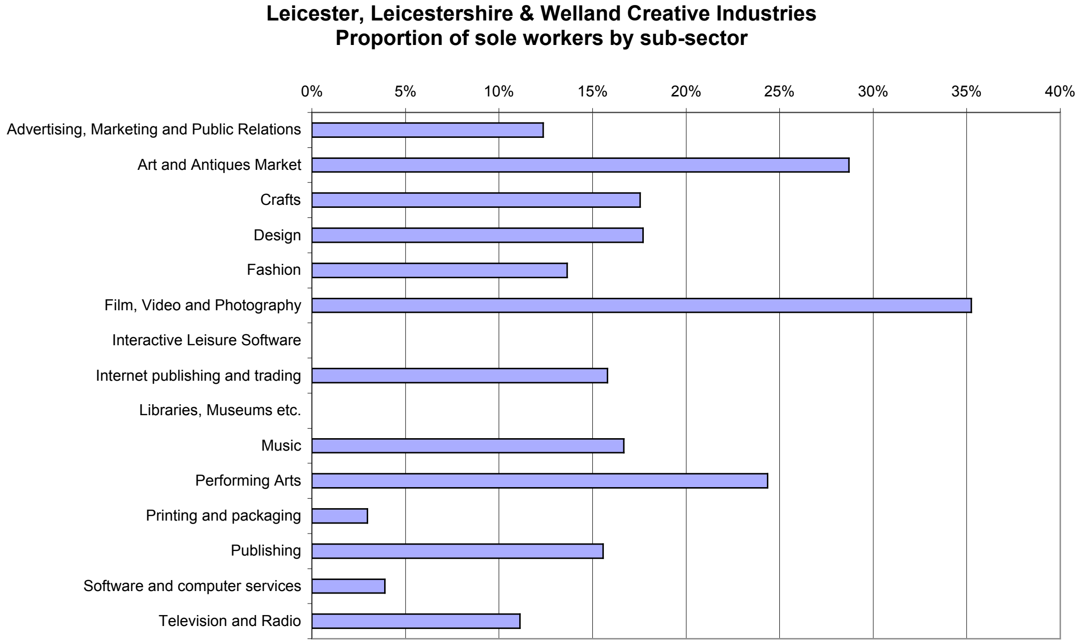
The picture which this analysis draws of a sector in which small and very small enterprises play a major part is confirmed by data on employment. Respondents were asked to place their business in one of a range of employment bands. Overall, nearly 70% of respondents employ less than five people, while only 1% employ more than 150.



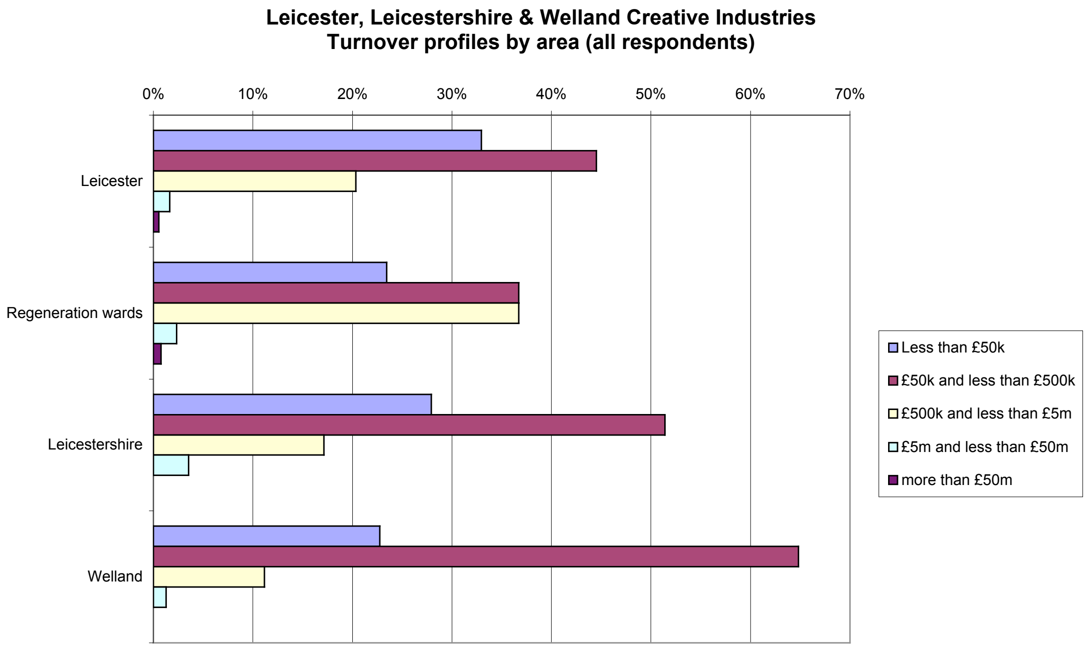
Breaking this total down by sub-sector shows that there are few in which the small business employing five people or fewer constitutes less than half the total of respondents. There are some sub-sectors in which the individual practitioner is particularly numerous. Film, video & photography has a particularly high proportion of sole workers. Other sub-sectors with a high proportion of sole workers are Art & antiques market, which includes visual artists, and performing arts. These are examined in more detail later in the arts chapter of this report.




Leicester, Leicestershire & Welland Creative Industries
Subsectors by employment band (9 to 16)
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
Internet publishing and trading
Libraries, Museums etc.
Music
Performing Arts
Printing and packaging
Publishing
Software and computer services
Television and Radio
1 to 5
6 to 10
11 to 50
51 to 150
over 150

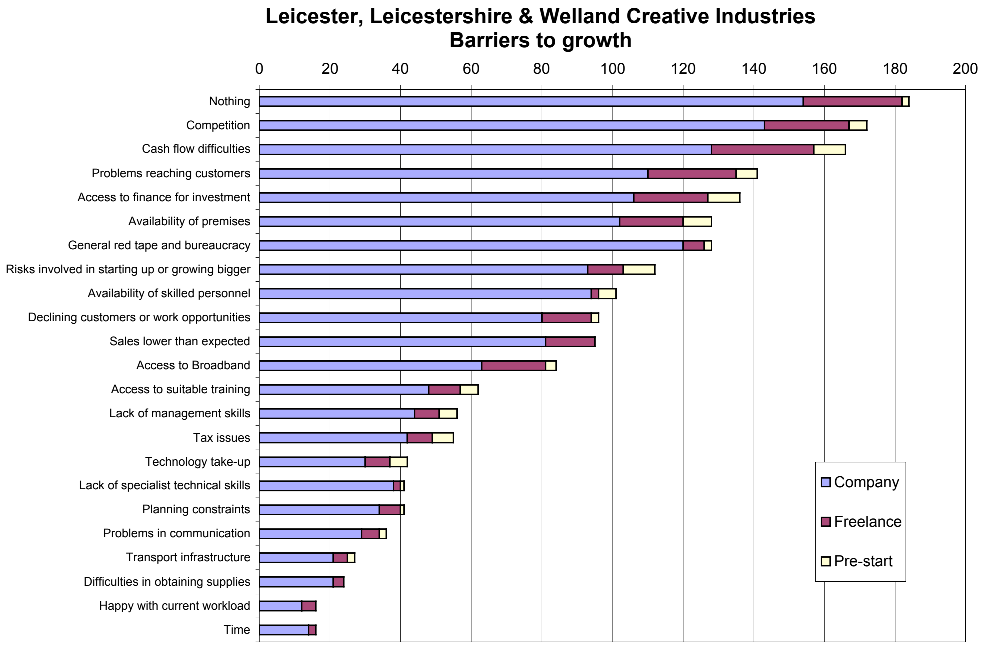

Leicester, Leicestershire & Welland Creative Industries
Proportion of sole workers by sub-sector
0%
5%
10%
15%
20%
25%
30%
35%
40%
Advertising, Marketing and Public Relations
Art and Antiques Market
Crafts
Design
Fashion
Film, Video and Photography
Interactive Leisure Software
Internet publishing and trading
Libraries, Museums etc.
Music
Performing Arts
Printing and packaging
Publishing
Software and computer services
Television and Radio

A view of the distinctions between the four geographic areas of the study can be gained from an analysis of the turnover bands in each area. Leicester has the highest proportion of respondents turning over less that £50,000 annually. Within the City the regeneration wards have a smaller proportion of very small business and a substantially larger one of companies in the £500,000 to £5million bracket, the highest of all in this band. By contrast Leicestershire and, particularly, Welland have a higher proportion of companies in the intermediate £50,000 to £500,000 band. Larger companies are very few. There are no respondents outside the City in the over £50million band, while Leicestershire has the highest proportion in the £5million to £50million band.



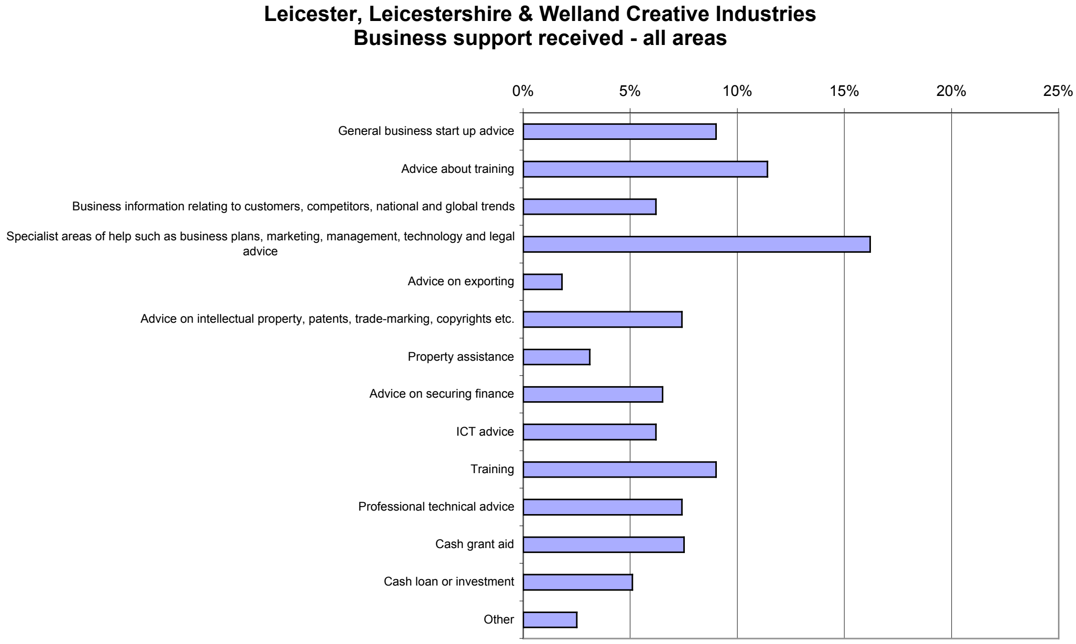
Business growth and support

The research sought answers to several questions about business growth and support. We asked what barriers were perceived as hampering the growth of businesses, freelances and pre-starts. Where the respondent had received some form of business advice, help or support, we asked about the nature of that, who had provided it and how satisfactory it had been. Where not, we asked why no support had been used.
Overall, 70% of respondents expect their business to grow over the next twelve months, and in that light it is encouraging that more than 180

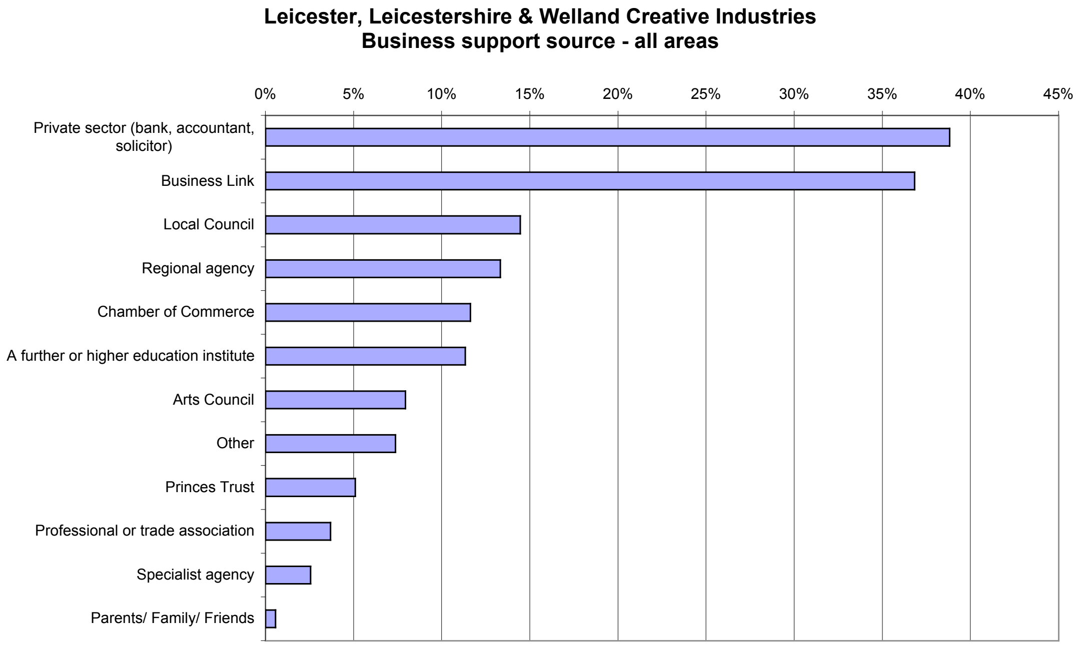


respondents, over 20%, report that they experience no barrier to growth.

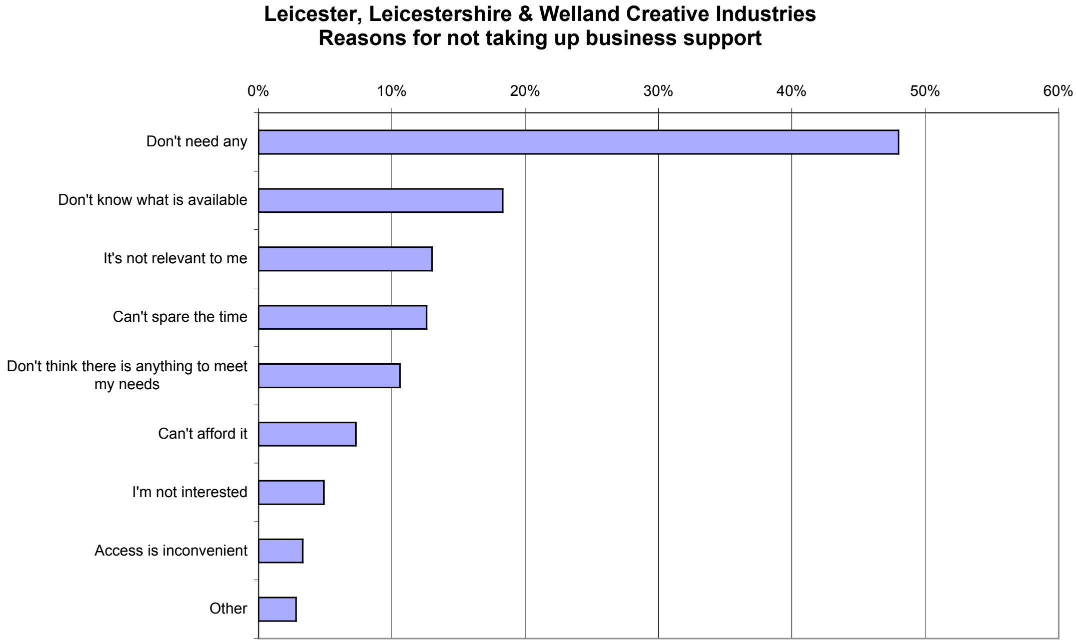
Those respondents who had received some form of business support in the last year, about 40% of the total, identified the nature of the support they had had. Specialist areas of help such as business plans, marketing, management, technology and legal advice, as a group, were the most often cited, followed by advice about training, general business startup advice, and training itself. The extent of use of business support varied widely between business types. Freelances use it less than established businesses, 28% as compared to 42%, while 70% of pre-starts reported using business support.



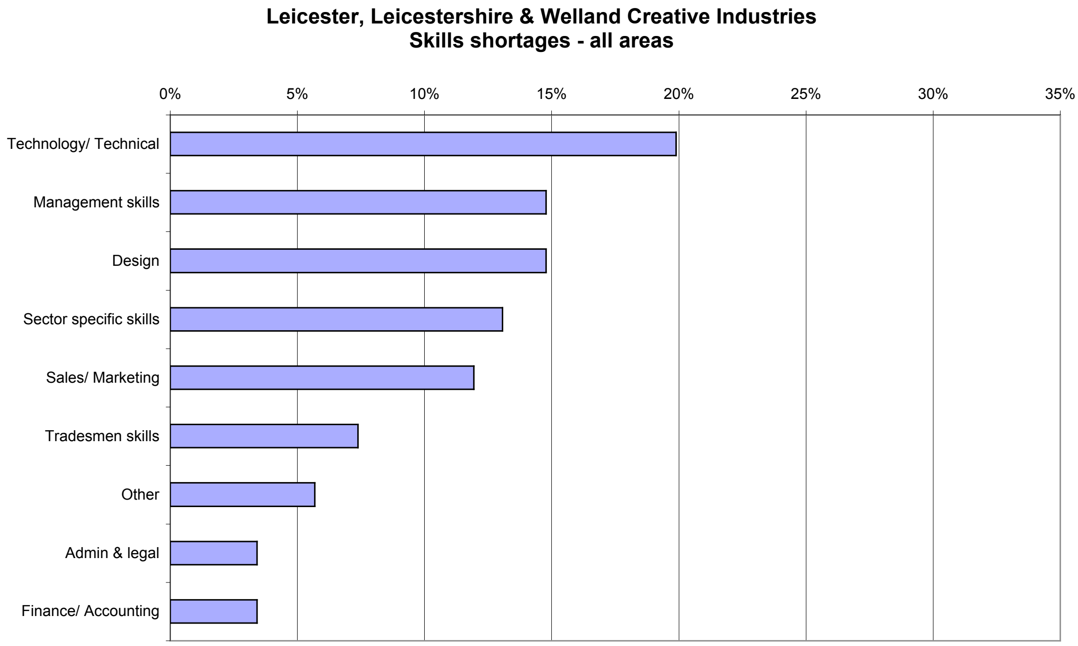
The sources of support named by those respondents who had received some in the last year were most frequently the private sector, including banks, accountants and lawyers, and Business Link.



Satisfaction with the business support they had received was high. Three-quarters of respondents who had received business support were satisfied or better, and only 5% dissatisfied.. satisfaction was somewhat lower in Welland, and dissatisfaction substantially higher in the City than the rural areas. We questioned those who had not taken up any business support in the last year as to the reasons why. Overwhelmingly the response was that none was needed. The profile of other reasons varied somewhat between areas.

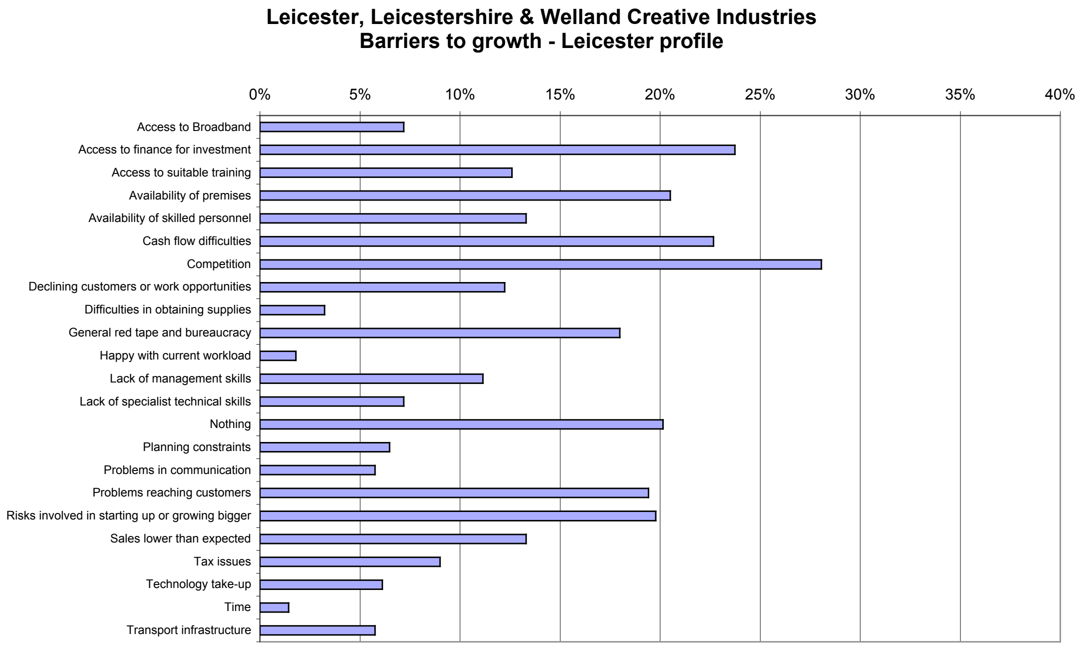


Those respondents who identified skills issues as a barrier were questioned about the nature of the skills shortages they encounter. About a quarter did so in the City and about 15% in the rural areas.
Technology and technical skills, including computer and IT, were identified by 20% of respondents who encountered skills shortages. Management and design skills also figured prominently (each 15%). Sector specific skills, for example in music, printing, media and audio engineering, were cited by 13%. Shortage of finance, and administrative/legal skills were recognised by less than 5% of respondents.



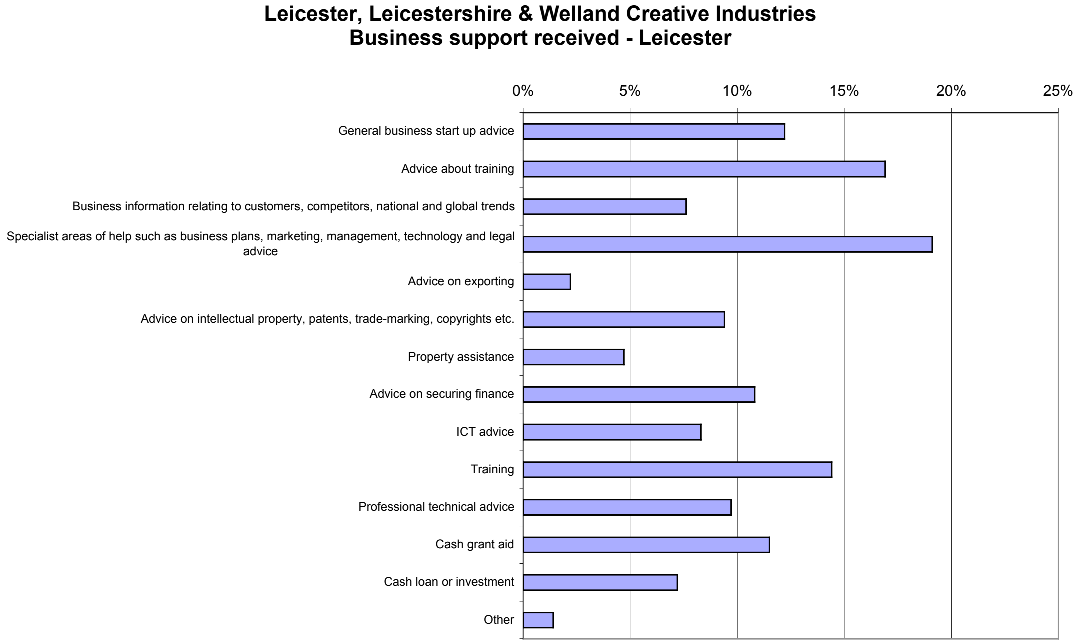
Leicester

In common with other areas, the City shows about 20% of respondents perceiving no barriers to their intended growth. The most often cited barrier to growth is competition (28%), in contrast to the rural areas. Access to finance for investment, cashflow difficulties and availability of premises are barriers for more than 20%. Perception of risk involved in growth is a significant factor, reported by over 25% of respondents, along with problems in reaching customers, and general red tape. Few report

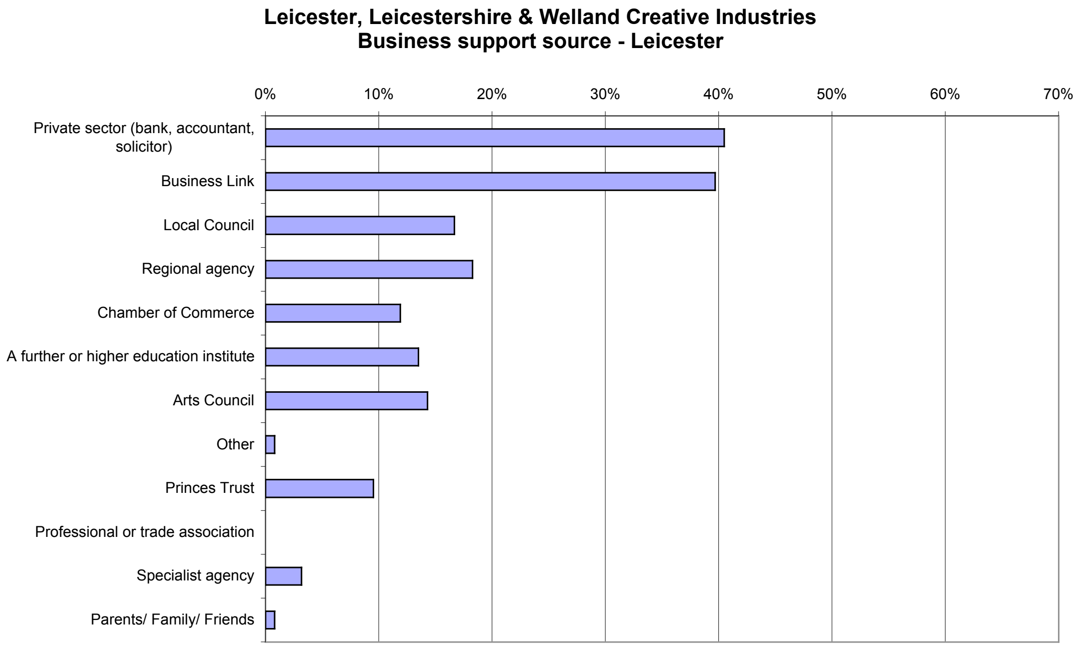


supply chain obstacles, in common with the other areas.
Barriers relating to skills, including access to suitable training, availability of skilled personnel and lack of management skills are reported by between 10 and 15% of respondents, and lack of specialist technical skills by 7%.
Access to broadband, reported by 7%, is not a major difficulty in the City.

45% of respondents in the City had received some form of business support in the last year. The pattern follows that of the overall picture, but all at a rather higher level of response than for the County. Specialist business assistance is the most often cited, with advice about training, training itself and startup advice also prominent.

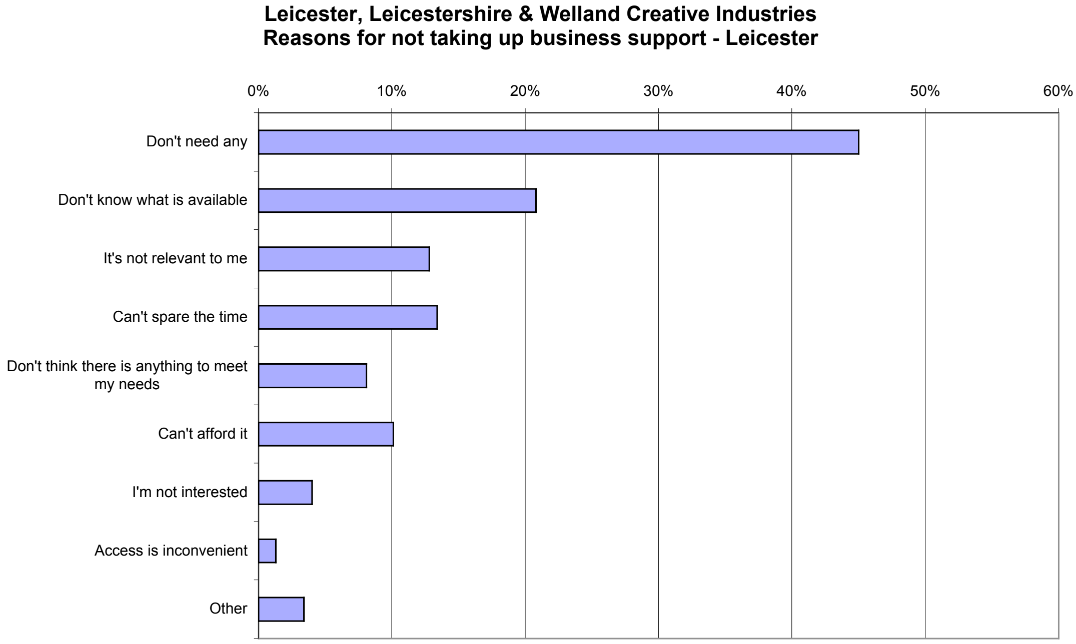


Support was received most commonly from private sector professionals (banks, lawyers, accountants) and from Business Link.

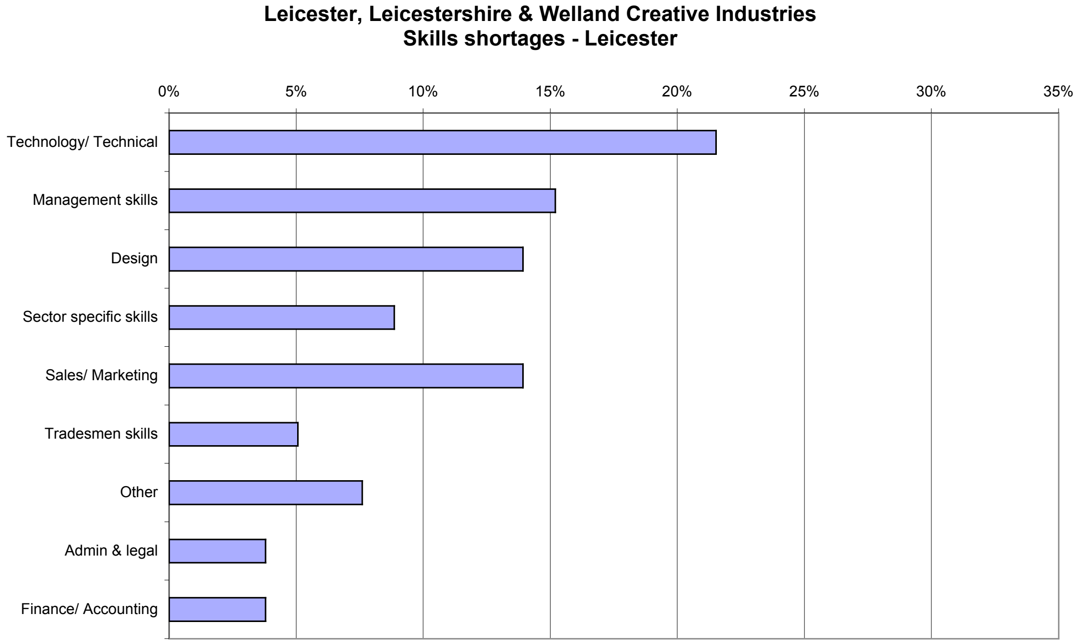


In common with the other areas, satisfaction with business support received is high among those who have had it. 77% are satisfied or very satisfied, while about 10% are dissatisfied or worse. This is a higher level of dissatisfaction than in the rural areas.

The rather more than half the respondents in the City who have not taken up business support share the same reasons for doing so with the rest of the areas. Not needing any is the most often cited, with lack of knowledge of what is available mentioned by one fifth.

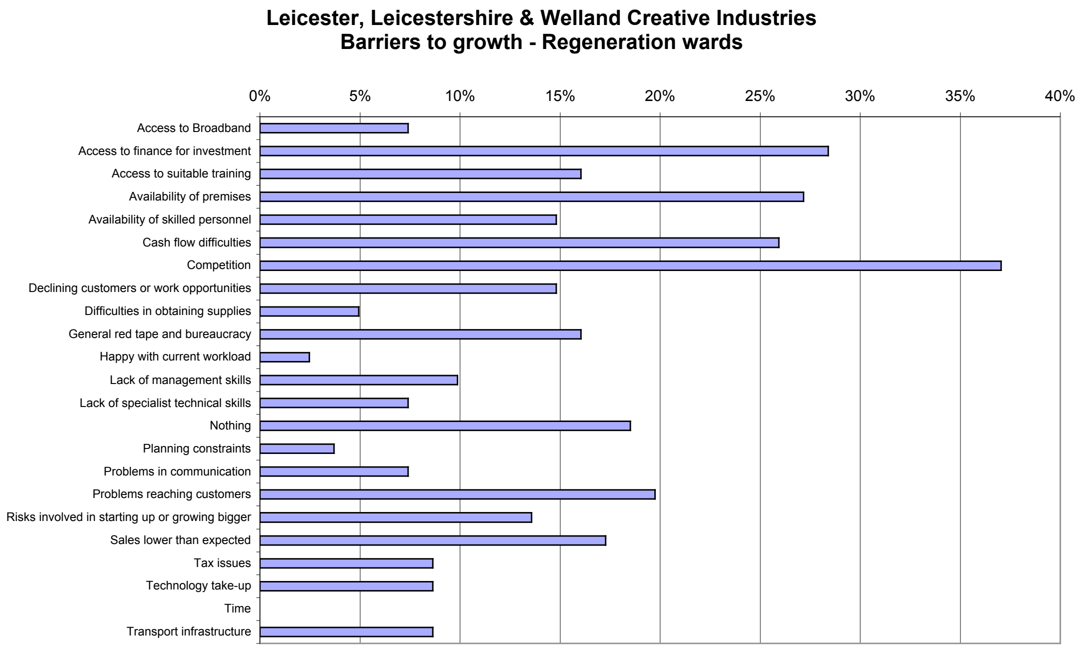


Skills shortages reported in the City most frequently cite technology and technical skills (22%), management skills (15%) and both design and marketing skills close to 15%.

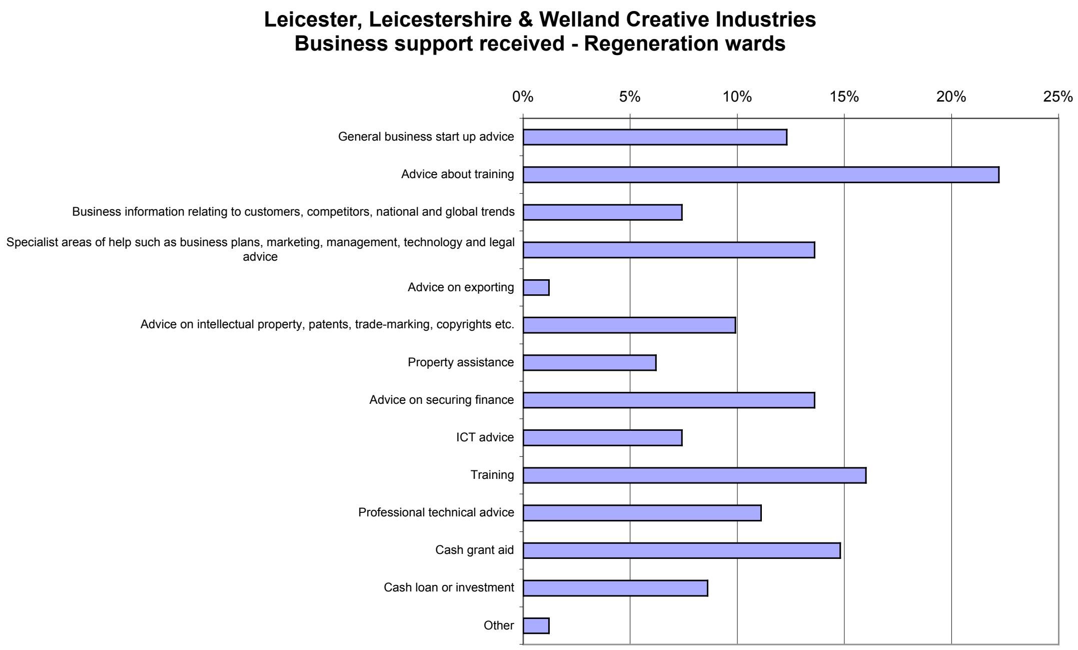


Regeneration Wards

The regeneration area reflects a similar pattern to that of the City as a whole, but in a rather heightened way. Competition is the most cited barrier to growth (37%). Access to finance for investment, availability of premises and cashflow difficulties are barriers for more than a quarter of respondents. Perception of risk is less of a barrier than disappointed sales expectations for respondents in the regeneration area, when compared to the City overall.

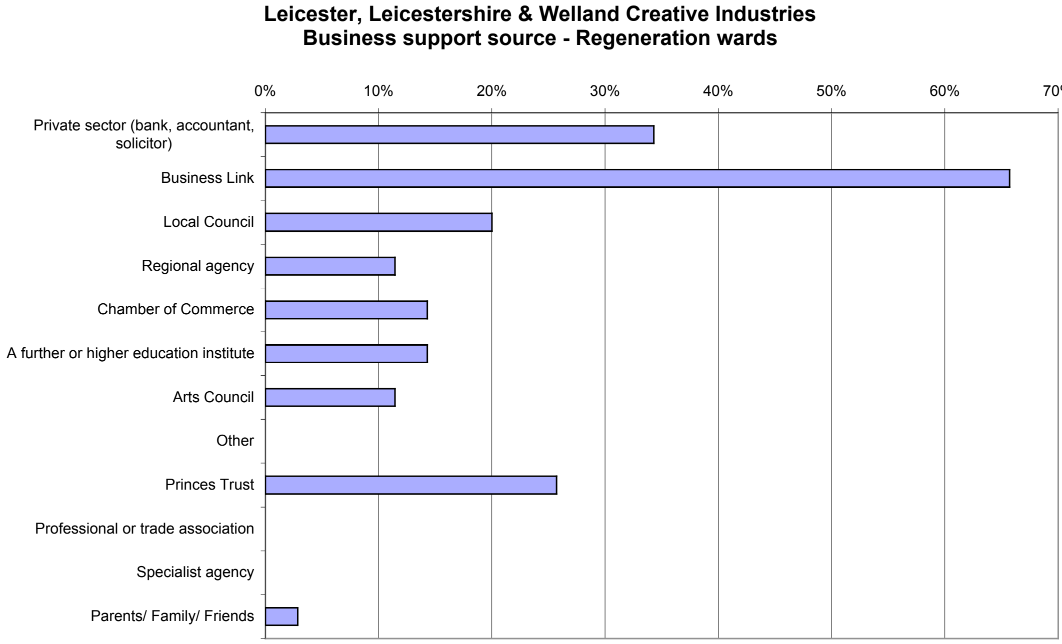


Nearly 10% of respondents in the regeneration wards cite the transport infrastructure as a barrier, the highest of the four areas. Responses about support received by those who have taken it up shows advice about

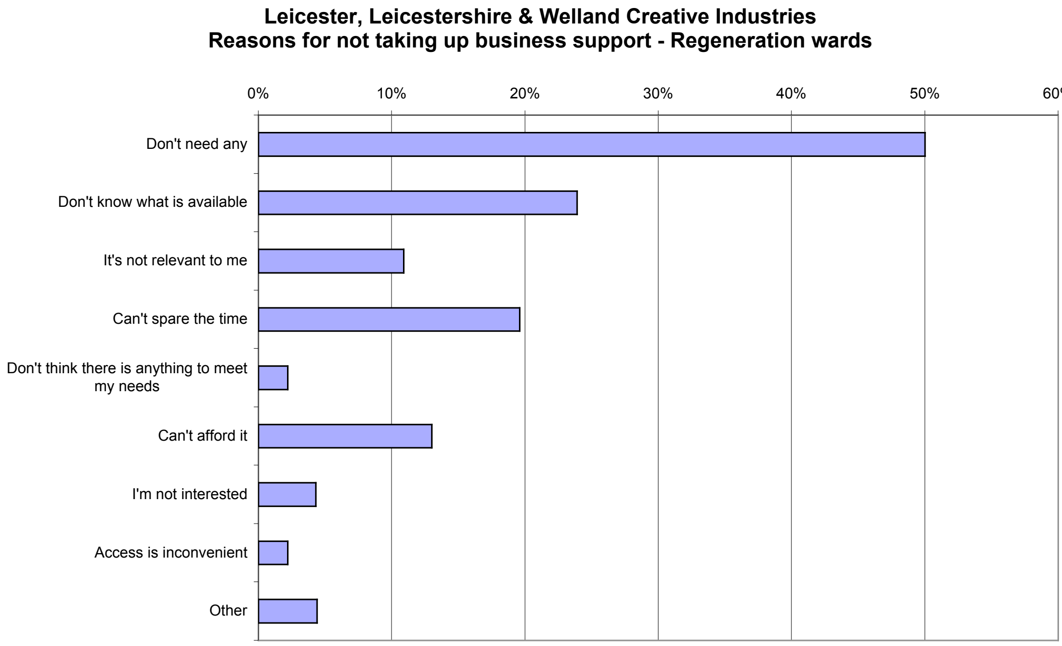


training figuring much more strongly than in the City as a whole.

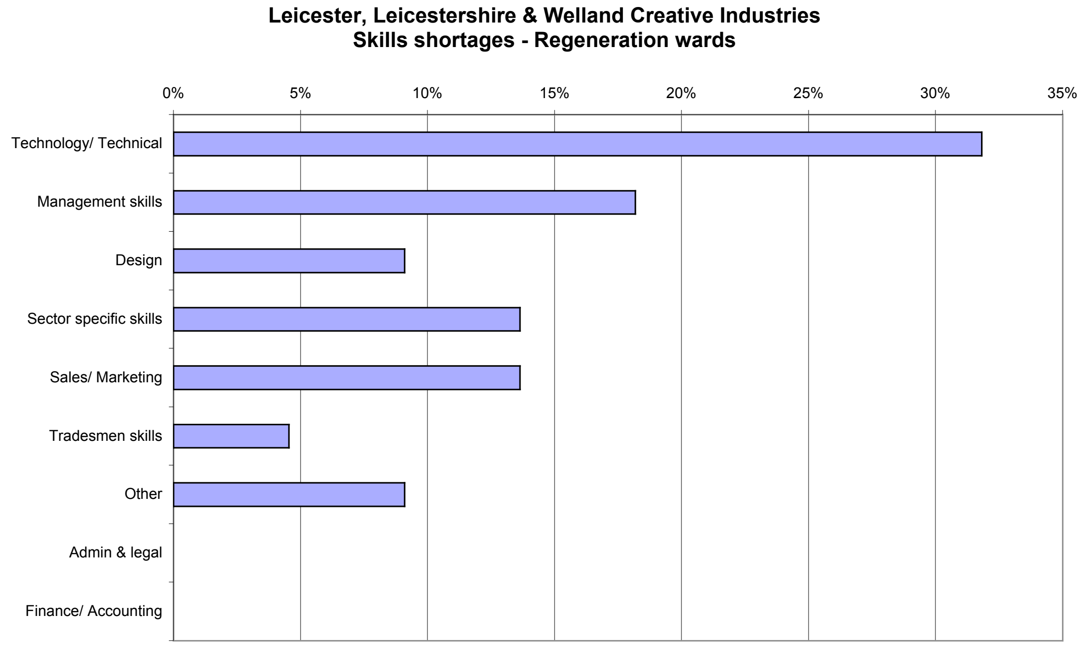
The sources of support used in the regeneration wards show that, the private sector is less prominent and Business Link is used very much more than in the City as a whole. Similarly, Prince's Trust has a higher level of use in the regeneration area. The local council is cited more, and the regional agencies less, than in the City as a whole.



In common with the other three areas, users of business support expressed a high level of satisfaction with what was received. Some 57% of respondents in the regeneration wards had not taken up business support in the last year, slightly higher than in the City as a whole. Their reasons for doing so are broadly similar to those in the City, with 'don't need any' showing somewhat more strongly.

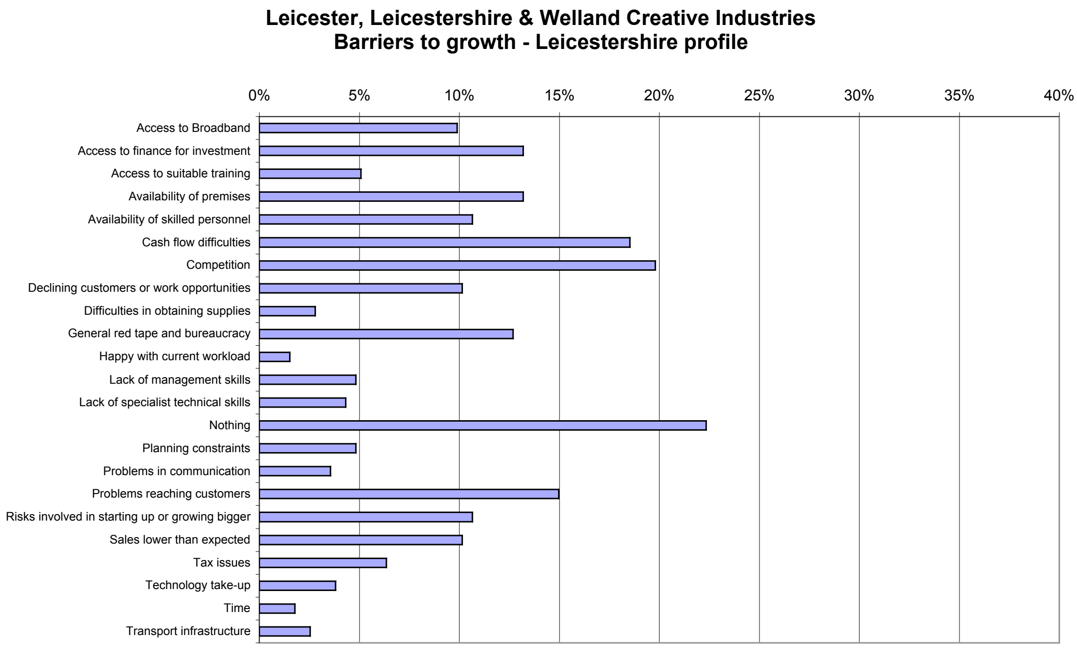


Skills are an issue in the regeneration wards, with a quarter of respondents reporting problems with access to suitable training and availability of skilled personnel. Of those, about a third cite technology and technical skills shortage as a problem, markedly higher than in the City as a whole. Conversely, design skills shortage shows much less strongly in the regeneration are than in the City.

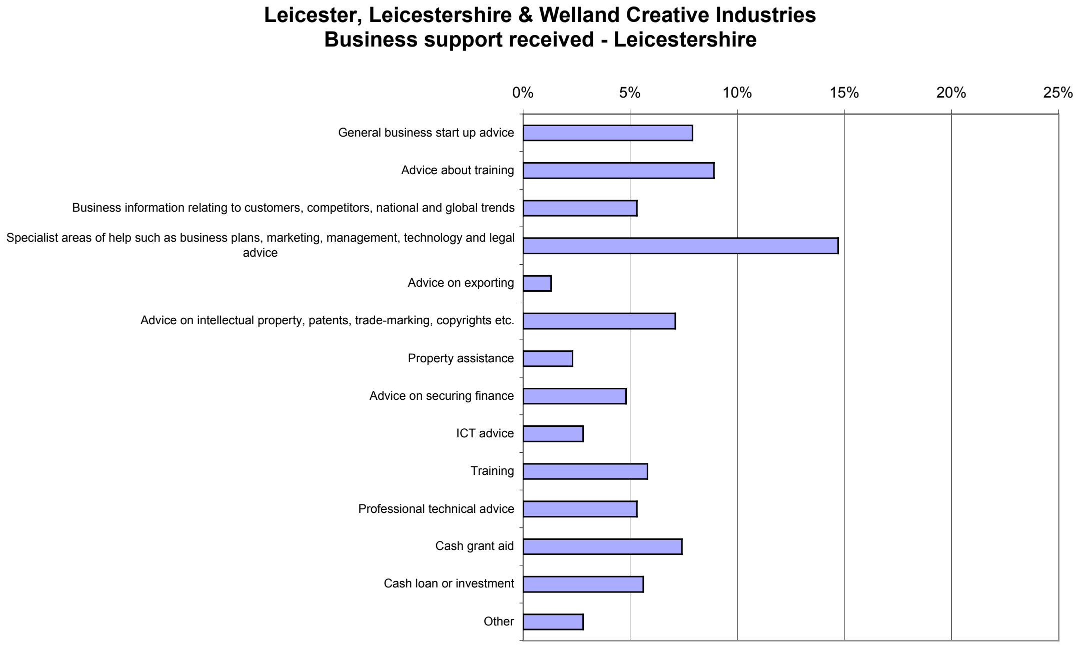


Leicestershire

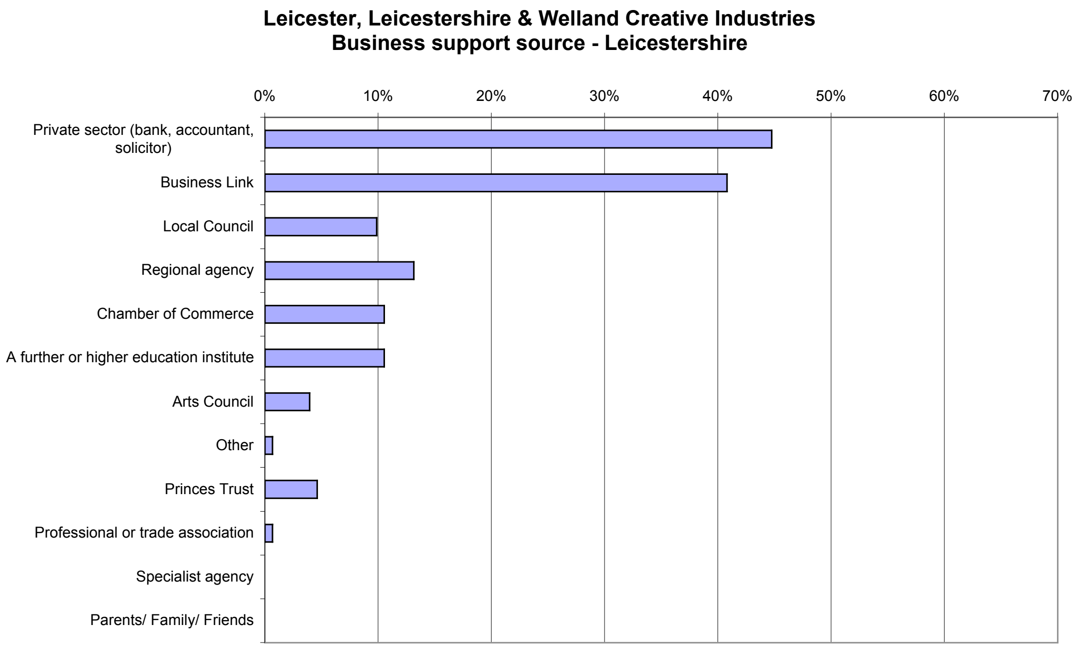
The perception of barriers to growth is very different in the County from the City. Almost a quarter of respondents see no barrier to their intended growth, and no named barrier scores above 20%, whereas in the regeneration area of the City some barriers are reported by nearly twice as many respondents. Competition and cashflow are the most often cited in the County, between 15 and 20%. Problems in reaching customers, access to finance, availability of premises and red tape are cited by between 10 and 15% of respondents. Broadband access (10%) is a problem for rather more respondents than in the City.



Business support of some kind had been received in the last year by 38% of respondents, less than in the City (45%). There was much less support related to training, to business startup and advice on securing finance than in the City. The most prominently represented area of business support in the County was specialist help for business plans, marketing, management, technology and legal advice.

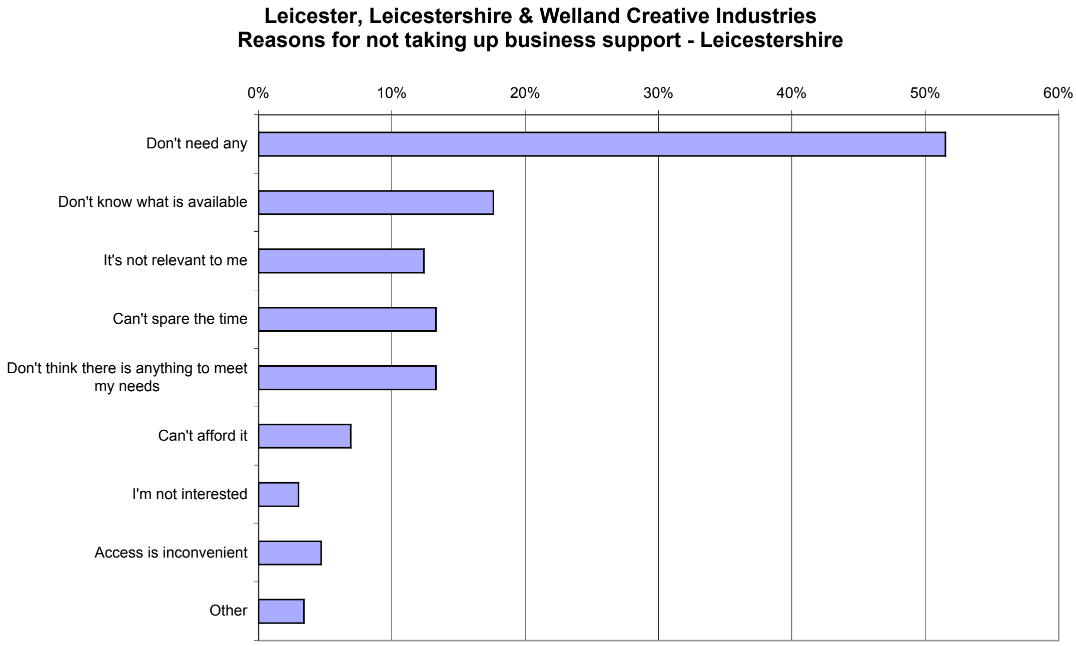


In the County, respondents turned to broadly the same sources of business support as in the City, with the private sector and Business Link the most often cited. There was a somewhat lower level of use of regional agencies, local councils, specialist bodies such as Arts Council and Princes Trust, and of universities and colleges, than in the City.

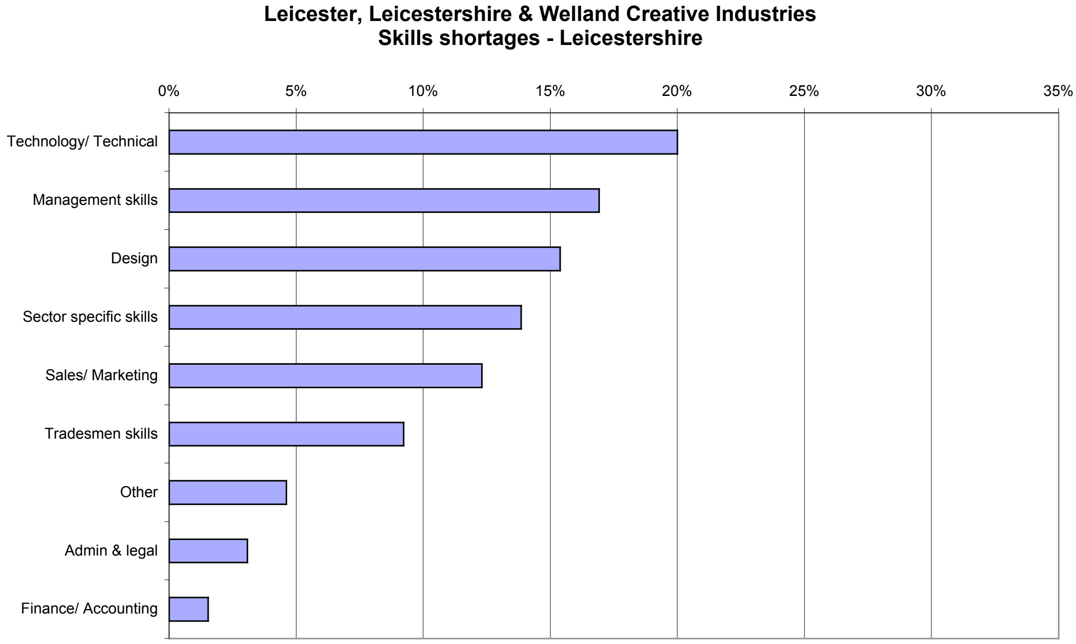


In common with the other areas, users of business support in the County were satisfied with what they received.

The County had the lowest level of use of business support of the four areas at 38%. Those who had not used any business support in the last year were asked for the reasons why. In the County more than half said that none was needed, and rather more than in the City cited lack of knowledge of what is available, and that there is nothing suitable to their needs.

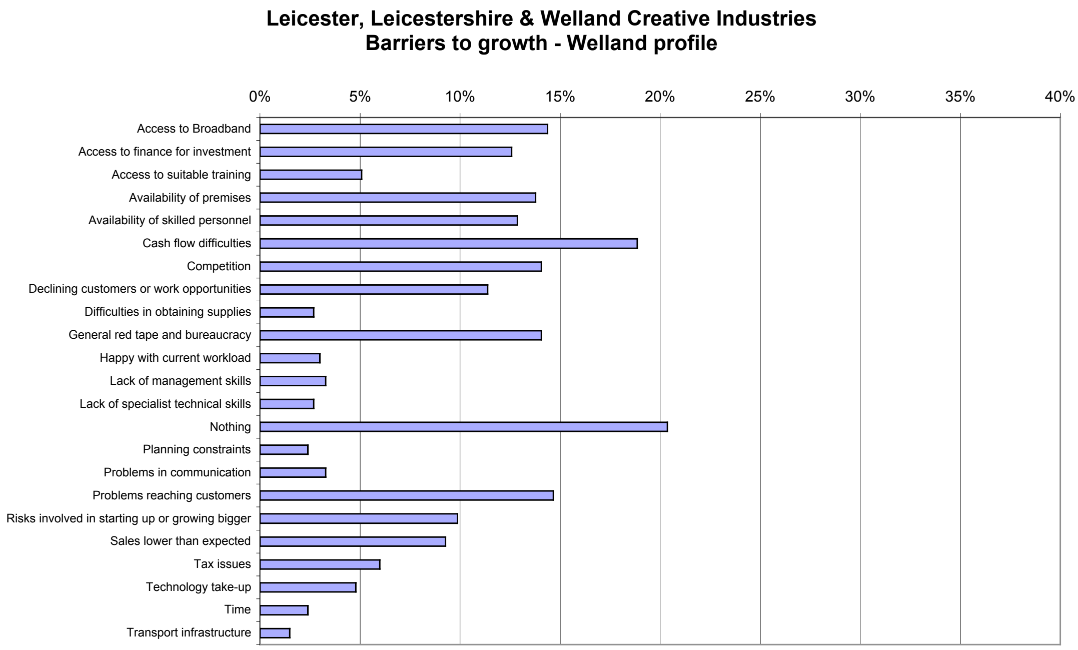


Skills issues are cited as a barrier to growth by much fewer respondents than in the City, 14% compared to 23%. While availability of skilled personnel ranks at just over 10%, access to training and lack of management or technical skills are reported by less than 5%.
Among those who report skills shortages, Technical and management skills rank highest, while there is more emphasis on sector-specific skills than in the City and less on marketing. Trades skills shortages are more prominent in responses from the County than the City.

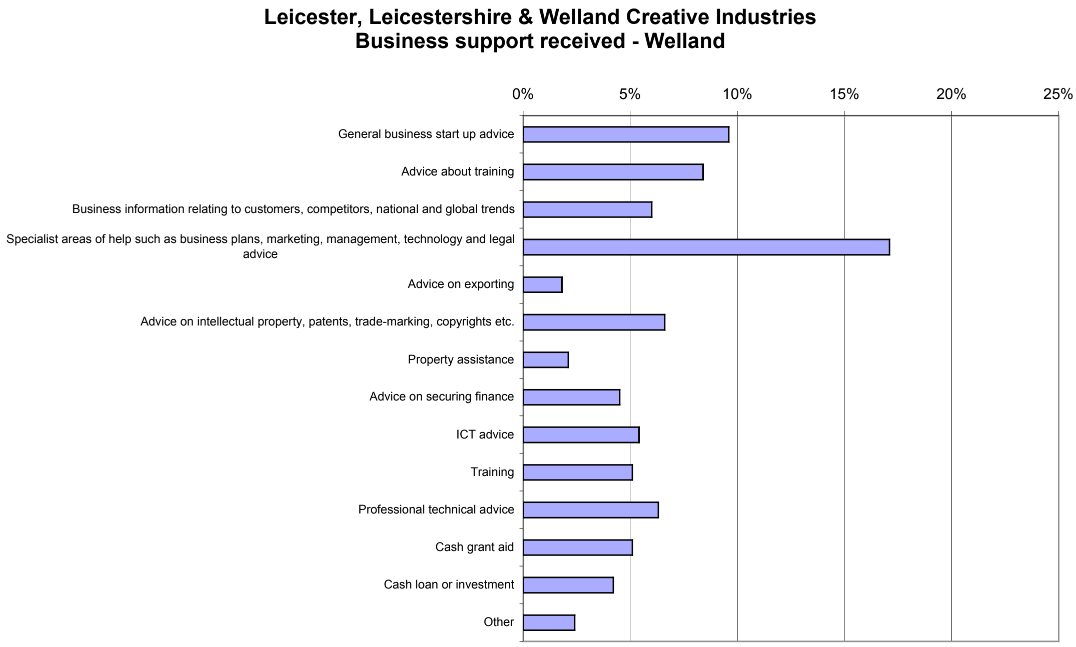


Welland

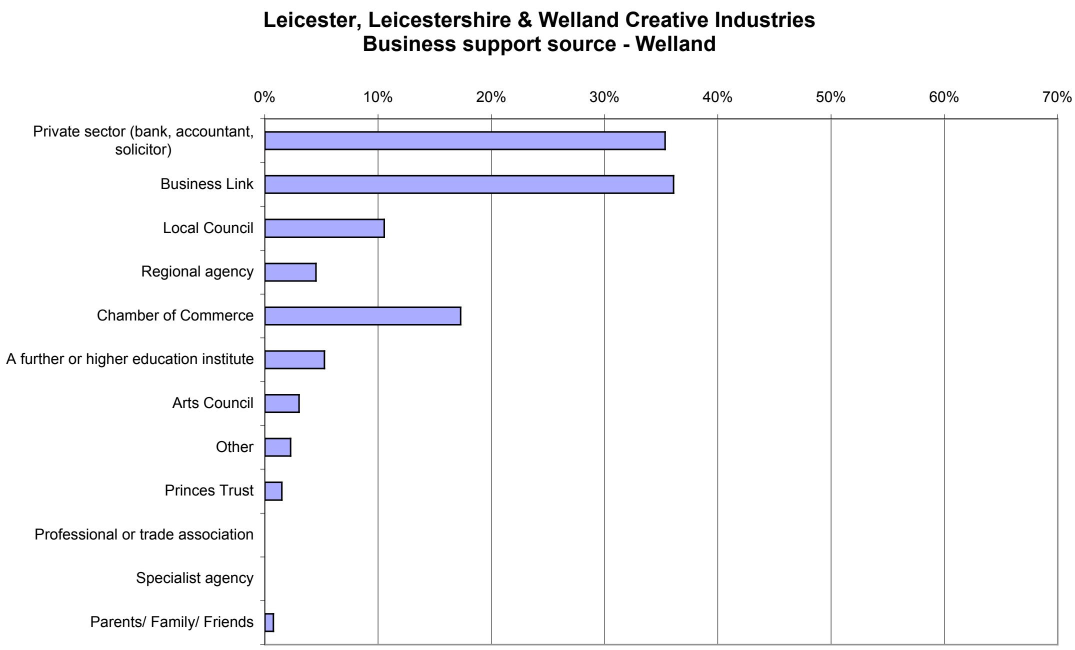
In the Welland area, 20% of respondents see no barrier to growth, the same level as in the City and a little lower than Leicestershire. Only cashflow is reported as a barrier by more than 15%. Availability of skilled personnel is reported by substantially more respondents than in Leicestershire. Competition, lack of management skills and lack of technical skills show the lowest responses of all four areas. Access to broadband is cited by 15% of respondents, twice the level in the City.



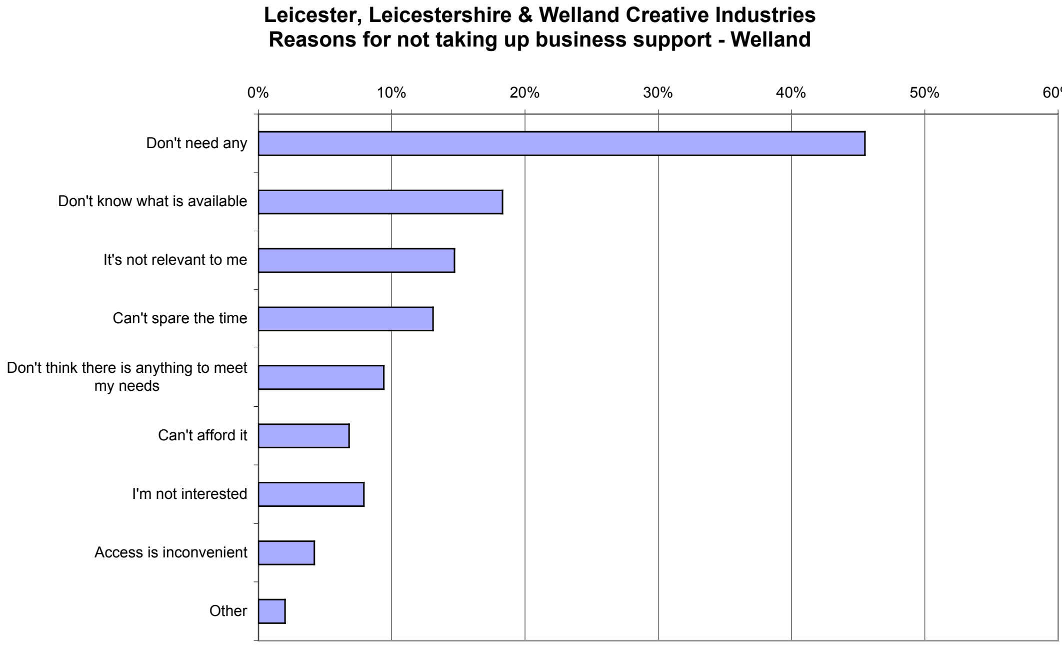
The nature of business support received by those who have had it is broadly similar to the pattern in Leicestershire. Specialist areas of help such as business plans, marketing, management, technology and legal advice, as a group, were the most often cited, followed by general business startup advice, advice about training, and advice on intellectual property issues. There is something of a paradox in that Welland has a higher level of respondents reporting use of business startup advice than in Leicestershire, but a much lower level of pre-start businesses.



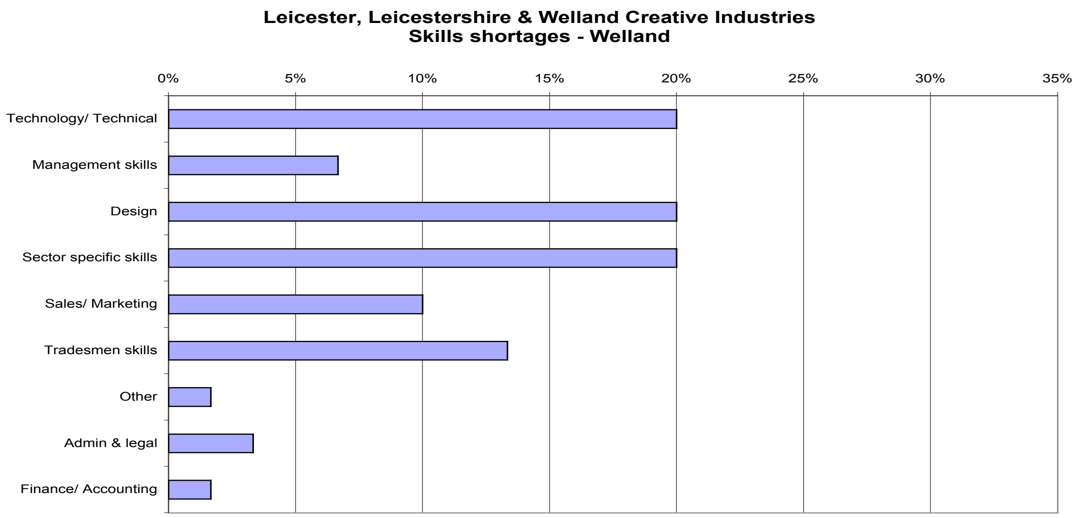
Sources of business used by respondents in Welland support are chiefly Business Link (Welland includes three Business Link services) and private sector advisors such as banks, accountants and lawyers. The Chamber of Commerce plays a more significant role than in the other three areas, and there is much less involvement in Welland with regional and specialist



agencies. While 71% of those who have used business support in Welland are satisfied with what they received, this is the lowest level of the four areas. 57% of respondents in Welland did not take up any business support in the last year. Their reasons for doing so follow the broad picture in the area as a whole, with 'none is needed' being most often cited. Welland had the highest level of 'I'm not interested' respondents, 8%, about twice that of the other areas.



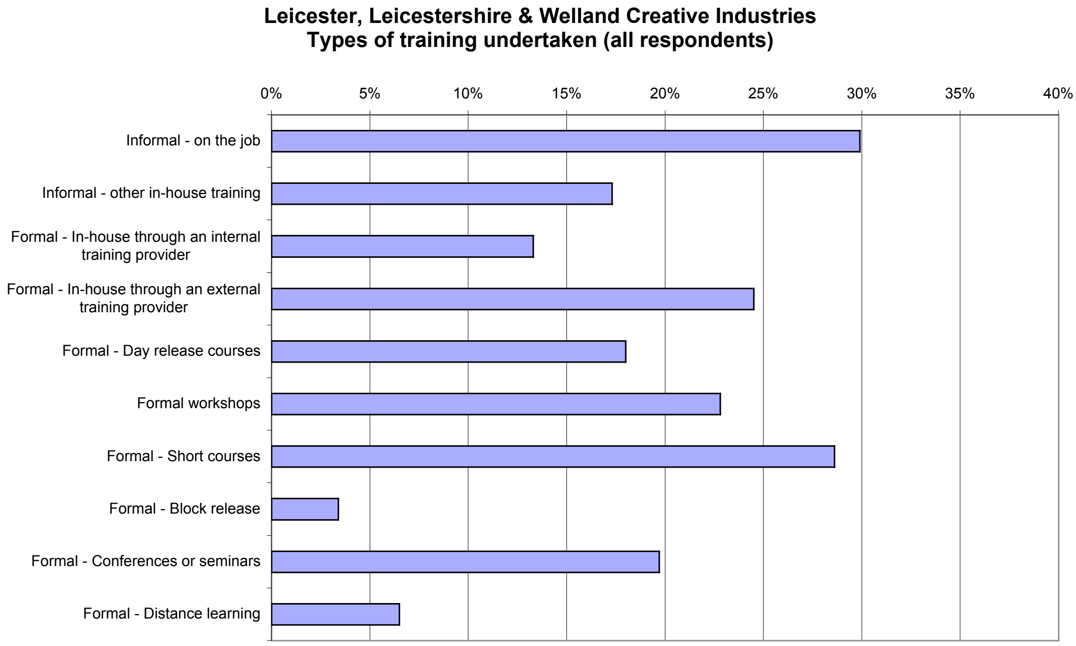
Availability of skilled personnel is cited rather more frequently in Welland than in Leicestershire, though specific management and technical skills are less often named. The 16% of respondents who report skills shortages in Welland show quite a different profile from the other three areas. Design and sector-specific skills each register 20%, considerably more frequent than in Leicestershire and the highest of all the areas. The shortage of trades skills is also registered most strongly in Welland.



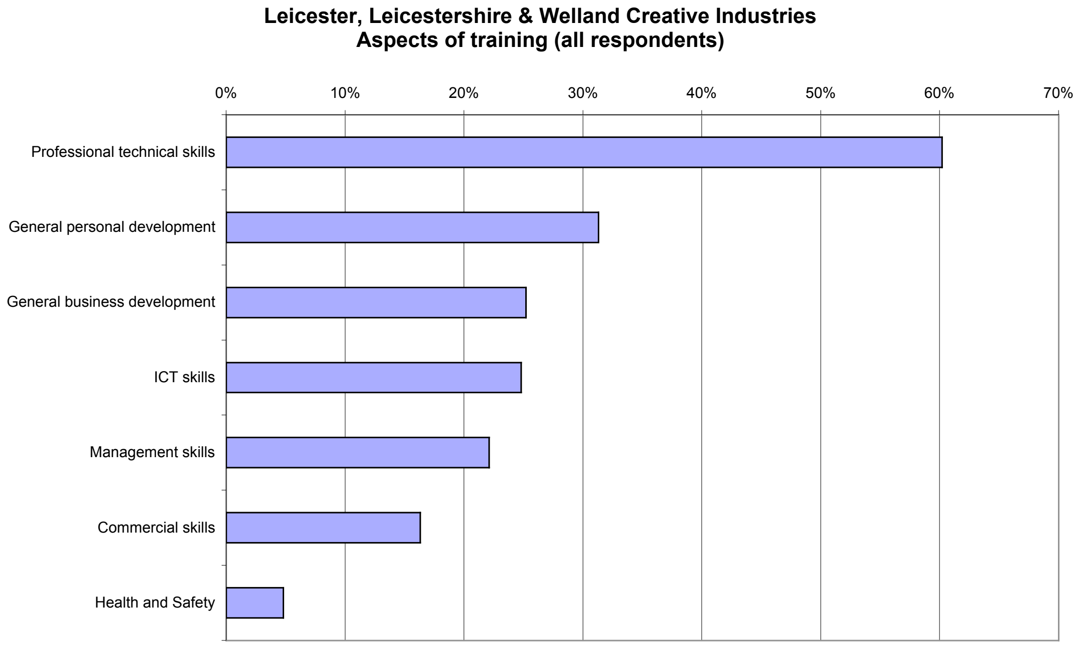
Training issues

The research examined the extent to which training is utilised by creative industries businesses and practitioners in the area, the nature of their experience of it, and their reasons for not taking advantage of training opportunities.
More than one third of respondents had taken training in the past year, rather more in the City than the rural areas.

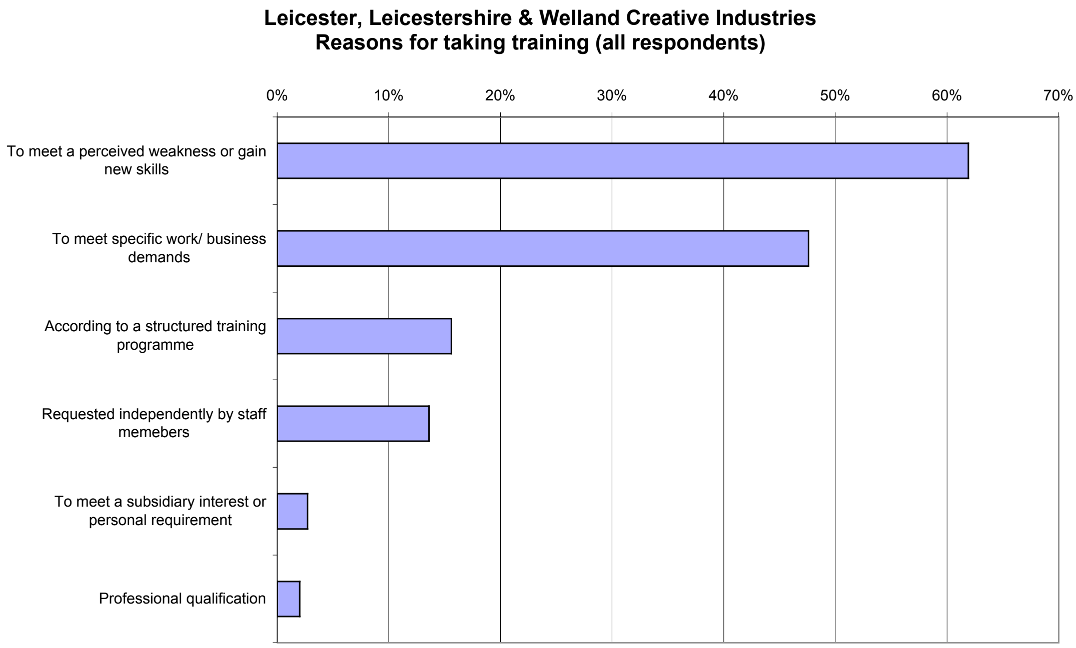
Informal training on-the-job was the most often cited form of training and, taken with other forms of informal in-house training, was reported by more than 45% of respondents. Among the formal training types, short courses and formal training through an external provider were the most often cited, with formal workshops showing in over 20% of responses.



Predominantly, training dealt with professional and technical skills, reflected in all four geographic areas, with 60% of respondents reporting this category, almost twice the rate of any other.

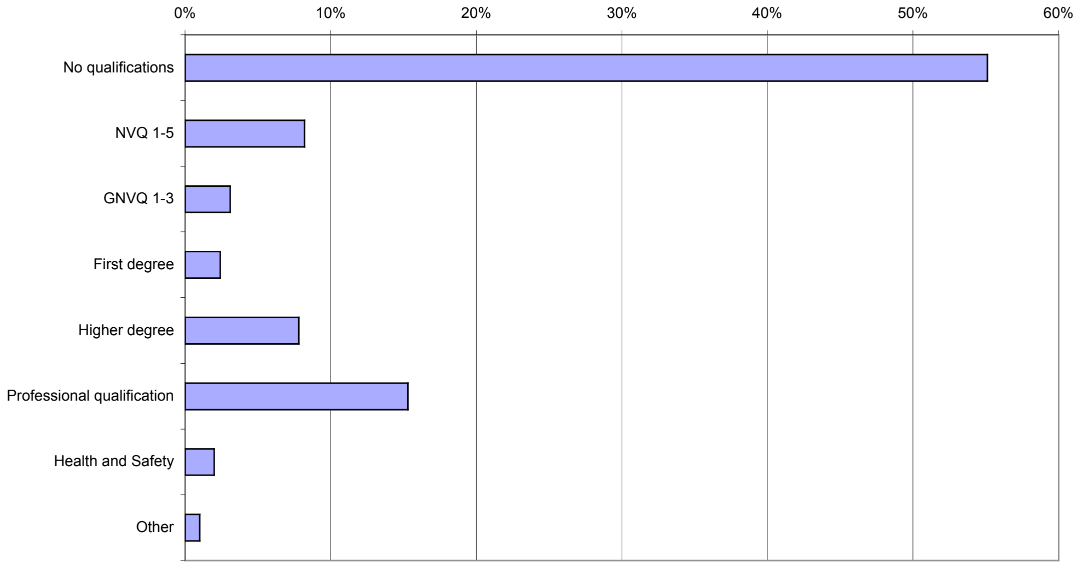


Overall, the most often cited reason for taking training was to meet a perceived weakness or gain new skills. Meeting specific work or business demands, including regulatory matters and health & safety, also featured strongly. Few respondents reported training for professional qualifications.



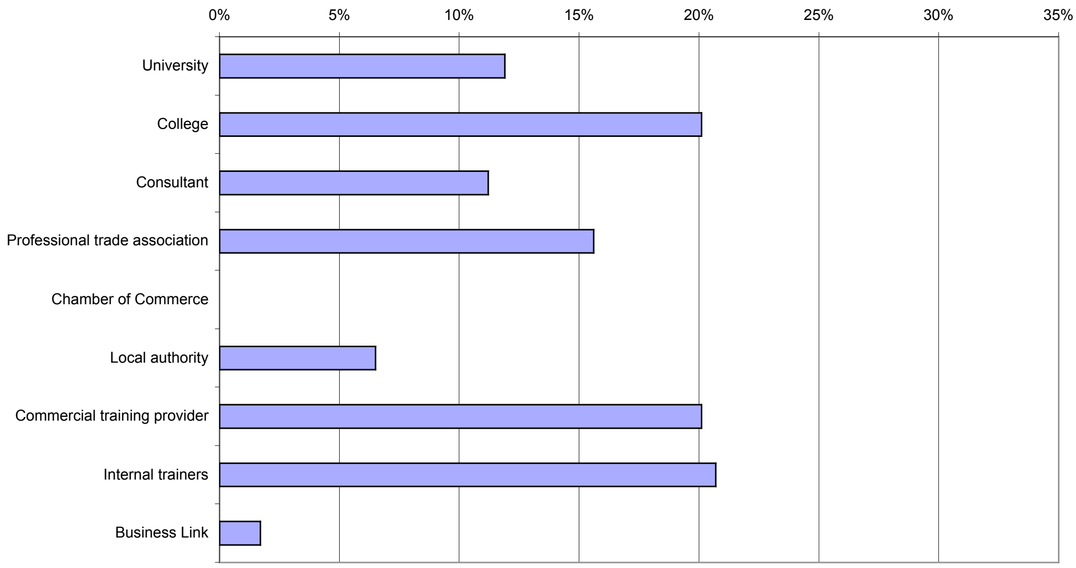
Much the greater part of training reported was not directed towards any qualification. Professional qualifications, including those of institutes, professional associations and specialist trade bodies, were cited by about 5% of respondents. The rest were divided across NVQ and GNVQ, and degrees.

Leicester, Leicestershire & Welland Creative Industries
Qualifications training is aimed at (294 respondents)



Over the whole area, respondents predominantly cited three providers of training which had been used in the last year, internal trainers, colleges and commercial training providers, each registering about 20%. If universities and colleges are bracketed together, between them they

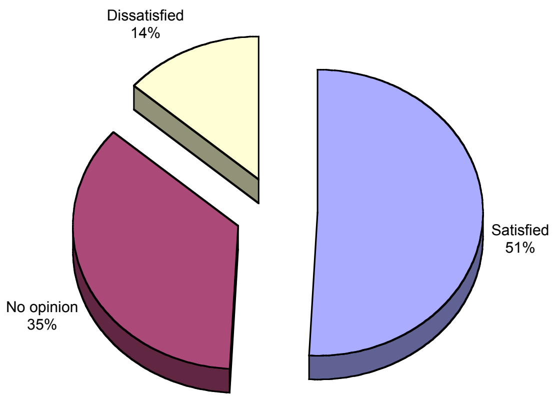
Leicester, Leicestershire & Welland Creative Industries
Training providers (all respondents)



account for 30% of all respondents who report having taken training.

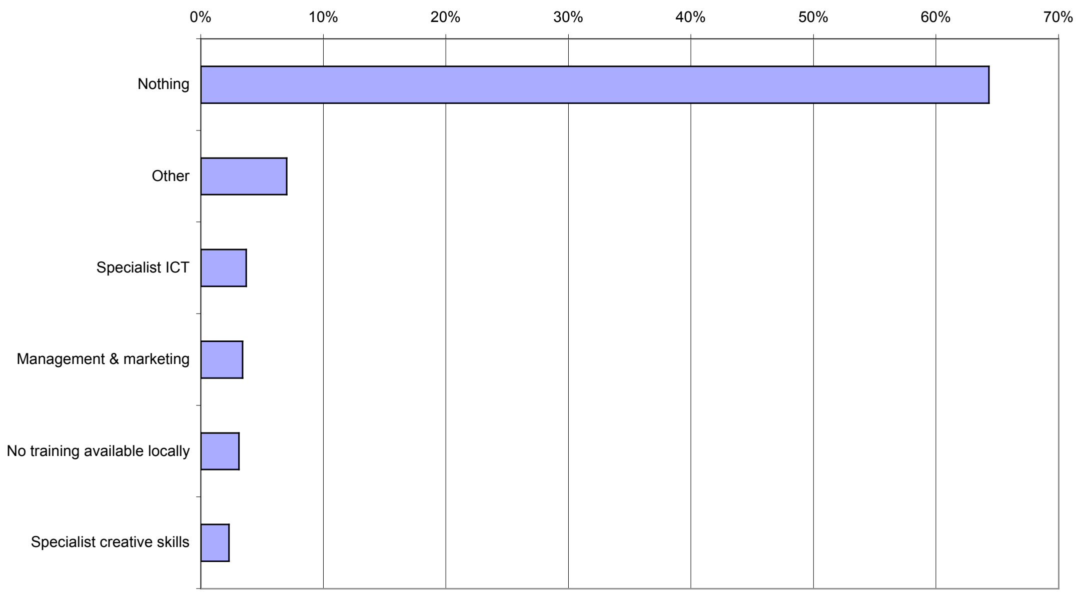
At about 90% across the board, satisfaction with the training which has been received is very high. Only 2% respondents registered dissatisfaction. By contrast, the number of respondents who are satisfied with the training available to them locally is much smaller. Just over 50% of those respondents who had taken training in the last year declared themselves satisfied, and 14% expressed dissatisfaction.

Leicester, Leicestershire & Welland Creative Industries
Satisfaction with training available locally (all respondents who have taken training)

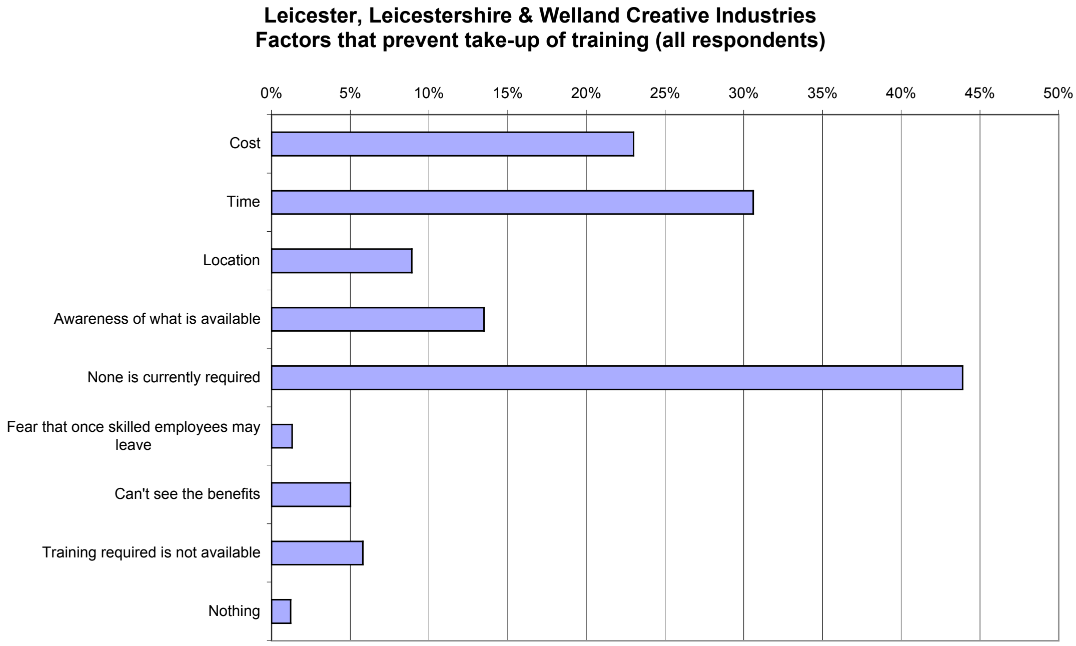


When asked what specific training requirements are not met by the local training provision, however, the response of over 60% was that there were none. A small number of respondents named specific skills training as unavailable.

Leicester, Leicestershire & Welland Creative Industries

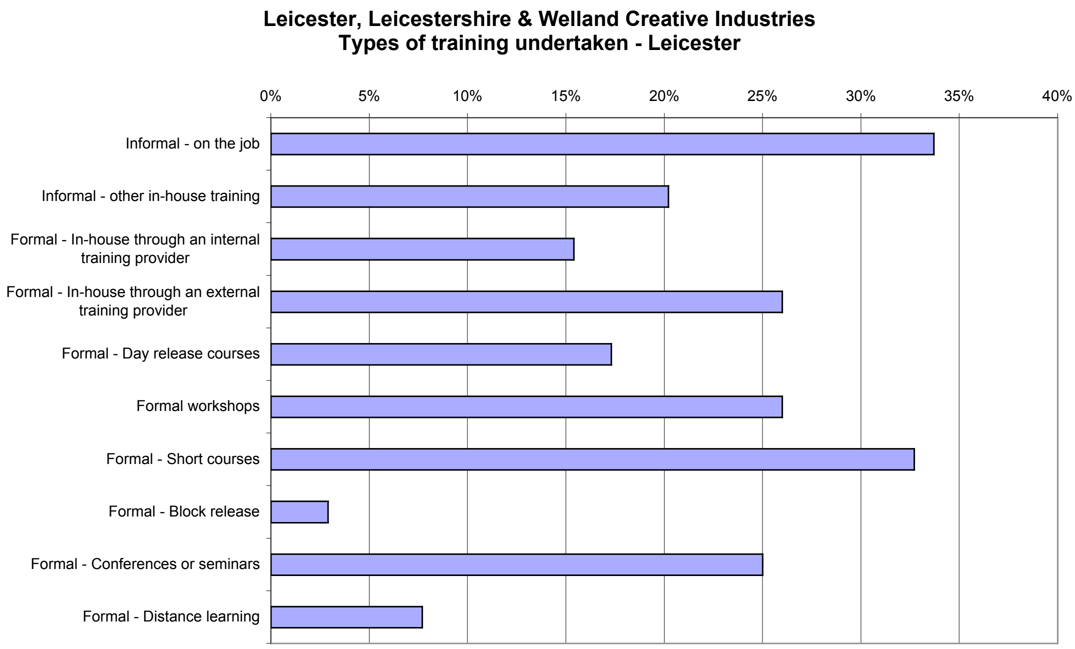


We asked all respondents what factors prevent them from taking up training that may be required. 44% stated that there was no training currently required. For those who required training but had not taken it, the principal obstacles were time (31%) and cost (23%), no other factors registering more than 10%.

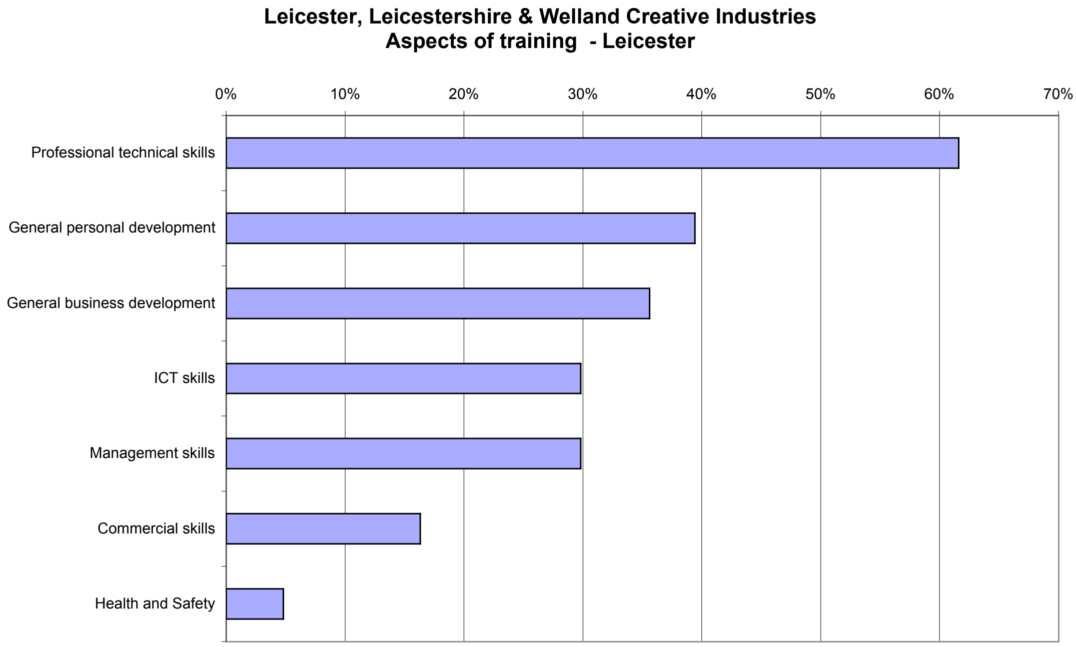


Leicester

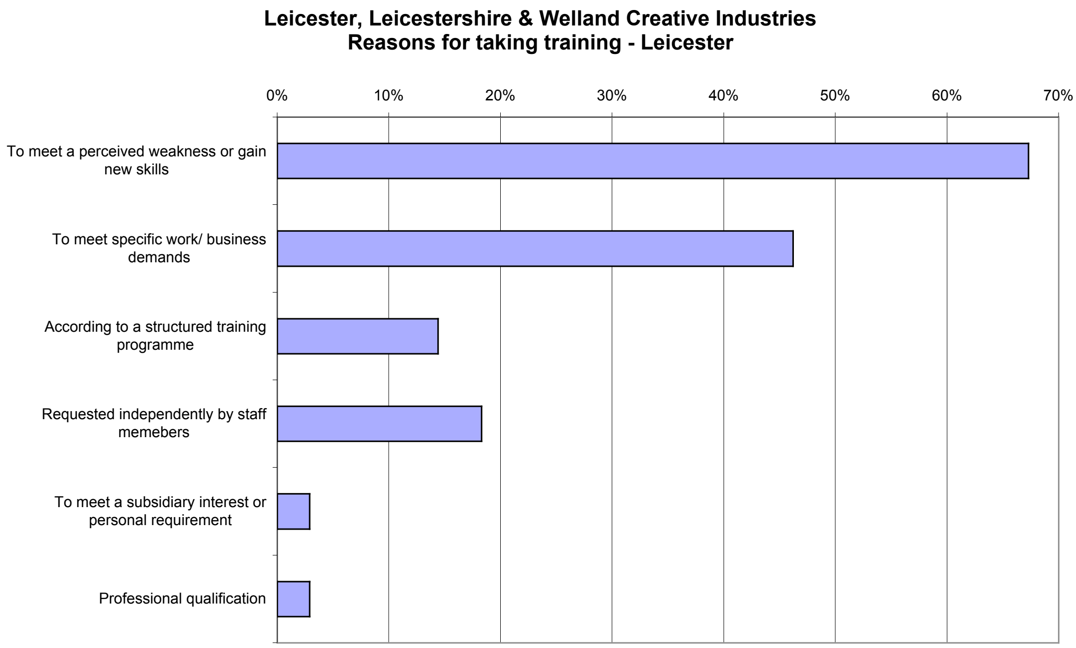
In Leicester over 37% of respondents reported having taken training in the past year, the highest, just, of the four areas. The pattern of types of training used by respondents in the City follows the overall pattern, with informal on-the-job and in-house training predominating. More than a third use formal short courses, while formal training by an in-house trainer, workshops, and conferences or seminars were cited by a quarter. Little mention was made of block release and distance learning.



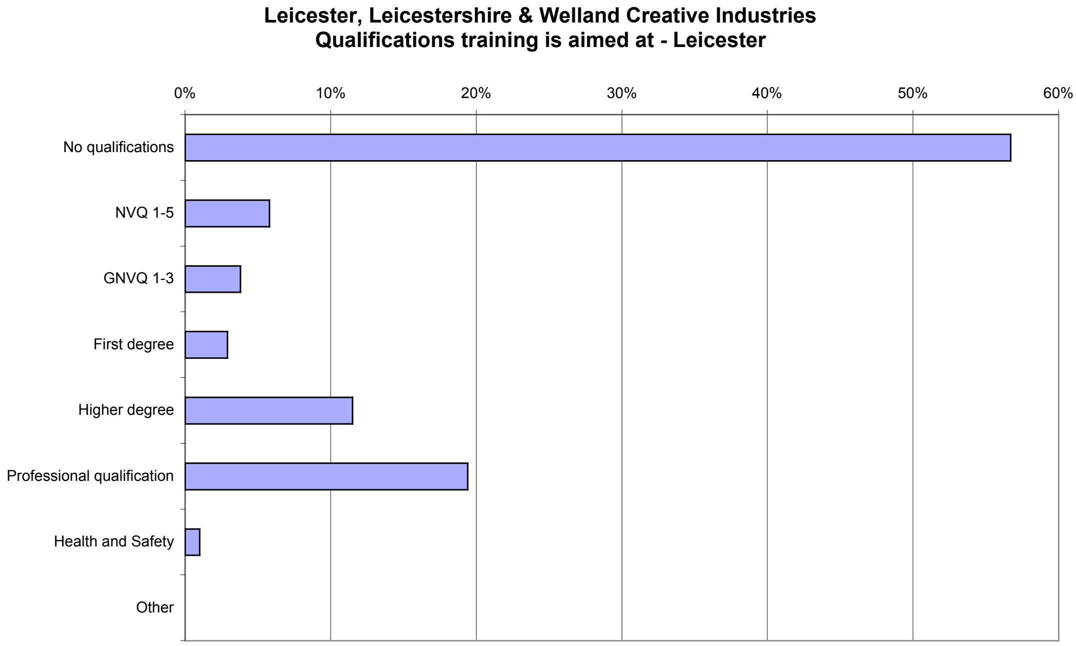
Aspects of training which were covered included professional and technical skills (60%) in line with the overall picture, but there was a higher rate of response for personal development, business development, ICT and management skills training.



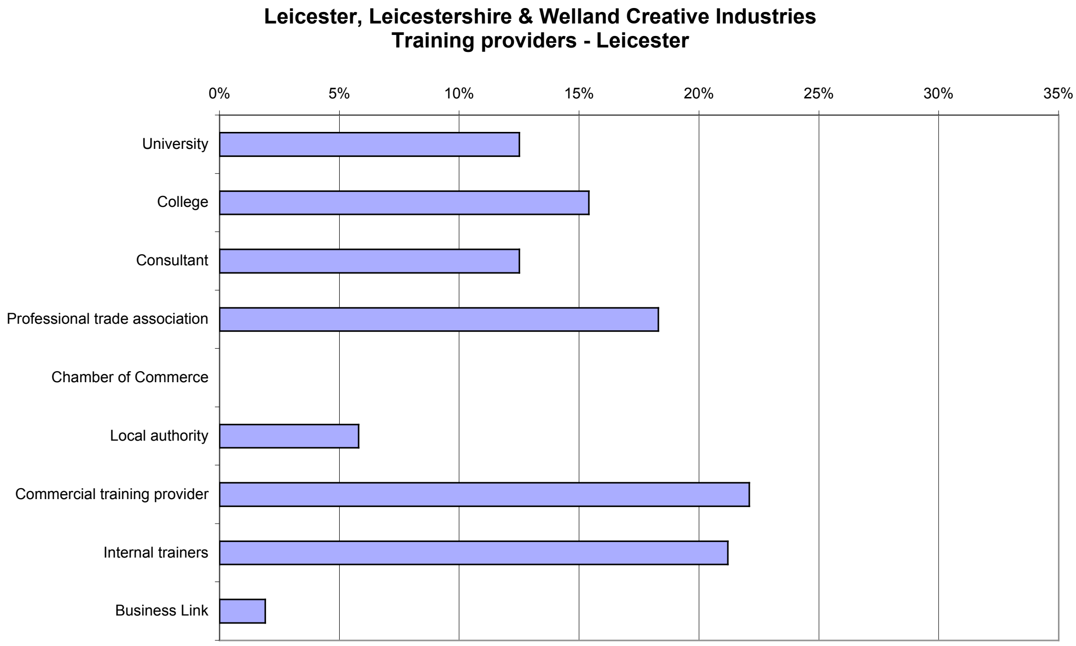
In the City, the principal reason for taking training was to meet a perceived weakness or gain new skills. The City shoes the highest figure for training which is requested by staff of the enterprise. Training for a professional qualification is recorded by few respondents though the figure is higher than for the other areas.



As elsewhere, most respondents report that training is not directed towards any qualification.



In respect of the sources used to provide training, City respondents cited colleges rather less, and universities and professional associations slightly more, than the area as a whole. Commercial providers and in-house trainers were the most often cited sources.

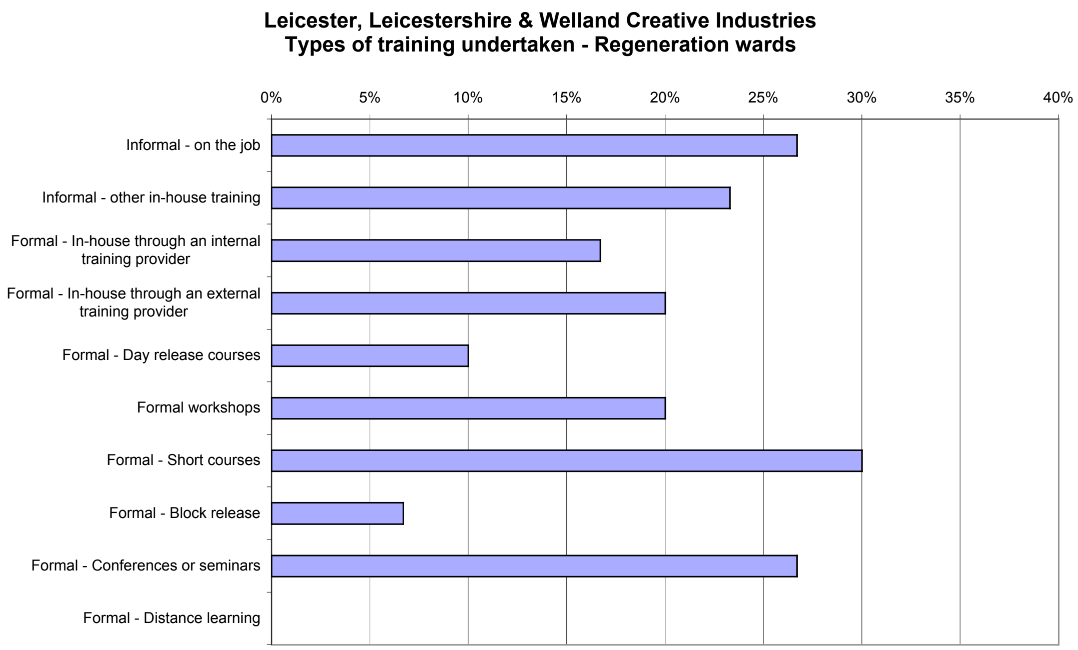


The great majority of users of training declared themselves satisfied with the training they had received, and this was most marked in the City, registering well over 90%. City respondents were also the most satisfied with the training available locally (55%), though in common with other areas, this response was much lower than that for training actually

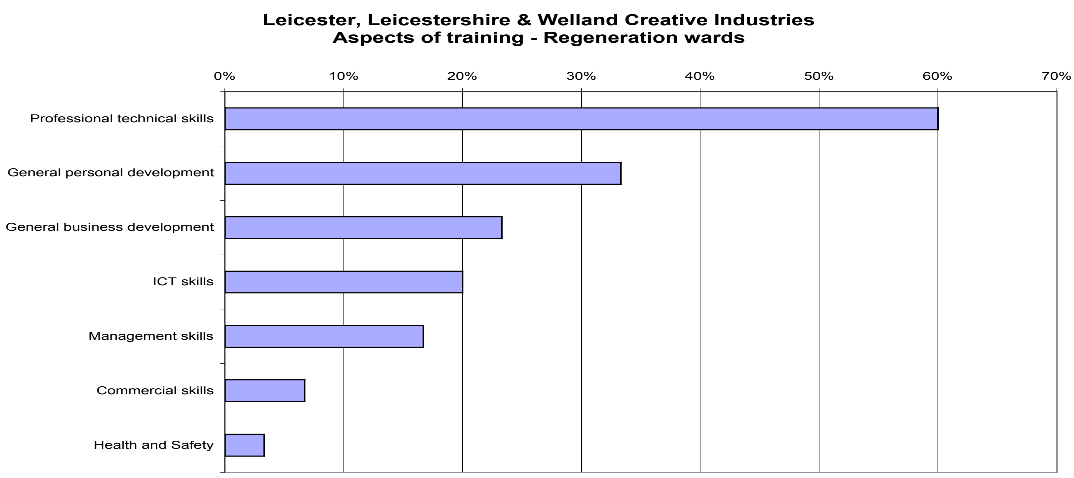
received. As elsewhere, few respondents named specific aspects of training which are not available locally.
In common with the other areas, City respondents cited time and cost as the main reasons for not taking up necessary training.

Regeneration wards

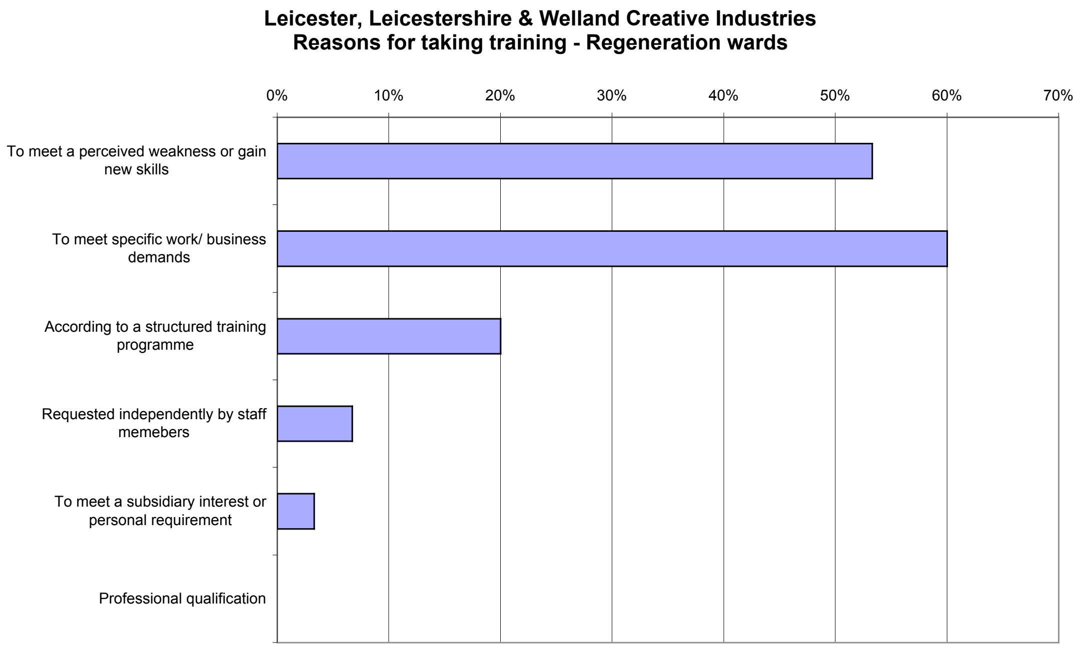
37% of respondents in the regeneration wards of Leicester reported taking training in the past year. Compared with the City as a whole, respondents in the regeneration wards cite informal on-the-job training rather less, but formal in-house training by an external provider rather more.
Day release shows less strongly, and block release more strongly, than in the City as a whole, though the latter is still reported by only 7% of respondents.



In the regeneration wards, training covers much the same range of aspects as in the area as a whole, though with ICT, management and commercial skills figuring less strongly.

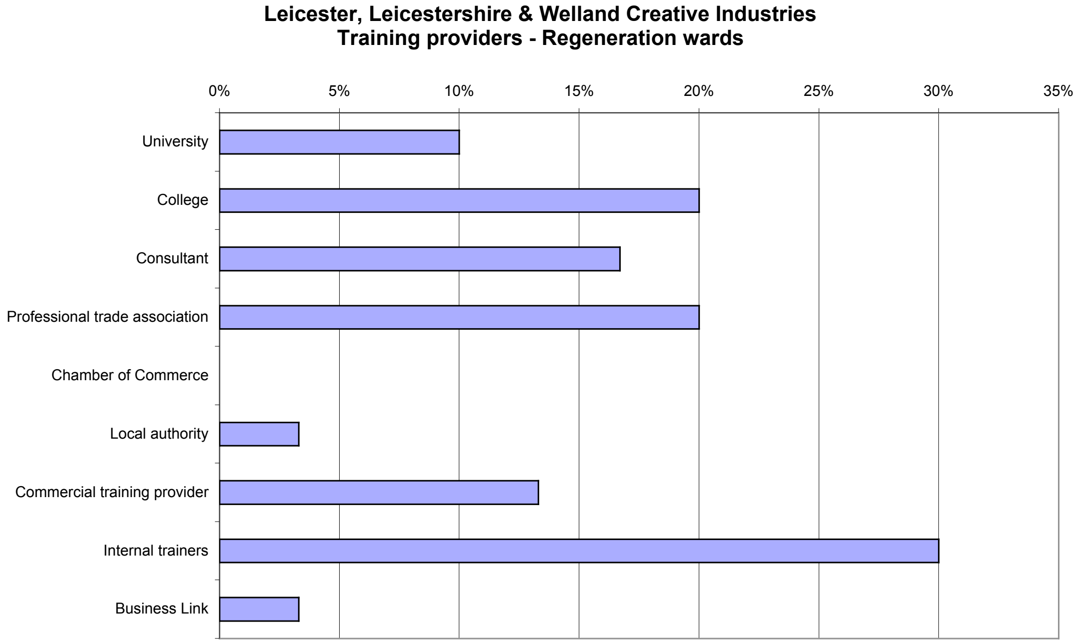


The pattern of reasons for taking up training in the regeneration wards is distinctly different from that in the City as a whole. While in the City (and the other areas) meeting perceived weaknesses or gaining new skills is the most frequently cited reason, in the regeneration wards it is meeting specific work or business demands that predominates. This area shows the highest response of all the areas relating to training according to a structured programme, while there is a much lower level of training requested by staff than in the City as a whole.



While the regeneration wards show a similar high level of training directed to no qualification, there is a different profile here among the named qualification types compared with the overall pattern. The regeneration wards show the highest responses of training for GNVQ 1-3 levels, and higher degrees, of all the areas, and the lowest for professional qualifications.

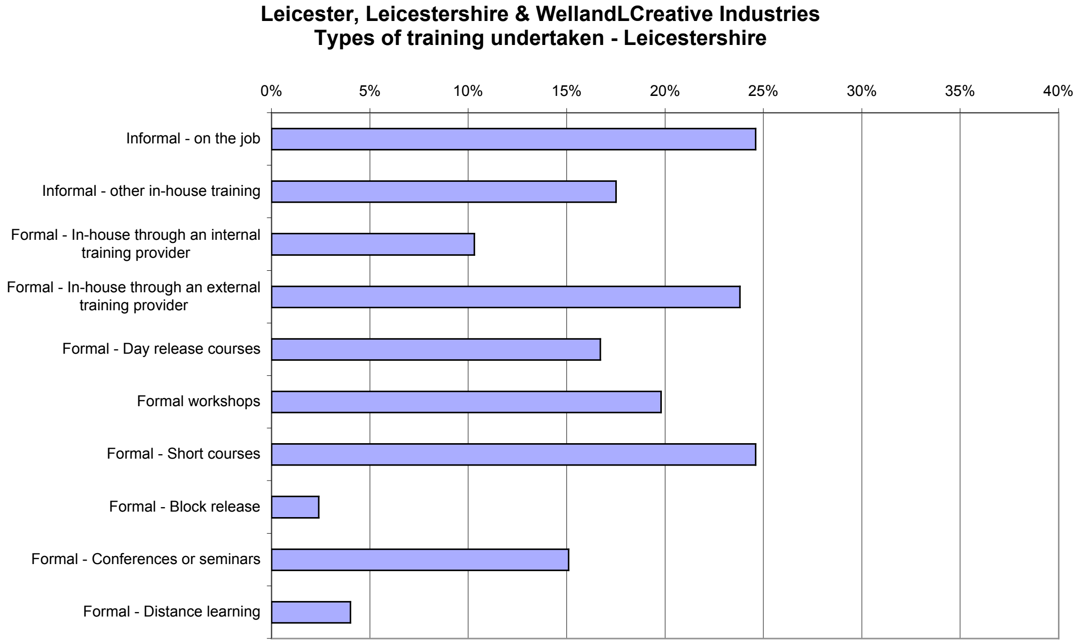
Compared to the area overall, the regeneration ward respondents cite the use of internal training providers the most and commercial providers the least. Consultants and professional or trade associations figure more strongly in the regeneration wards than in the other areas.



In common with the other areas, satisfaction with training received is very high, registered by 90% of respondents, satisfaction with locally available training is much less, though few respondents name any specific lack. Reasons for not taking up necessary training are, in common with the other areas, time and cost.

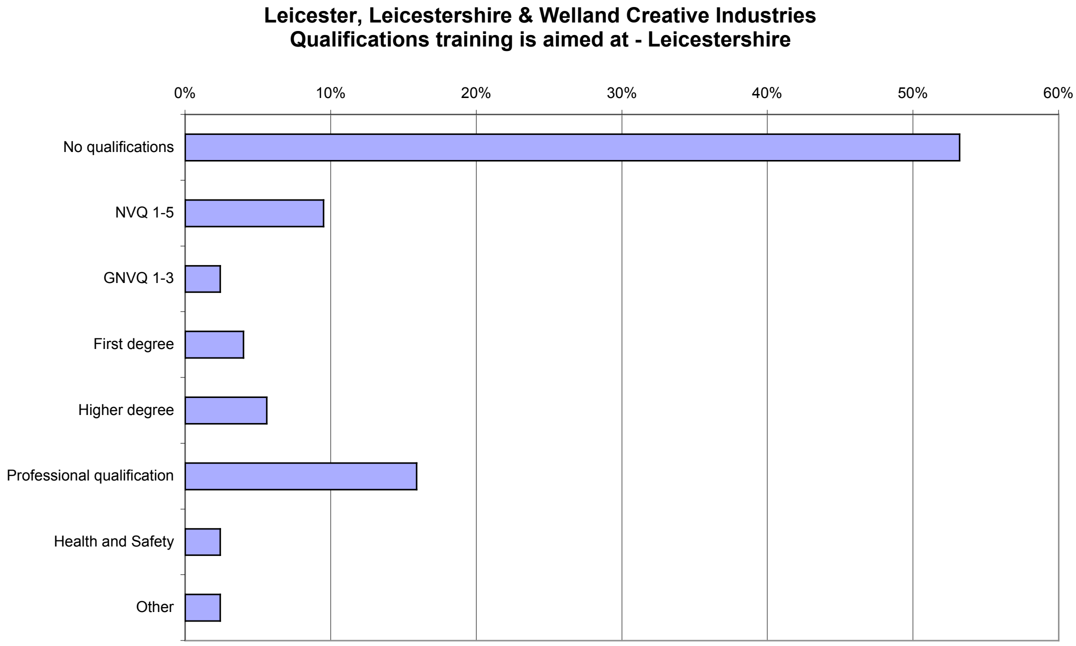
Leicestershire

32% of respondents in Leicestershire reported taking training in the past year. They cite three types of training most frequently, informal on-the-job training, formal in-house training from an external provider, and formal short courses. This differs from the overall pattern in that elsewhere on-the-job training and short courses have a higher profile. The County shows the lowest response relating to training provided by conferences and seminars.

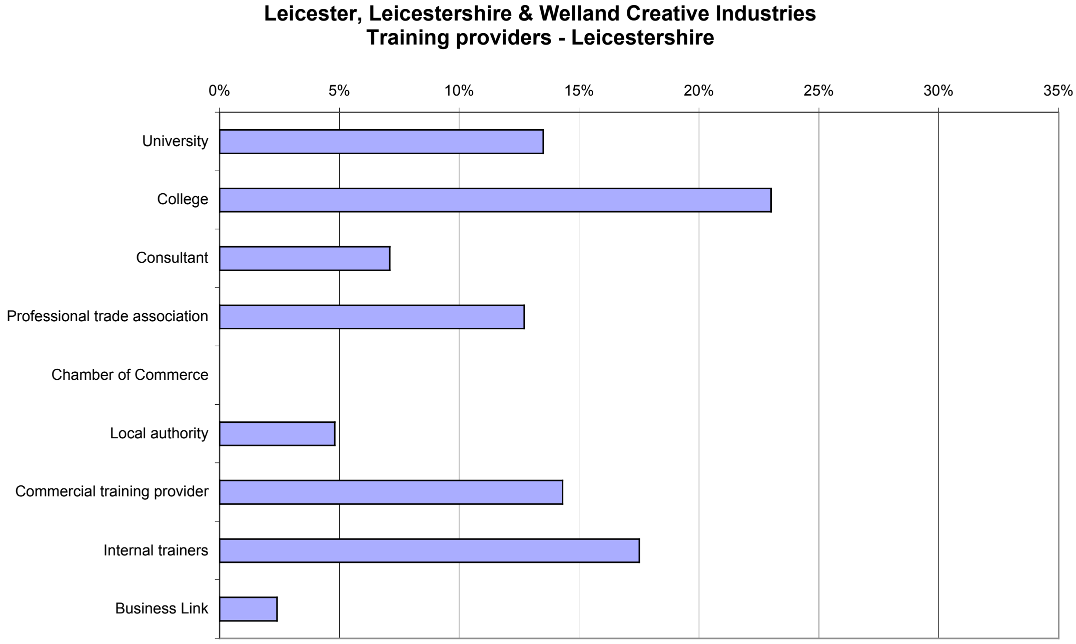


Skills covered by training taken by respondents in the County aligns with the overall picture, professional and technical skills predominating. The reasons for taking training also match the responses of the area overall, meeting perceived weaknesses or acquiring new skills predominating.

In the County, as elsewhere, most training is not directed towards qualifications. However, where it is so directed, the County profile differs from that of the City. The County has a higher level of responses for NVQ 1-5 level qualifications, but is relatively lower in respect of GNVQs, higher degrees and professional qualifications.



In relation to training providers, the County shows the higher level of use of universities and, particularly, colleges, of all four areas. Conversely, the County respondents show the lowest level of use of both internal trainers and consultants. The reported use of commercial trainers is the lowest except for that in the regeneration wards.



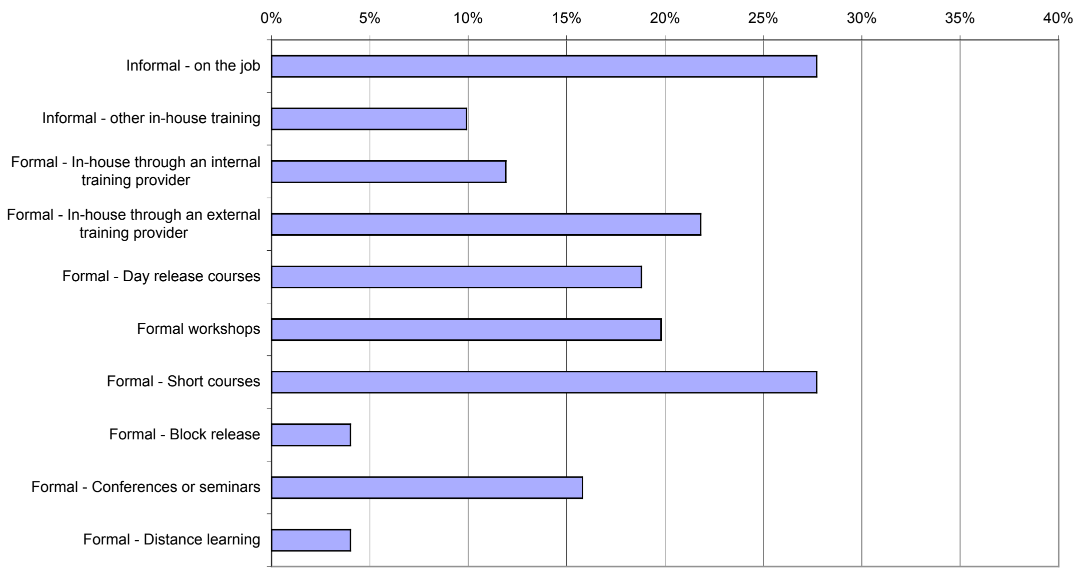
In common with the other areas, satisfaction with training received is very high in the County, registered by 91% of respondents. Responses showing satisfaction with locally available training are however, far fewer and, at 44%, substantially lower than in the City. As elsewhere. few respondents name any specific lack.

Reasons expressed in the County for not taking up necessary training are, in common with the other areas, time and cost, though these register a lower rate of response than in the City.

Welland

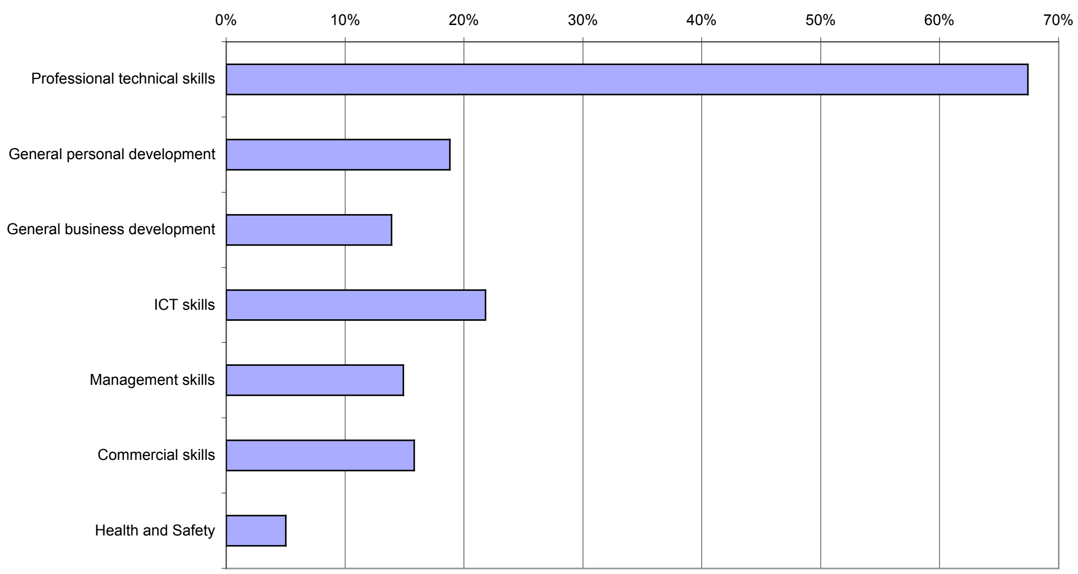
In Welland, respondents who have taken training in the last year make up 30% of the total, the lowest level of the four areas. Informal on-the-job training and formal short courses are the predominant types of training reported in the Welland area. This area shows the highest level of response relating to day-release training, and the lowest of informal in-house training.

Leicester, Leicestershire & Welland Creative Industries
Types of training undertaken - Welland



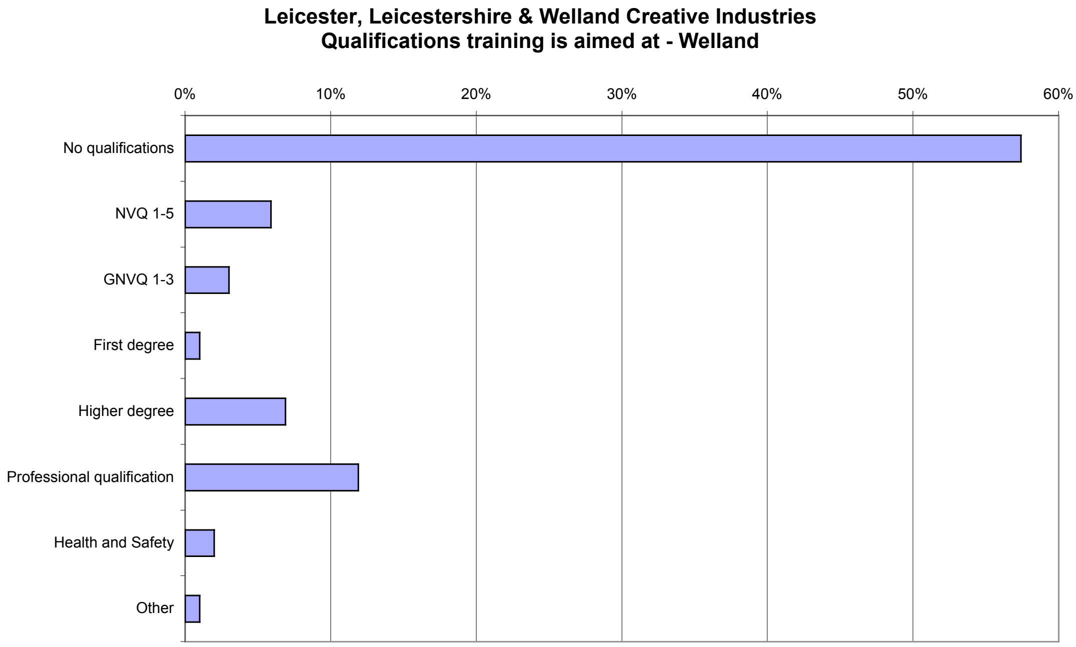
At 67% Welland shows the highest level of response relating to professional and technical skills training. The area has a lower level for general personal and business development training, and for management skills, compared to the other areas.

Leicester, Leicestershire & Welland Creative Industries
Aspects of training - Welland

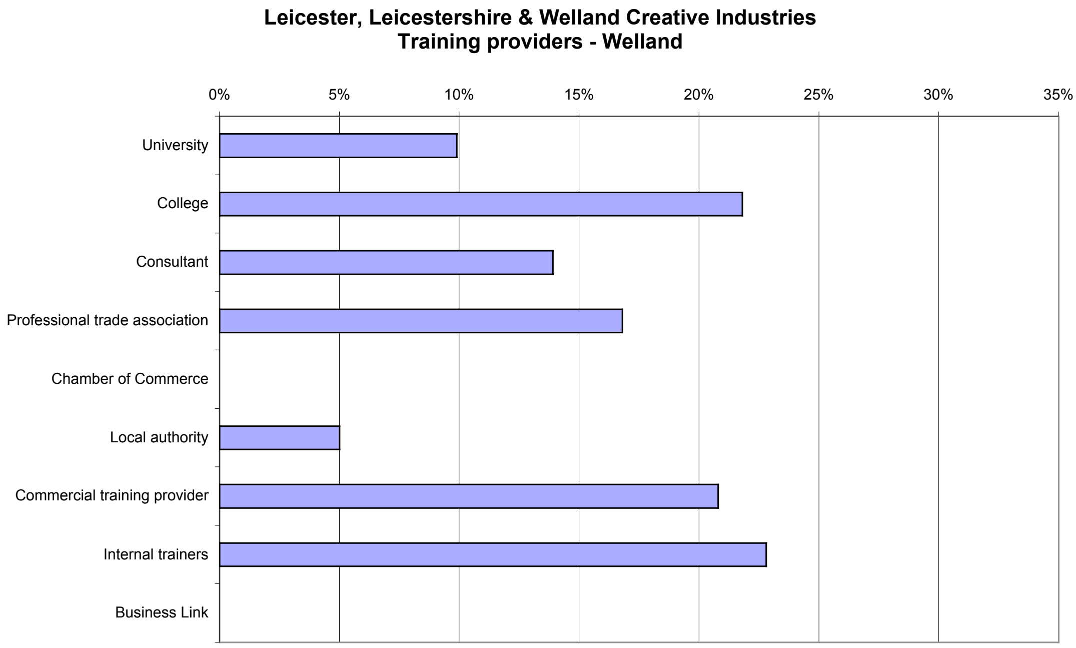


In respect of the reasons for taking up training, Welland shows a similar response to Leicestershire. To meet a perceived weakness or gain new skills is the predominating reason, though in Welland the secondary reason, to meet specific work or business demands, shows more strongly

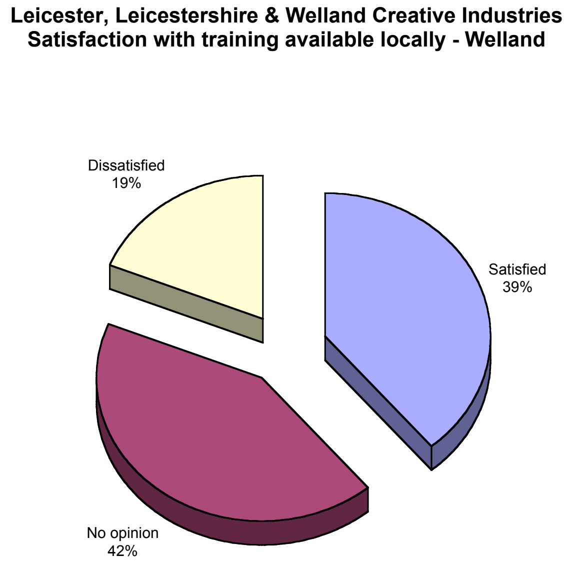
With regard to qualifications, Welland shows a similar high level of response to the other areas indicating training which is not directed to any qualification. Welland's is by a narrow margin the highest of the four. Among the other categories of qualifications, only training aiming at a professional qualification ranks above a 10% response.



The most often cited providers of training in Welland are internal trainers, colleges and commercial providers. The profile of Welland is close to that of the area as a whole, but with universities, local councils and Business Links figuring less strongly than elsewhere.



The level of satisfaction with training received is high in Welland as it is elsewhere, but the response in Welland is the lowest of the four at 88%. More respondents, about 10%, referred to specific problems with the training they had received than in any other area. Similarly, fewer Welland respondents expressed themselves satisfied with the training available locally than in the other areas, 39% compared to 51% overall. As



elsewhere, few respondents were prepared to name any specific lack.

Reasons for not taking necessary training in Welland are much the same as elsewhere, time and cost being the predominant ones, though showing a less frequent response than in the area overall.

The Arts

The definition of the creative industries used in this study is that propounded by the DCMS, and includes a wide range of industries in which creativity is the wellspring of the origination of content and intellectual property. In view of the specific interests of some members of the client partnership which commissioned the study, a specific examination has been made of the place of the arts within the creative industries in the area. This has been done by selecting from the database those businesses and practitioners which indicate activities which fall within the following definition.

Visual art
- Creation of visual arts
- Exhibition of visual arts
- Trading in paintings, sculpture and other fine art

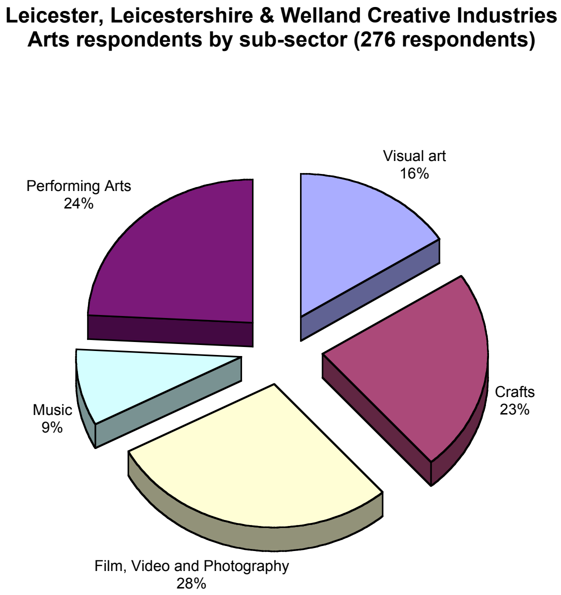
Crafts
- Creation, production or exhibition of:
- Textiles
- Ceramics
- Jewellery
- Metal
- Glass
- Furniture
- Supply of materials
- Retail

Film, Video and Photography
- Screen writing
- Film making
- Photography
- Set design/ building
- Lighting and sound
- Costume design
- Post-production/ special effects
- Selling distribution rights
- Exhibition

Music
- Production, distribution and retailing of sound recordings
- Live music performance
- Music management, representation and promotion
- Production, distribution and retail of musical instruments

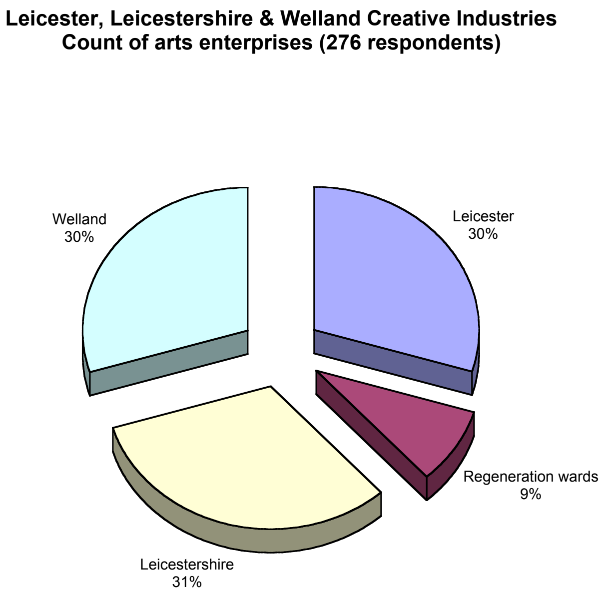
Performing Arts
- Content origination
- Performance production
- Live performance of dance, drama, opera, festivals etc.
- Touring
- Costume, set and lighting design
- Management of venues
- Education

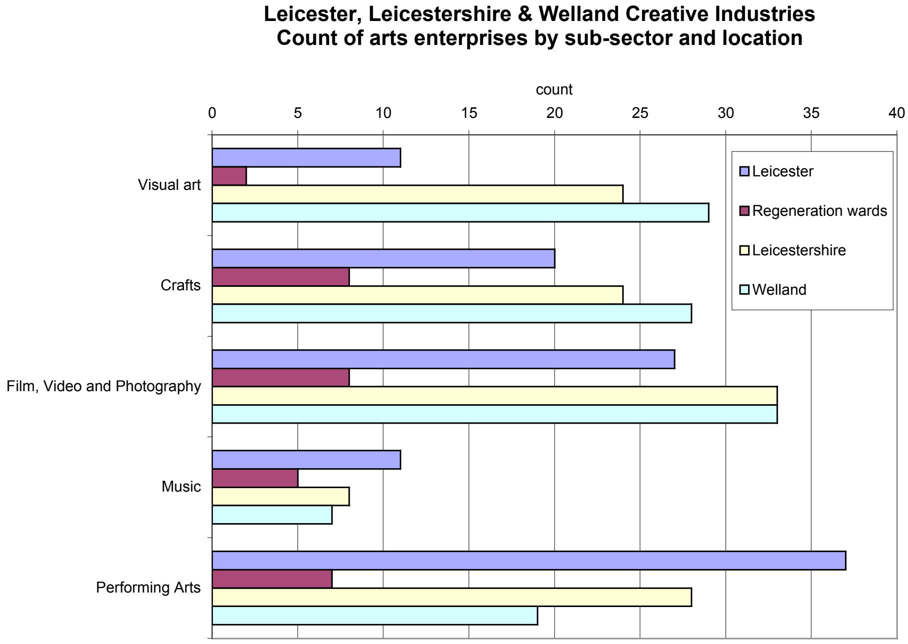
Of the total of 865 respondents to the survey, 276 fall within this definition, distributed quite broadly across the arts spectrum, only music



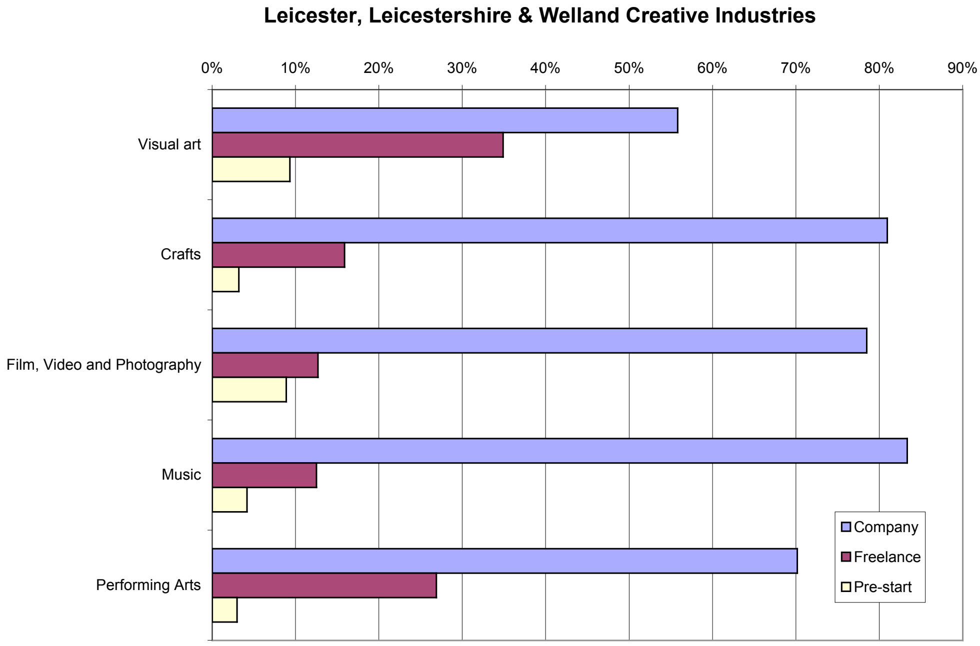
being poorly represented.

The arts enterprises which responded to the survey are distributed across the four areas of the study, showing a diverse relative weighting of sub-sectors across the areas. Welland and Leicestershire has a greater representation of visual arts, crafts and film, video and photography, while Leicester has the larger share of music and performing arts.

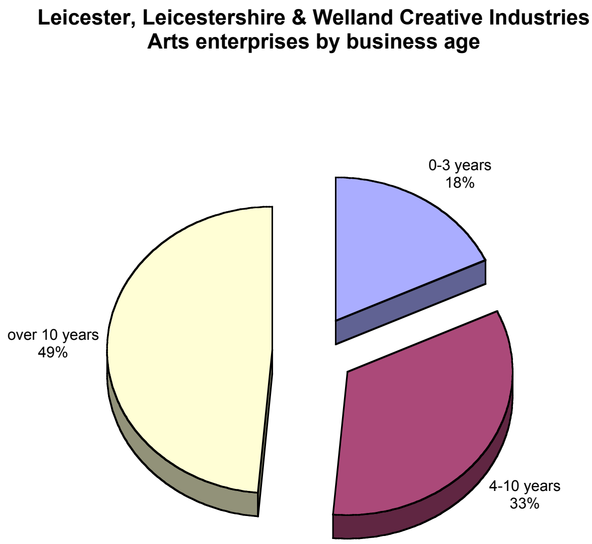




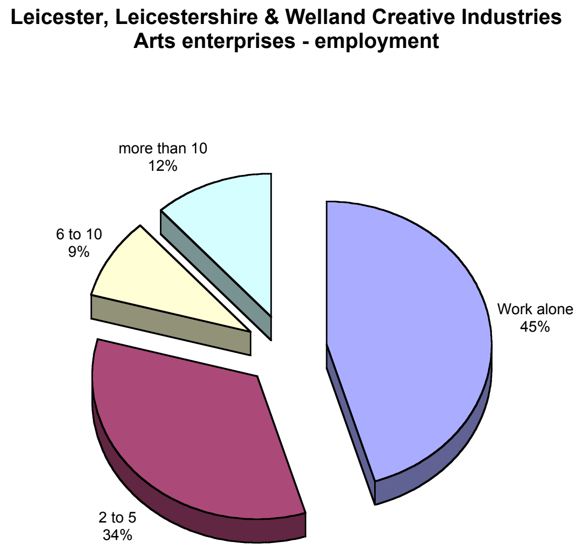
Arts enterprises are found in all three categories of business type used in this study, established businesses, freelances and individual practitioners, and pre-start businesses. The breakdown shows a higher proportion of freelances and pre-starts compared to that of respondents from the creative industries overall.
Categorised by sub-sector, responses from arts enterprises show that visual art has a smaller proportion of companies and a higher proportion of freelances than the other sub-sectors.



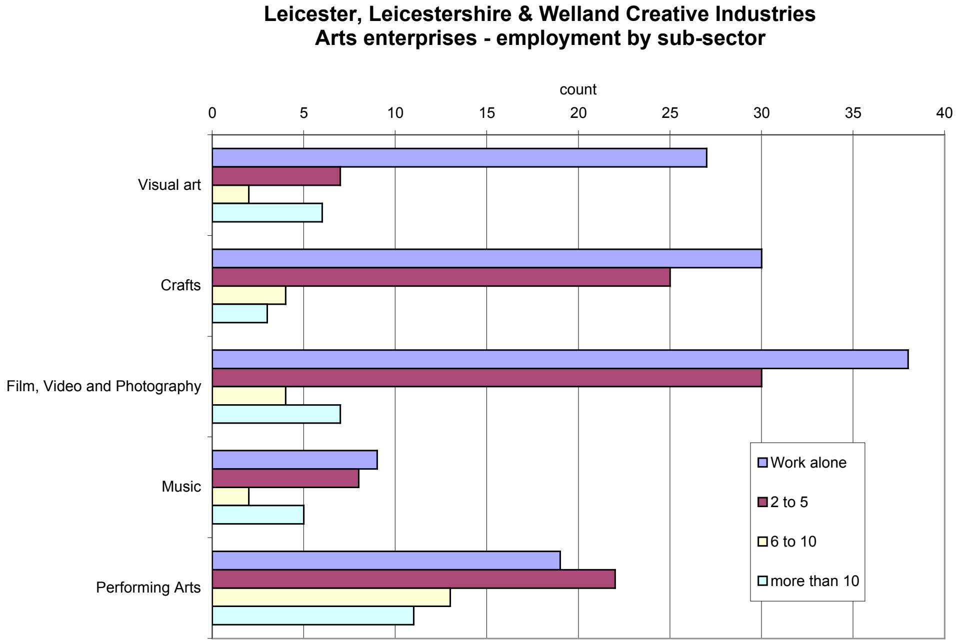
Arts enterprises responding to the survey have a diverse age profile broadly aligned with that of the creative industries overall. Almost half the enterprises are more than ten years old, while the proportion of 18% under three years old suggests a healthy business birth rate.



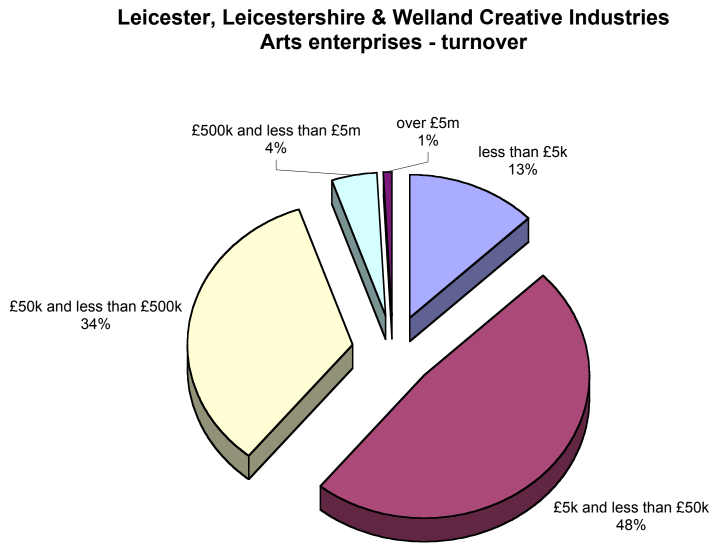
Almost half the respondents work alone, suggesting that this is a sector with a high proportion of individual practitioners and micro-businesses.



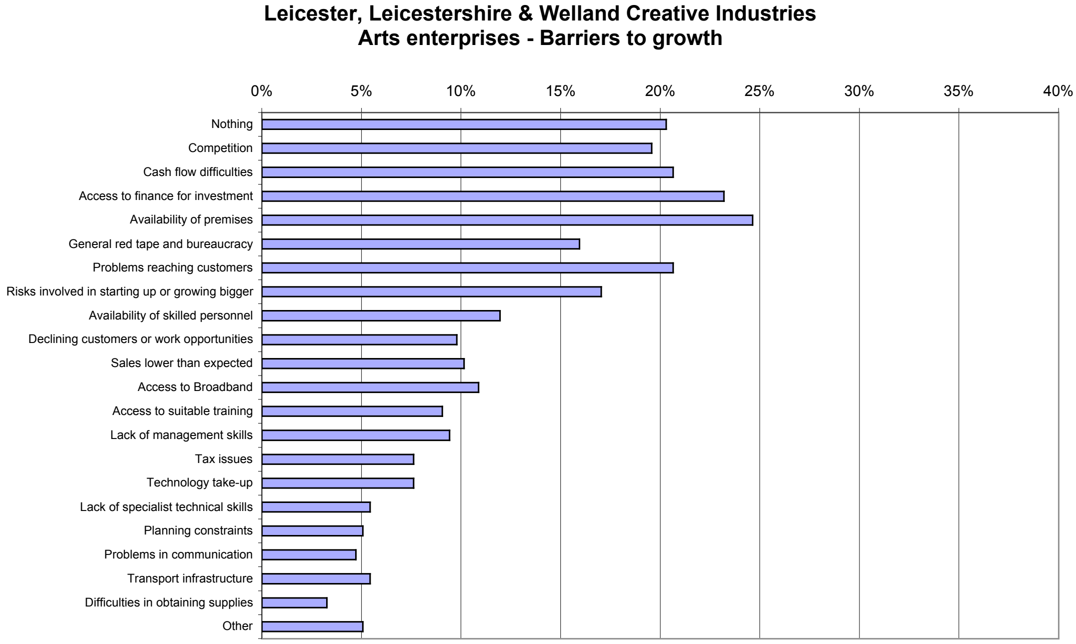
A breakdown across sub-sectors shows that the sole worker is more characteristic of visual art, craft and film, video and photography than of the performance-based arts.



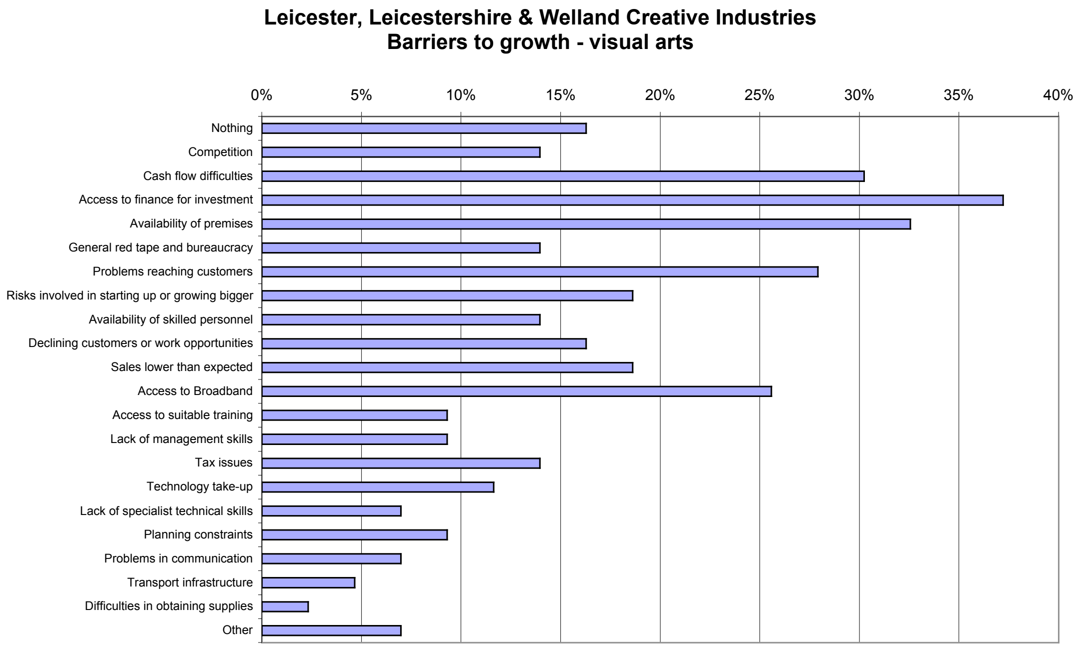
As would be expected, this micro-business sector has a correspondingly small economic scale. More than 60% of enterprises turn over less than £50,000 annually, and 13% less than £5,000. This compares with the overall survey in which 6% of respondents show an annual turnover of under £5,000, and 43% in total under £50,000.



Respondents were asked what barriers they perceive preventing them from growing their business as they would wish. Overall about one fifth of respondents reported no barrier to their growth, and the same is true for the arts sector. Those that do report barriers differ somewhat in their emphasis from the generality of the creative industries survey. Competition, which is the most often cited barrier in the survey as a whole, is less frequent among the arts respondents, the most often cited barrier (25%) is availability of premises, followed by access to finance for investment, cashflow difficulties and problems in reaching customers.

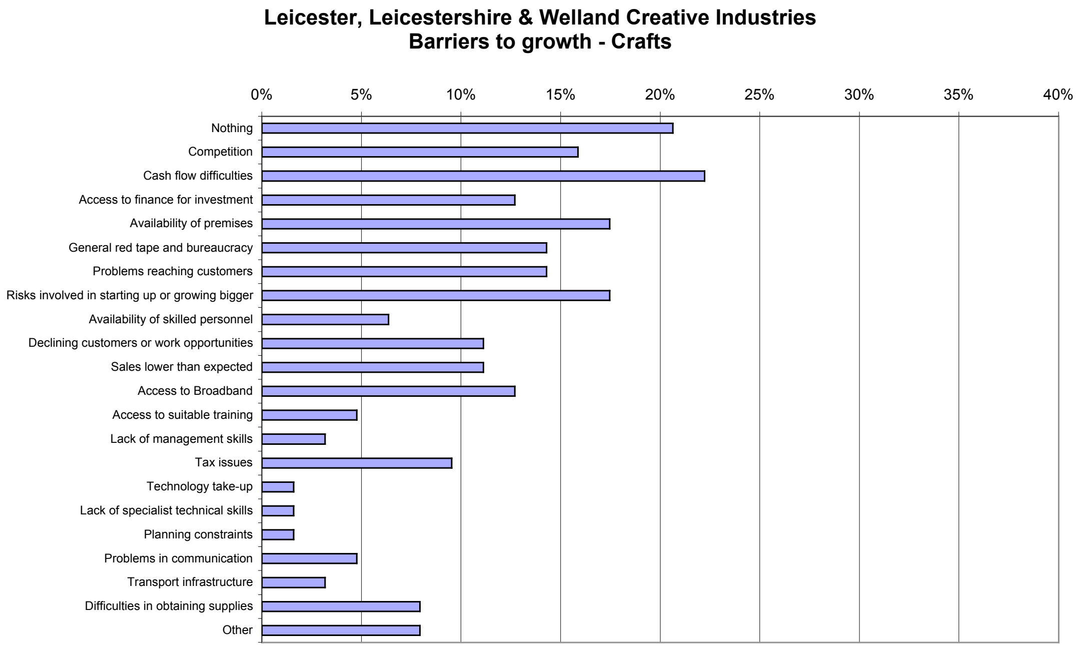


There are distinct variations between the sub-sectors in the way barriers to growth are perceived. 25% of visual arts respondents see access to broadband as a barrier, as compared to 10% across the arts sector as a whole. The visual arts respondents also show the highest level of

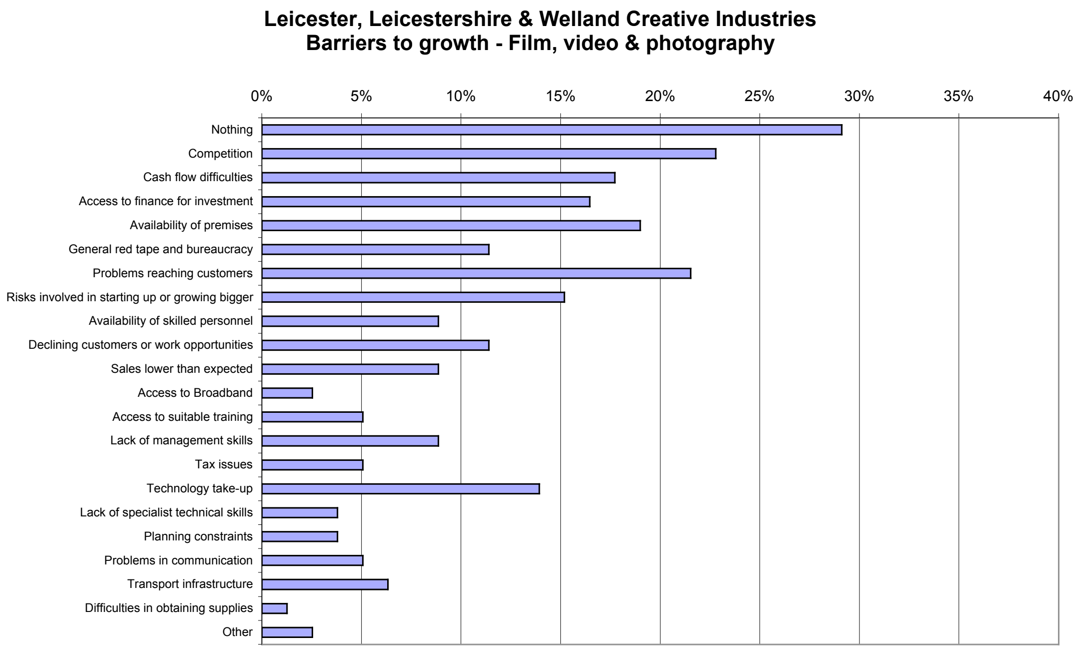


responses relating to access to finance for investment.

Crafts respondents have a higher level of response than others relating to cashflow difficulties, and to the perception of risk involved in growth or startup.



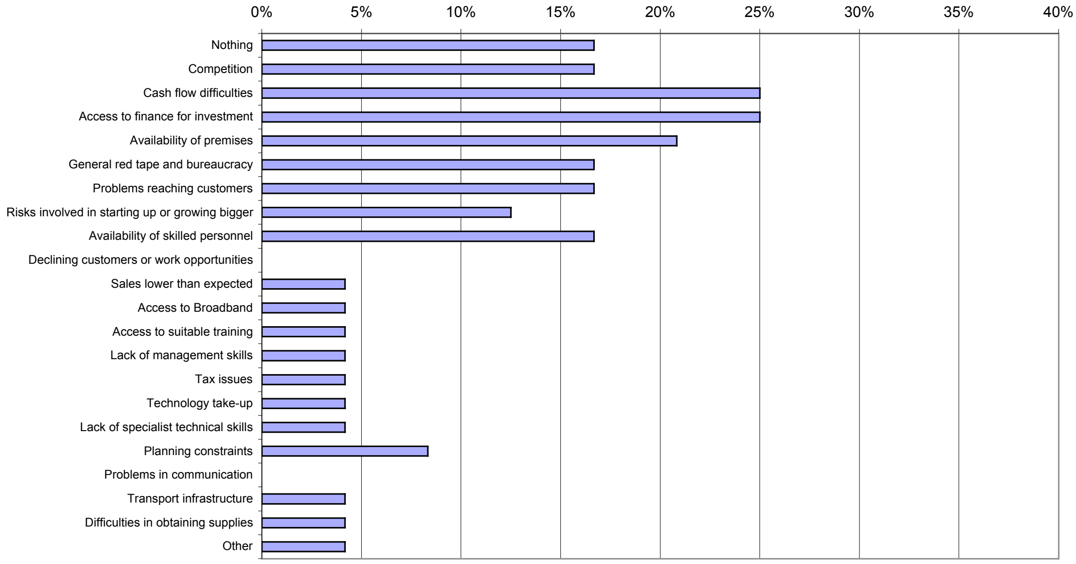
Respondents in the film, video and photography sector show the highest level of 'no barriers' response, but competition also figures strongly compared to most of the sub-sectors, and there is distinct spike in relation



to technology take-up which is not present elsewhere.

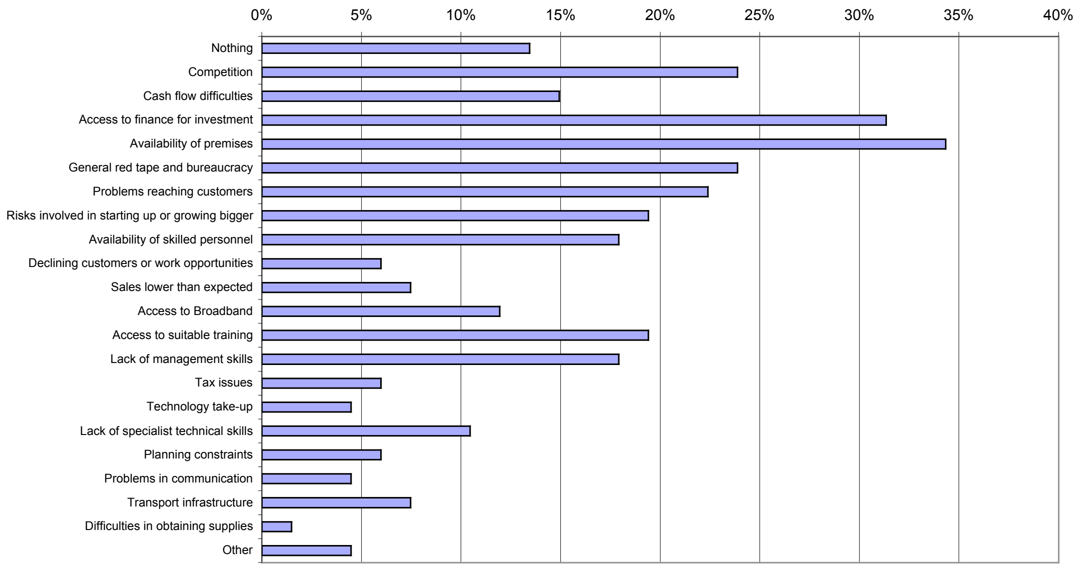
The number of respondents from the music sector was the smallest in the arts, and care should be taken in drawing conclusions from the data. 25% of music respondents cited cashflow difficulties and access to finance for investment as barriers to growth.

Leicester, Leicestershire & Welland Creative Industries
Barriers to growth - Music



In the performing arts, availability of premises was cited by 34% of respondents, the highest among this group. Access to suitable training and lack of management skills are also more prominent than in the rest of the arts responses.

Leicester, Leicestershire & Welland Creative Industries
Barriers to growth - Performing arts



Case Studies

The study area for this research is diverse and disparate. Within the city of Leicester itself, there are startlingly different business environments ranging from the central business district, the ethnically diverse communities of Belgrave and Highfields, the outer city estates and the wealthier suburbs and villages. Add to this the former industrial towns of the west, the market towns of the south and east and the sparsely populated areas of eastern Welland and it is clear to see that sweeping generalisations may only be made with extreme caution. In order to bring out some of this richness and diversity, we have enhanced our survey data with a series of case studies on specific localities, industry sectors, ethnic groups and enterprises.

These have been drawn from a wide ranging programme of interviews and focus groups, details of which may be found in Annex 1. They have been selected in order to reflect the interests of our diverse clients in particular sub-sectors, in education and training, in the regeneration wards of the City of Leicester, and in the rural and market town economy.

The case studies presented are:

- **The Design Industry**
  The largest single creative industry in the sub-region according to number of enterprises and a dynamic source of creativity and economy competitiveness, yet is not performing as an effective cluster and is probably under-fulfilling its potential for the sub-region

- **The Point of Purchase Advertising Industry**
  Possibly *the* most locally-distinctive and successful creative industry in the whole region. Leicestershire is the UK centre of the industry and yet awareness of its potency and potential for the sub-regional economy seems low.

- **Loughborough University**
  A high-performing teaching and research establishment with strong creative courses and good connections with industry which, nevertheless does not consider the creative industries a high priority.

- **De Montfort University**
  One of the UK's leading universities for the creative industries with a particularly important relationship with various arms of the design industry, but is enough being done to ensure that graduate talent is retained in the region?

- **Asian creative industries**
  There is a parallel creative economy at work in Leicester – an ethnic economy with its own markets, modes of production and aesthetic. With the exception of a few 'break out' businesses, it operates without reference to, or recognition from, the mainstream creative economy or policy-makers. But how creative is separate development?

- **The Asian wedding industry**
  Conventional definitions of the creative industries do not always confirm to reality in Asian communities but this does not make them any less creative. The burgeoning wedding industry acts as a hub of a wide range of creative services, and Leicester is an important centre of activity

- **Photographer Maz Mashru**
  Probably the most professionally accomplished photographer (or indeed creative of any kind) in the sub-region who, nevertheless, seems to be almost invisible so far as the city of Leicester is concerned.

- **Leicester African Caribbean Arts Forum**
  An active self-help organisation assisting members to develop skills, build professional practice and find creative work

- **The outer regeneration wards of Leicester**
  In contrast to the city centre, inner city wards and the prosperous suburbs and, indeed, the rest of the sub-region, these predominantly white working class residential areas are failing to demonstrate growth in the creative industries.

- **A network of companies in rural south Leicestershire**
  The multimedia and events company Fast Floor in Market Harborough has been the catalyst in a network of high value-added companies

1. The Leicestershire Design Industry

Whilst London is home to many of the more celebrated design companies, there are centres of excellence around the country, and one of these is undoubtedly in Leicestershire.

In Comedia's 2002 survey of the creative industries in the East Midlands for *emda* it became apparent that Leicestershire has the highest concentration in the region with almost a third of the total number of enterprises. Comedia's research produced a database of 348 companies in Leicestershire which are concerned exclusively with design or in which design plays an important role. The city of Leicester has an important presence but there are several other smaller but important concentrations, with several large companies in Market Harborough and a significant group of industrial and product design enterprises around Loughborough. Leicestershire also has a disproportionately higher share of the region's design companies with earnings over £1million.

The county appears to have a particularly distinctive expertise in product and industrial design, including one the UK's largest industrial design company Jones Garrard, and there are important links with nearby high precision engineering, textiles, printing and publishing industries. Other larger enterprises include Renfrew Creative, Checkland Kindleysides and Stocks Taylor Benson.

The study also found that whilst Leicestershire design companies draw largely upon a local and regional supply chain, they look beyond the region for the majority of their sales, thus contributing to the region's balance of trade. However, both the study and anecdotal evidence suggested that international trade was not as substantial as it might be.

One of the reasons for Leicestershire's eminence is the strength of its higher educational establishment, with a wide range of applied design and technology teaching and research at both De Montfort and Loughborough Universities. Another reason is the excellent road and rail communications which give the county's enterprises easy access to the rest of the county. Finally, there is without doubt, a critical mass of design enterprises who have a strong commitment – both pragmatically and emotionally – to Leicestershire and who want to grow their businesses there.

The last 2 years have been difficult for the UK design industry[1]. Total reported fee income of the Design Week Top 100 companies fell from £516 million in 2002 to £253 million this year, a cut of 51%. Total turnover fell by a staggering 44% in the last 12 months alone whilst the number of jobs was cut by 37% over the same period. Whilst the figures may appear alarming they are representative of an industry which is remarkably sensitive to upturns and downturns in the economy and do not represent a trend. They are also potentially misleading as the Top 100 does not take account of either major internationally-owned companies or of the vast number of small and medium-sized companies which are the industry (and certainly the Leicestershire) norm. Indeed, the downsizing of many of the top 100 companies will have led to the creation of many smaller spin-offs.

The good news for Leicestershire is that the largest non London-based company in the Top 100 is ***Checkland Kindleysides*** based in Cossington. It is placed 4th (up from 12th) with fee income of £6,872,000 and total turnover of £8,256,000. Whilst increasing its fee income by an impressive 14%, the company also shed about 10% of its staff over the year (down to 97 employees) and is predicting modest business growth of 3% in the coming year. Other Leicestershire companies featuring in the list are ***Haley Sharpe*** of Leicester rising to 20th with turnover of £6,532,000;

[1] Source: Design Week Top 100, 29 April 2004

Carter Design (Market Harborough, rising 29th, £3,160,000); ***Ratcliffe Fowler*** (Leicester, rising 68th, £1,906,000); and ***Stocks Taylor Benson*** (Enderby, rising 80th, £2,182,000[2]). The latter company is also predicting 20% growth for the coming year indicating the varying levels of business confidence in the industry at present. Meanwhile, Carter Design Group are judged the second most efficient company in the Top 100 (calculated on the basis of fee income per head of staff) with a 16% improvement on the previous year. In summary, therefore, in a difficult climate, Leicestershire's largest design companies have been making significant inroads against both the major London companies and their peers in other cities.

An interview was held with *Stocks Taylor Benson* to further explore the position of a larger design company. STB is an ambitious company which started from a graphic design base and has moved successfully into corporate and brand identity, packaging, literature, Point of Sale, retail and exhibitions. The consultancy prides itself on producing commercially successful design solutions and to this end has built up a large studio of multi-disciplinary designers. To maintain design integrity and as a fundamental part of the company structure, STB has pledged not to let the percentage of designers to other members of staff drop below 75%.

This is an example of how the company sees itself as a standard-bearer of high standards in the industry, deploring for example the tendency for some local companies to pitch for free and seriously under-price their work. It also sees itself as a spokesperson for design within Leicestershire and is an active participant in educational initiatives and networking activity both within the industry and with the public sector.

In considering potential barriers to growth, and whilst acknowledging the fluctuating nature of the industry and price competition, the two most significant factors were premises and transport. Having outgrown its current premises STB is looking to purchase property in an area to the south or west of Leicester, but has experienced great difficulty finding suitable options. Also the rising traffic congestion in and around Leicester is proving a growing disincentive to both clients and staff. The company had experience of Business Link Leicestershire, receiving support with marketing and research, and had been satisfied with the service.

However, STB's advice to BLL and other agencies concerned with creative business development in Leicestershire was to take a less fragmented and more strategic and sector-focused approach. STB feels the design sector in Leicestershire is disjointed and would benefit from better network activity, and it would be willing to broker partnerships with Design Business Association, Institute of Directors and local consultancies to address this.

Interviews were also held with several smaller companies including **Atkinson Design Associates, Creed Design Associates, Canard Design, Interac Design, Newenglish,** and **Space Manipulation**.

[2] NB grading is based upon fee income, not turnover

A common theme which emerged from these discussions echoes the point raised above by Stocks Taylor Benson: the desire of design companies to engage with the local economy and civic culture of Leicestershire, but the lack of obvious networks or routeways by which they can do this. All these companies really care about the way in which Leicester develops as a city. They believe the city should outwardly reflect the hidden design talent which is clearly embedded in the city and its hinterland. Most however express disappointment or even despair with the quality of regeneration, architecture, urban design, traffic and environmental management which has characterised the city in the recent past and, worryingly, in the current phase of renewal. They all believe that in order for Leicester to retain and attract talent and become a 'creative city', it must compete with the transformations which have been wrought in comparable post-industrial cities, but they question whether the city has the will or the vision. Not least, many argue, because the city has not created the channels of communication and interaction which would enable it to make far better use of its own local companies.

2. The Point of Purchase Advertising Industry

Point of Purchase (POP) is an all-pervasive but surprisingly little known industry which, nevertheless, is of great significance for the Leicestershire economy. The term point of purchase usually refers to the industry concerned with customer behaviour at the location of the purchase decision in retail environments. POP is considered one of the most important aspects of advertising and merchandising, because it is believed that the most critical time to influence buyer behaviour is when they have money in hand. The outward manifestations of the industry are visual and audio displays which include merchandising of all sorts, including kiosks, cardboard cut-outs, signage and digital display.

The growth of the demand for such products reflects the changes which have taken place in retailing, advertising and design over recent years. In short, shops are no longer simply 'stores' but rather a primary communications channel between brands and an increasingly sophisticated consumer, who is not simply looking to complete a transaction but to enter into an experience which confirms their lifestyle aspirations. This has been dubbed 'the Experience Economy'. Major consumer brands and retail chains now invest heavily in creating ever more sophisticated retail environments which means they place enormous demands on the industry which must supply the ideas and the materials. POP thus combines skills in photography, print and packaging, 2 and 3-D design, sound and video, digital imaging, and manufacture and construction in a wide variety of materials and must remain at the forefront of technological advances if it is to remain competitive.

Whilst other aspects of the design industry have suffered a recession in recent years, POP has continued to expand rapidly, driven by the growth in demand from branded retailers but also due to changes in the advertising industry. In particular, the growth of multi-channel TV has led to a fracturing of the audience for TV advertising. Once responsible for consuming the majority of advertising budgets, TV has been losing its market share and advertising at the point of purchase has come to be recognised as being more effective than hitherto thought.

The **Point-of-Purchase Advertising Institute (POPAI)** predicts that in-store advertising accounts for 53-60 percent of consumer purchases, and the 2002 POP Buyers Report issued by Point of Purchase Magazine states that annual POP spending is estimated at over $17 billion, or 7.1 percent of the overall $240 billion spent on ads in the United States. Additionally, they predict POP advertising to grow nearly 20 percent over the next five years. The UK branch of POPAI estimates the size of the UK POP industry to be in excess of £1.1 billion.

The industry lead body, POPAI UK has its offices in Lutterworth and this is no mere coincidence because it is widely recognised that the centre of the UK POP industry is Leicestershire. There are several reasons for this. During the Second World War, Leicester was the location for the RAF's photo-reconnaissance unit and with the arrival of peace and the down-grading of the activity, the city was left with a resource of highly-skilled photography and print technicians and facilities with no apparent purpose. The entrepreneurial amongst them spotted an opportunity to move into shop fitting and display and during the growth of retailing during the 1950s and new national industry was born in and around the city. The presence of design talent linked to DMU and a strong printing and packaging industry also helped, as did the good communications to the rest of the UK. Proximity to the National Exhibition Centre as a major source of work for display design and manufacturers has also been cited.

Over the last decade or so the first generation of entrepreneur-led companies has gone through a process of consolidations driven by a series of management buy-outs and corporate takeovers by UK and multinational firms. Leicestershire now has the UK's largest POP companies including **Artform International** and **Diam UK**, both of Loughborough, and CPI of Gorse Hill in Leicester, with turnovers between £10 and £40 million, as well as a host of small and micro-businesses. It also has very strong local supply chain activity involving freelance designers, print and packaging suppliers, metal and plastics fabricators and other manufacturers, shopfitters and exhibition erectors.

Potential threats to the POP industry in Leicestershire are two fold. Firstly the outsourcing of manufacturing to Eastern Europe and China may be responsible for the loss of up to 10% of business in coming years. Meanwhile, the growing awareness by London-based advertising agencies of the importance of POP may lead many to them to establish their own in-house POP operations. However, POPAI predicts that whilst these factors may harm POP firms in other parts of the UK, it expects the larger Leicestershire companies to be strong enough to generally withstand the competition and continue to grow. The greatest threat might be from the attraction of smaller POP firms and freelancers from Leicestershire to relocate in London are to join with London agencies. This might cause the weakening of links in the local supply chain, leading to longer term problems.

Whilst the authors are generally reluctant to apply the term 'cluster' to describe creative industries activity in Leicestershire/Welland, there seems evidence to suggest that POP fulfils the characteristics of a more than embryonic cluster of some depth, as defined by the DTI. POPAI admits that growth in the industry has often outstripped the industry's ability to properly manage itself and there are issues both around quality assurance and in management skills. As a lead body it is now taking steps to address this through making contact with training and education providers but has much still to do. POPAI is also about to initiative a programme of regional/sub-regional forums and breakfast briefings in order to encourage better knowledge transfer on technical and management issues. It is also opening communications with the secondary education sector trying to encourage greater awareness of POP as a career option.

The POP industry currently has little connection with the public sector economic development and business support community. This is due more to the pressure of growth than to any reluctance to engage. POPAI has expressed itself very willing to engage in closer relationships with the public sector in Leicester to discuss issues of mutual interest in the future. It would like to help its smaller members access business support and managerial skills. It would also like to raise the level of awareness of what POP can deliver within the local economy as a whole. Finally, it would like support in helping to make its members more export-ready and with the organisation of overseas trade missions and attendance at major international trade fairs. It would welcome the input of Business Link into its breakfast briefings.

Source: Martin Kingdon, CEO of POPAI UK www.popai.co.uk

3. Loughborough University

Loughborough University is a significant influence on the creative industries, particularly in the north of Leicestershire. It has large and highly-regarded departments in Design Technology (387 undergraduate and postgraduate students), Art and Design (808) and English and Drama (386) as well as good connections with industry, and considerable expertise and an established infrastructure for business development and spin-out companies.

It first became clear from our telephone survey that there is a notable concentration of creative businesses located in around Loughborough and in the Soar Valley villages such as Sileby and Mountsorrel. The largest proportion of these are concerned with design and there is a particular strength in point-of-sale, product and furniture design with major companies including Artform International, Diam UK, BWW Displays, Stage Systems and John Kirk Design. Many such local companies have either been founded by former students of the University (or the former College of Art and Technology), have employed graduates or take undergraduates on work placement (e.g. the Department of Design and Technology currently has 55 students on placement in industry).

Interviews were held with a wide variety of academics, in-house business support staff, students, recent graduates and more established businesses with a connection to the university. It is obvious that any centre of education and research is going to have some impact upon its environment, intentional or otherwise, but our aim was to determine the extent to which the University plays a deliberate role in developing a creative economy in the Loughborough and Leicestershire area.

Firstly, it is clear the University takes the commercial exploitation of its intellectual capital very seriously. It has established **Loughborough University Enterprises Limited** with 15 staff as well as an on-campus **Innovation Centre** capable of housing 40 fledgling companies. The university spends over £27 million per annum on research, leading to the registration of about 30 patents per year. There have been 23 spin-out companies so far and it achieves the highest rate of business start-ups, relative to research spend, of any UK academic institution.

Examples of the commercial exploitation of university research include **SAMMIE CAD**, a pioneering tool for ergonomic design developed by a team led by Mark Porter, Professor of Design Ergonomics at the university. SAMMIE CAD Limited was started in 1986 to market the tool across a broad range of industries and since then has conducted over 250 consultancy projects for some 80 companies, and has some 80 installed SAMMIE user sites around the world, from its base on the campus.

More recently Joe Stephens, a Design Technology student of the 2000 cohort, began to explore the potential of combining state-of-the-art speaker technology with inflatable shapes to produce a radical and globally unique concept in sound reproduction for the audio/visual, hi-fi and computer markets. The project was awarded the Loughborough Advanced Technology Initiative / Loughborough University Innovations Ltd prize for innovation. One of the judges Andrew Garner, from the Loughborough-based venture capital house Maxim Corporate, was so interested that he invested in the setting up of a company **Ellula Sounds Ltd**, and took up the role of Chief Executive. The product has now been taken up as a promotional tool by Budweiser and Ellula has established offices in Loughborough and New York.

Cool Acoustics is a venture based at the Department of Design and Technology, specialising in the use of foamed and solid resin plastics to create high-quality acoustic devices, in particular guitars and other musical instruments. PhD researcher Owain Pedgely and lecturer Eddie Norman developed the concept and formed the company which is now based within the Innovation Centre. It has received a major innovation award from NESTA, but has yet to find an appropriate licensing agreement to enter into full scale manufacturing and distribution.

The Innovation Centre currently houses only one other creative industries company at present - Rest New Media – which provide a range of creative services for many of the other tenants. It was reported that the Centre used to house many more creative businesses but that they had gradually been supplanted by companies from other sectors such as advanced engineering and computing. Although a soon-to-open hot-desking facility will be available to creatives, the general policy of the Centre is not to encourage them as tenants, and to refer applications on to other places such as De Montfort University's Innovation Centre.

A focus group with a selection of recent graduates of the School of Art and Design explored the difficult transition from enterprise to self employment. Although all had received some advice on starting a business before graduating, all were finding it difficult to become established, generally relying upon the income of a partner or earnings from a non-creative job in order to make ends meet. There was a pragmatic and even cynical attitude to both the academy they were leaving and the industry they were attempting to enter. Industry was regarded as potentially exploitative, i.e. only interested in taking their ideas without giving much in return. For example, one respondent had already had the experience of a company taking her samples for greetings card designs and repackaging them as its own, without acknowledgement or royalties. All were anxious, therefore, to find a trustworthy source of advice and support. The artists agency Gibson and Holt of Nottingham (itself the product of a business incubator, Nottingham Trent University's The Hive) was recommended for its support to new start-ups. Turning to their former department, there was a widely agreed comment that most lecturers were only interested in former students who went on to work with prestigious or brand-name companies and that students who wished to set themselves up in business were not encouraged (with one or two exceptions) by lecturers.

All members of the graduate focus group expressed a preference to live and work in Loughborough and were taking active steps to establish themselves. However, they all felt that this was having to be done in the face of apathy from those they might have expected to offer encouragement. Their perception was that the University was not interested in growing a community of graduate creatives around itself. Most lecturers would urge graduates to move to London to establish themselves and there seemed no encouragement to stay locally. Equally, the town of Loughborough was not perceived to be particularly welcoming of aspirant creative businesses. Telephone calls to Charnwood Borough Council were not returned whilst Charnwood Arts had mislaid their personal details within its system. Finding office or studio space in the town at affordable prices was almost impossible. One respondent was already spending most of her time in Nottingham and others felt they would inevitably have to turn there too.

On the other hand, one postgraduate Art and Design research/lecturer is highly satisfied with the support he is receiving as it is enabling him to establish a new company in a field which combines high levels of creativity with advanced technology. **Ricard Gras** is researching the potential of interactive television at Loughborough, whilst simultaneously starting a new company (La Interacta) in Leicester to develop interactive content for the new medium. Incidentally, he operates from premises in New Parks, Leicester making him eligible for support under CIRT and would be a grateful recipient of advice on raising capital and on protection of IPR.

There is evidence that the University and the Borough Council work closely together. The staff team at the Innovation Centre includes a secondee of the Council and there is collaboration with the **Loughborough Enterprise Club**, a networking and support organisation. However the Club has no particular policy towards the creative industries and creative businesses comprise less than 10% of its membership.

Within the University itself, there was general satisfaction from staff with teaching outcomes and results. The University attracts a high calibre of student and results attest to the high quality of education it offers, particularly in advanced technological fields. However, concern was expressed by one lecturer that in its internal organisation and attitudes, the institution was serving to reinforce the traditional cultural divide between art and science. Three departments: Design and Technology, Art and Design and Engineering had enormous potential for collaborative work but in most cases this was not being exploited.

One explanation as to why the University may not be taking a more proactive stance on embedding creative graduates locally may be drawn from a review of student numbers. Whilst students of Design and Technology, Art and Design and English and Drama comprise almost 16% of all undergraduates, these departments account for less than 0.2% of postgraduates. 79% of research postgraduates at Loughborough are in Science and Engineering which undoubtedly explains a great deal.

In conclusion, whilst it is clear that Loughborough University is exerting a strong influence on creative industries in Leicestershire, it is not doing this in a particularly conscious or strategic manner. Its interests generally lie elsewhere. It might be asked, however, whether Charnwood and Leicestershire might wish to take a more proactive stance to embedding more of the undoubted creative talent which annually graduates from the university into its local economy, or whether it is happy for it to gravitate to London, Nottingham and possibly Leicester.

4. De Montfort University

De Montfort University, Leicester (DMU) has a long tradition (since its establishment as the Leicester College of Art & Technology in 1887) as a centre for teaching and research in the creative industries field. The University has two sites, in Leicester and Bedford. It employs over 3,500 staff and offers about 400 different course to over 23,000 students (approximately 20,000 of whom are based in Leicester, and 3,000 in Bedford).

The University's Careers service (Careers DMU) offers information and guidance to graduates on employment opportunities in the UK and abroad, and on job hunting skills. They also provide access to on-line guidance and career choice packages, and advertise information about vacancies received by employers. They receive approximately 1,800 vacancies each year from employers who are interested in DMU students. They run Springboard, an annual careers fair which provides a platform for employers to meet DMU students, and invite employers to visit DMU on a regular basis to provide information on job opportunities. Careers assistance is available to DMU students also after graduation.

In view of the remit of this study, the research has focused on DMU Leicester. The information on which this case-study is based has been drawn from DMU publications (including the 2003 survey of destinations of graduates, prepared by Careers DMU), and on face to face interviews. The latter include:

a) a sample of four lecturers taking a leading role in the teaching of four different creative industries disciplines (metalsmithing and jewellery, arts management, dance and music technology);
b) the Dean of the Faculty of Art and Design at DMU Leicester (who also returned a questionnaire designed for education and training providers), because of its central role in creative industries teaching and research;
c) representatives from DMU's Innovation Centre and from the East Midlands Incubation Network (EMIN);
d) a recent joint honours graduate in Performing Arts and Arts Management (please see list of interviews in Appendix 1).

DMU Leicester offers the following undergraduate courses which are especially relevant to our study:

Advertising and Marketing Communications BA;
Architectural Design Technology and Production BSc;
Architecture BA and BArch;
Artificial Intelligence with Robotics BSc;
Arts Management BA;
Audio and Recording Technology BSc;
Broadcast Technology BSc;
Ceramics and Glass BA;
Clothing with Design HND;
Contour Fashion BA;
Dance BA;
Design and Technology BA;
Design Crafts BA;
Design Management and Innovation BA;
Drama Studies BA;
E-Commerce Systems BSc;
Fashion Design BA;
Fashion Retail Buying BA;
Fashion Technology BSc;

Film Studies BA;
Fine Art BA;
Fine Art and Antiques Valuation BA;
Footwear Design BA;
Footwear Retail Buying BA;
Furniture Design BA;
Furniture with Product Design BA;
Graphic Design BA;
Graphic Design and Illustration BA;
Industrial Design BSc;
Interior Design BA;
Internet Computing BSc;
Journalism BA;
Marketing BA;
Media Production BSc;
Media Studies BA;
Media Technology BSc;
Metalsmithing and Jewellery BA;
Mixed Media Textiles BA;
Multimedia Computing BSc;
Multimedia Design BA;
Music, Technology and Innovation BA and BSc;
Performance Studies BA;
Photography and Video BA;
Printed Textiles BA;
Product Design BA;
Product with Furniture Design BA;
Radio Production BSc;
Textile Design BSc;
Textile Retail Marketing BSc.

The University offers postgraduate courses in many of the same subjects.

There are many examples of interesting and relevant research achievements by DMU Leicester. The Design Unit within the Faculty of Art and Design works with clients such as Blick Communications and Adidas, and featured in 2004 on BBC's Innovation Nation programme. It is currently involved in "Improving Business by Design", a major project aimed at introducing design innovation to local manufacturing industry.

The Department of Fashion and Textiles' fairly unique expertise in contour fashion prompted £40,000 sponsorship from intimate apparel manufacturer Ace Style Ltd. of Hong Kong, which resulted in the opening of the Ace Style Institute for Intimate Apparel in 2004, providing commercial research and updating for the intimate apparel industry internationally.

The Textile Engineering and Manufacture (TEAM) research group runs the Smantex project, which provides technical and business support to the region's textile industry.

The Knowledge Media Design (www.kmd.dmu.ac.uk) research group has particular strengths in multimedia virtual reality in the field of cultural heritage, including the development of a virtual stately home (www.boughtonhouse.org.uk) and an on-line transport museum (www.transportarchive.org.uk).

The Department of Imaging and Communication has carried out work including commissioned lenticulars for CD album covers for David Bowie and Mike Oldfield.

The Music, Technology and Innovation (MTI) research group offers expertise in composition and sonic art, electro-acoustic music studies and interactive performance.

The Centre for Technology and the Arts, lastly, specializes in developing electronic publishing systems , and has carried out important projects both nationally and internationally, including the electronic editing of *The Canterbury Tales*.

DMU is a member of the East Midlands Incubation Network (EMIN), which comprises 6 Universities, and is funded by the Higher Education Funding Council for England (HEFCE) through a hub and spoke model. The partners are the following Universities: DMU, Derby, Leicester, Nottingham Trent, Loughborough and Lincoln. The innovation activities at DMU concern many different sectors, while those of Leicester University are focused on bio-science and healthcare.

EMIN's role is to facilitate the development of new businesses across the region, particularly from the six partner Universities. There are 4 full-time staff and a number of part-time staff (one or two) in each of the different Universities who are members of EMIN.

DMU also has an active Innovation Centre (IC), based in its campus in central Leicester. IC Business Incubation Manager Malcolm Smith explains that the Centre aims to attract new businesses in two main ways:

1) participation in the "business venture competition", now in its second year, open to all students and staff in the University: part of the prize for the competition is a rent-free 3 month residence in the Centre. The winner in 2003 was a company specialising in the development of walking robots. About 60 entries for the competition were received in 2004, and the winner for the "current business" section was a theatrical production company.
2) integration of the IC's to start new businesses with EMSEN (East Midlands Science and Enterprise Network, the lead body for which is the University of Nottingham), to deliver entrepreneurial opportunities and training, including an entrepreneurs' club.

The IC's aim is to raise the profile of new businesses. Hot-desking facilities are available in the Centre, and used as a marketing tool to attract businesses. Only 3 of the current tenants are creative industries business: two in graphic design, and one in website design. A further 2-3 creative industries businesses have received help. A high proportion of business ideas by students at DMU are internet-based or focused on the development of internet products. Others tend to be from the art and design area, although recently they have helped one business emerging from the music area.

The IC provides facilities to start-up businesses, including premises and hot-desking space. The tenants pay £12 per annum per square foot, plus £4 per annum per square foot for service charges. The units which are available tend to be about 280 sq. feet in size, and the rent is about £400 per month. They also provide meeting rooms, a lounge, and the rapid prototyping unit (for engineering). Two businesses in the animation sector said that the rapid prototyping facility was an important reason for using the Innovation Centre.

The Innovation Centre also has a digital editing suite, and graphic capability.

Support is also offered, including help with business and financial planning, and with marketing strategy.

In addition, the Centre performs a brokerage role, to facilitate relationships with other support organizations. They have developed relationships with private service providers, including accountants, solicitors, HR and PR specialists.

The level of interest from both staff and students in the services offered by the Innovation Centre is high. The Centre also raise their profile among businesses through their connections with the "Starting in business" course offered by Business Link.

The Centre enjoys a lot of freedom and access to the University infrastructure, and funding to manage and develop projects. The IC as a point of access for businesses is going to become more and more important. According to Malcolm Smith, the key task for the future will be to improve knowledge of the Centre within the student body. Entrepreneurs can be made; skills to harness talent and technique can be taught. Malcolm Smith wonders whether an entrepreneurship module should be offered as part of all courses at DMU. There is at the moment an entrepreneurship summer school for students and staff.

The IC collaborates with partners at Leicester City Council who run managed workspaces, and is involved in the Leicester Business Start Up group, initiated by Business Link. The challenge is to position the IC as a key place for knowledge and research-based businesses, endowed with specialist facilities, which would include the DMU recording studio. The Centre produce a quarterly report for the Higher Education Funding Council for England (HEFCE), including quantitative and qualitative data, such as the number of businesses incubated, the jobs created, and the number of businesses and entrepreneurs supported.

Further information on this case study is included in the Appendix.

5. Asian Creatives in Leicester

This case study briefly reviews the work of four individuals working in the city of Leicester. They are from different backgrounds but in general their stories give an insight into the emergence of the creative industries within Asian communities on several levels: as a means of creative expression, a route into employment for young individuals, an opportunity for entrepreneurship and business growth, and finally as a potential creative and economic driver for the city.

With the exception of the final case study, the Indian Cinema Research Project which has recently received recognition and support from several city and regional agencies, the impression we would wish to portray here is of highly ambitious and enthusiastic creative practitioners who are, with varying degrees of success, trying to break out of a limited ethnic economy and to succeed in a mainstream creative economy which, unfortunately, remains rather exclusive.

Bally Singh
Creative Director of Rockstar International
07956 159 769 / Bally@loungeone.com

Bally is a 28 years old businessman who runs several companies in Leicester including:

- *Rockstar International* – record label and artist management - the company recently managed Sean Paul's MTV tour

- *Gametrac* – www.gametrac.com - Bally was originally brought in as a consultant to look at creative ways of selling the product, an exciting wireless game console, on an urban street level. He recently merged his company, BIG PICTURE PR, in November 2003 and became a director and share holder of Gametrac. He now manages all the company's urban PR; organising large-scale concerts with big artist names, consultancy, design concepts and dedicating all advertising channels to Gametrac – his role is dealing with the artists, from endorsement to them going on stage – a very lucrative operation in the commercial music industry!

- *Lounge One Club* – he owns and runs weekly club nights, mostly drum and bass, urban, hip hop scene. He started off by organising a one off R&B night and ended up buying the nightclub through private money

- *Exclusive Letting Agency* – as well as owning several properties he is involved in development and selling of properties

- *Elegant Clothing* – this is a 25-year-old family business in which Bally learnt his business skills. The company operates from a warehouse which deals with import, export, manufacturing of clothing

He feels the City Council gives all the promotional work to Leicester Promotions and never considers external companies to have an input into the way Leicester's image is presented.

He feels that his businesses would actually bring the corporate world into the Cultural Quarter so he sees his ventures benefiting the Council rather than his companies benefiting from moving into this area. Location for him is not important – he can be based anywhere in the world and operate.

His skills come from real life experiences. Having dyslexia didn't help at a young age but he is an innovative problem solver and very creative thinker! It has been important for him to be proud of his faith and culture as a Sikh. He has kept his turban and beard, which has made it twice as hard to be part of an industry where your looks are everything.

Samir Bhamra
Phizzical
07958 484 858 / info@phizzical.com / www.phizzical.com

Samir is an optimistic young man with a vision. He set up his company Phizzical in April 2004.

He has achieved the following:
- He received funding for equipment from Neighbourhood Renewal Fund of up to £5,000 and has invested in a computer
- Arts & Business have selected his company as 1 of 10 companies from creative business sector to run 'OPENING DOORS' programme. The idea is to provide support / help identify each company's weaknesses and through training programme and build them into strengths
- He has a mentor from the Prince's Trust – guidance on how to run a business successfully
- Company set up as sole trader – the agency has 4 branches to it; theatre and production, design, entertainment, film:

Theatre
Organised Bolly Idol with the support of BBC which was showcased in May 2004. He also wants to incorporate performing arts workshops – 2 hour sessions in dance, theatre, vocals. The workshops will begin hopefully in August 2004 as skilled based sessions but he is interested in the workshops becoming accredited training programmes.

Design
Samir has designed various websites including:
- www.ishqrecords.com
- www.tonguesonfire.com
- www.masticulb.co.uk
- www.galop.org.uk

He would like to concentrate on TV packages – idents / trailers as Samir believes web design is becoming very saturated.

Entertainment
Samir wants to promote regular club nights with Bollywood theme. He has his own dancers, DJs, promotion. The wedding market would be an ideal opportunity to showcase this promotion.

Film
Samir's vision is that in 10 years Phizzical will become a production company.

Barriers
- People sometimes don't take him seriously enough due to being newly set up business. Funders don't like to take these types of risks. He has proven people wrong through Bolly Idols
- Needs more support in accounting
- Finance is always a problem in the beginning
- Don't have fax machine!
- He is based at home which is not a barrier at the moment but it can get stressful living and working from a box room

Anoop Randerwala
Inner Smile – Graphic Design Company
0116 285 4721 / *www.innnersmile.biz*

Anoop started with a small business supported by Prince's Trust designing T-shirts but lacked the necessary experience.

He then trained in design at De Montfort University and with his qualifications found work with various design agencies based in Leicester, which gave him the experience to further develop his skills with real life briefs. Although working for a firm meant that he had a steady income he felt that most of the projects were too stringent in their approach and not challenging enough to think outside the box.

His dream whilst he was studying was to eventually set up his own company – which he has accomplished since setting up Inner Smile, a design agency with a passion to think out of the box innovative communications. He strives on creative problem solving and being bold. He is based at home as the company does not make enough income to cover office rent at present. *"The Depot is a plush setting and would be ideal but why do I need to pay £250 for overheads plus rates when I know I can't afford it."*

Being self employed means he has to dedicate his evenings and weekends on projects and deadlines whereas working for a firm had a 9 to 5 attitude. The last 6 months have been extremely difficult for him – no regular work means irregular income. He has sought contracts from the Council on numerous occasions but feels he has failed to get through the door as most of the work is handled by Leicester Promotions. He feels there is a general lack of support for small design firms.

"If the Council gave more opportunities to small businesses the work contracted out would help expand a designers portfolio which leads onto other work. I am not looking for lots of jobs through the Council, I just would appreciate the chance to build on my portfolio."

Anoop has regular clients including Youth Voice but work is not constant. He is always in touch with old contacts and regularly approaching new potential clients but this task he finds very difficult. But Anoop has a very positive approach to his work, *"I am not going to give up. Its only when the company is making nothing that I will stop."*

There are other avenues that he is considering such as teaching young kids how to use Photoshop. He did a residency recently and enjoyed sharing his skills about what design is about.

He is knows that competition will always exist and is always looking to increase his skills – he currently wants to get training in developing his Dreamweaver / Flash skills so that he can take on bigger website design jobs. He also wants further training in high-end Photoshop packages. The problem is that most 2/3 day courses are very expensive, for example there are courses at De Montfort University for £200/£300 with no concessions. He has looked into other ways of receiving training but the only other training, which is paid for through Learning Skills, is word processing type of courses!

He feels that there is nothing that links people together from the same industry. *"There needs to be an outlet, maybe the 'Maccies crew' (AppleMac experts) where designers can share information, work collectively, etc. This does not exist but would be a great space to learn, share and network with other local talent."*

His ambition is to have a studio in the centre of town with 4/5 people staffed in five years time. The company would also facilitate being mentors for amateur designers / practitioners.

Jaideep Mukherjee
Lecturer, University of Leicester and co-ordinator of the Indian Cinema Research Project
0116 252 2818 / 07759 288 788 / jm118@leicester.ac.uk

Jaideep Mukherjee is a media academic based at the Centre for Mass Communications Research at the University of Leicester. Before working in Leicester he lived in India where he produced films for Indian networks.

He is responsible for co-ordinating the report: *Linking India's Creative Industries with the UK's East Midlands region: Report of the Indian Cinema Research Project*

The report was commissioned in 2003 by EM Media, who have secured £500,000 in lottery funding to distribute to up and coming filmmakers and hope to attract more Bollywood productions to the area. The research was funded by *emda*.

The report made recommendations and examined some of the key areas where stronger linkages with Indian cinema could be forged by the communities, mainstream businesses and the creative industries in the East Midlands.

A partnership is currently being formulated involving a number of stakeholders from private sector to develop this initiative. A Project Manager, Dr. G D Jayalakshmi – has recently been appointed to take the project forward.

Jaideep considers Leicester has huge potential. The city would be the base for Indian film and television productions planning to use the Leicester, the East Midlands, other regions in the UK and Europe. Leicester would be seen as the 'Bollywood Capital' and would act as the gateway for UK and Europe. It is an ideal location in terms of access as it is closely located to the East Midlands airport. Places such as London are far too expensive.

Jaideep believed that there are 2 ways of looking at Leicester's creative industries in the Asian context:

- On the one hand its on the cusp of potential movement
- BUT it is totally dependant on the Asian market

The Indian film industry is fickle and changes all the time and there are problems with travel, access and visas.

Key stakeholders in the project are the city's are universities who are keen to market themselves to India. The project appeals to them especially if it encourages investment and if Indian films become part of the curriculum. The universities in Leicester have an excellent reputation but many talented graduates leave because there is no work here for them – this project will retain these talents in the region. Furthermore, if films are shot here it will further attract tourism in this region and local businesses will obviously benefit too.

6. A creative industry by any other name: the Asian Wedding Industry

The Asian wedding industry in the UK is valued at over £300 million, with an average Asian wedding costing between £15,000 and £20,000 and an average wedding outfit starting at around £2,000[3], with fashion items claiming about one third of this.

[3] Wedding Industry Research by Ellen Terrell for Business Reference Services http://www.loc.gov/rr/business/wedding/wedding.html

This is financially, therefore, a large industry albeit one which is difficult to accurately quantify and rationalise in conventional industry classification, for several reasons:

- It is an industry that is made up of multiple smaller enterprises in a wide range of categories (listed below);
- Many of the smaller components like caterers, DJs, and photographers, wedding favours, invitations, etc. also service other sectors without necessarily breaking their business down into wedding and non-wedding activity;
- Some of the individuals and businesses that provide services and products may only work part-time on wedding-related services to supplement their income or out of friendship and there will either be a minimal charge or no charge at all which, clearly, is difficult to quantify.

The industry is broken into the following sections:

- Wedding consultants
- Clothes / bridal wear - An increase in Asian wedding exhibitions in the UK confirms that the industry is popular with top international designers displaying cutting edge ethnic designs
- Bridesmaids gifts
- Jewellery
- Bridal hair / beauty / mhendi artists
- Food / catering
- Videographers / wedding photographers
- Music / DJs
- Floral management
- Balloons / party decorations
- Limousine hire
- Hire of banqueting suite
- Wedding invitations
- Honeymoon related

Leicester's Asian population makes up 27% of its overall population. The majority of Leicester's South Asian community originates from East Africa or India, and speak Gujerati. Hindus predominate, though there are a few Muslims.

Belgrave Road houses many of the businesses listed above such as Asian jewellery shops, bridal wear stores, food / caterers, etc. People travel from across the country to shop here. There are 2 main wedding planners based in Leicester: Tania Tapel and Lakhani Group; and they exhibit the wide spectrum of traditional and contemporary activity which makes up the industry.

Tania Tapel Group
Tania Tapel Group is lead by a young and dynamic woman, Anita Patel, who has vast experience in wedding planning and organising.

Anita is a sole trader who has been running the business for the last 7 years. The company specialises in event management, ethnic marketing and PR and corporate hospitality. She has been involved in corporate events, PR campaigns, rebranding processes and successful Asian Wedding coordination service for the whole of the UK Asian market. She recently organised famous musician / producer Bally Sagoo's wedding.

Anita felt that Leicester fell short in terms of appropriately high quality venues to host Asian weddings. *"There is not the right type of venues in terms of flexibility for elegant Asian weddings in Leicester so many are booked outside. Tania Tapel provide high quality service."*

Anita has a good relationship with Leicester Mercury in developing the Asian market place. Together they produce a mainstream magazine twice a year entitled Leicester Wedding.

She started her business when she was 24 years old. She didn't feel there was much support for a young Asian woman in those days but she persevered and has built the company into an attractive PR and marketing agency. The only organisation to help her was The Prince's Trust who helped nurture her business. Since then she has picked up awards, e.g. WorkLife Balance Trust Award, made speeches at charity functions where Prince Charles was guest of honour.

She is not from a business background but saw potential in the wedding field as her experience of weddings was that many were chaotic and badly organised. Because more people now expect higher standards from their wedding, and are prepared to pay well for a quality service. Anita believes that the industry and her business in particularly is set for continued expansion.

Anita would consider moving into the Creative Business Depot if:

- it saves her business money
- it increases her clientele through networking with big design agencies also based in the cultural quarter

Contact: 07885 217 600 / info@tania-tapel.com / www.tania.tapel.com

The Lakhani Group

Lakhani Group's main activities are to provide wide range of wedding services including photography, digital video filming, DVD services, mandaps, hall decorations, fresh flower arrangements, prestige cars, horse and carriages, designer albums. The company is run by Anit Lakhani.

The Lakhani Group set up in 1972 when Anit's father Manubhai Lakhani relocated his photographic services (wedding photography, studio portraiture) in Leicester after arriving from Uganda.

Since then the business has expanded with new technologies, from 16 millimetre films to high quality DVD format. They have their own editing suite. They have invested a lot of money into upgrading their equipment /

software and marketing their product and for a year its been breakeven but there is a great demand for this service. Eventually they want to go digital.

Everything is done in-house. They have 3 photographers, 4 videographers, 2 editors, 2 drivers.

They are at their busiest during the May, June, July and August period. The rest of the year is spent on organising wedding shows nationally. A wedding can cost between £5,000 - £25,000 – Asian people these days are prepared to spend more and want new things, especially down south where Lakhani Group attract most of their clients. Lakhani Group act as consultants to accommodate their clients needs depending on the budget – from something straightforward to an event of artistic calibre.

The priority now is to digitise their studio.

They would consider the Depot as an exciting creative space in which to move in order to place their business in a wider corporate field.

0116 266 3010 / info@lakhanigroup.com / www.lakhanigroup.com

Conclusion
The concept of the 'creative industries' as defined by the Government doesn't really mean much to many Asians but the wedding industry acts as an alternative economic model. Policy makers should therefore not try to impose an alien model onto Asian businesses but try to better understand how Asian creatives can both grow their businesses within the wedding industry, but also break out into the wider economy if and when they need to.

7. Making the most of your assets? Maz Mashru, photographer

This is the rather perplexing case of one of Leicester's oldest established and most accomplished creative businesses, and one which is internationally acclaimed by its professional peers which, nevertheless, appears to be largely unacknowledged and unappreciated in the city. Maz Mashru began working as a photo-journalist in Uganda but after expulsion came to Leicester where he had to re-establish his career from scratch. He originally worked for a well-known photographic company but the racism of fellow staff prevented him from taking up a management position so he decided to go solo. He founded a portrait and wedding photography business in Belgrave Road in the mid 1970's and remains there still.

Alongside developing a thriving business serving the local community, he has built a parallel career as a portrait photographer of international standing. His achievements include fellowships of Master Photographers Association, British Professional Photographers Association, Professional

Photographers Society of New York, and four Kodak Gold Awards. He is the founder of the Guild of British Portrait Photographers and has given presentations at the World Council of Professional Photographers.

His clients have included Princess Diana, Betty Boothroyd and most of the members of the first Tony Blair Cabinet.

Surprisingly though, Maz claims never to have had proper recognition from the City and suspects he is largely unknown in local cultural circles outside Belgrave. "The city celebrates local heroes like Gary Lineker, Martin Johnson and Emil Heskey – why not Maz?" he asks.

The company has remained a family business and whilst it as taken on various apprentices most leave after a few years and try to take his business with them. Although reaching retirement age he wants to grow the business and take it outside the family structure and thinks he could go from a staff of 4 to between 20 and 30 with the right support. He would like to set up a well-equipped laboratory in the city.

He would like to find a more sustainable way of passing on his skills and experience and has a vision of founding a national centre of excellence for portrait photography in Leicester. Whilst he is an effective networker nationally and internationally, he does not have time to maintain all the links with local colleges and development agencies that this would necessitate, and so would like find someone to help him realise his dream.

He is excited that digital photography widens access to photography but is also worried about potential for 'dumbing down' the profession, i.e. the danger of cowboys moving into the industry and exploiting clients. He would like his centre of excellence to set national minimum standards. He proposes a 6 month sandwich course aimed at jobbing photographers. The main attraction would be the high quality speakers/practitioners he could bring to Leicester through his international connections. He is confident of getting industry sponsorship to equip the course.

When told about the opportunities presented by the Creative Depot Maz was interested and would not be averse to taking space if the price were right. He would be happy to speak at a 'motivational event' to encourage more Asian creatives to engage with the cultural quarter.

If Maz really is as unacknowledged as he clearly feels, there is a serious question for the city to answer. Where are the gaps in local cultural networking and knowledge transfer which have prevented wider awareness of his achievements and, more importantly, how can the city find a way of harnessing and embedding Maz's skills and experience for the benefit of future generations?

Website www.mazmashru.co.uk/

8. Leicester African Caribbean Arts Forum

07931 142 667 / wsel@hotmail.com

LACAF Consortium is a member organisation set up 3 years ago to organise, co-ordinate and promote African / Caribbean Arts and Culture through capacity building and empowerment with the ethos 'each one teach one'. Most of its members are residents of the city's regeneration wards.

The organisation helps to develop policy, provide information, advice and support to artists, organisations and groups (inc. community arts and voluntary groups). It also organises training and showcase events sometimes with major arts organisations within the city. This is part of "The Rebirth of African/ Caribbean Arts and Culture in Leicester" to ensure Cultural Diversity in the Arts, includes the African Caribbean Community.

LACAF represent African Caribbean, African and Dual Heritage individuals, groups, organisations, and the wider community who are involved in African Caribbean Arts and Culture, and Media/Music Entertainment in Leicester. LACAF already has a large membership with a wide age range offering different artistic forms including Music, Drama, Poetry, Crafts and Dance, Visual Arts etc. It regularly refers people from creative industries to Business Link.

LACAF considers its accomplishments to include:

- Raise the profile of African/ Caribbean Arts & Artists in Leicester
- Artistic Lead and Development of Black History Season
- Participation in the Cultural Strategy - Leicester City Council
- BBC Music Live Street Festivals 2000 & 2002

In the past an artist from African Caribbean origin would individually apply for funds to exhibit his/her work whereas with the setup of LACAF many artists are recommended and the organisation speaks as one voice, giving profile to larger number of artists.

Wolde Selassie is LACAF's Chair and is also the Coordinator of Mainstream, a regional arts agency that offers training, advice, funding information, management assistance, for culturally diverse groups and individuals. He wrote a document entitled 'Arrested Development' which highlights issues and concerns for artists from African Caribbean communities.

Mainstream was set up 2 _ years ago, which evolved out of Arts Training Central. ATC support the project but Mainstream aims to become an independent agency representing arts and serving Black, Asian and Chinese practitioners / arts groups. Mainstream offer courses / conferences in creative thinking. It is Mainstreams objective to work at top level to shape participatory arts policy.

Mellow Austreih (07779 299751) is the Secretary of LACAF. Mellow trained in Fine Arts and is also a jazz singer/songwriter/poet. She has had previous help and financial support from Business Link for capital equipment and is seeking support from the Prince's Trust who will be assigning a Business Mentor for her.

Carol Leeming is freelance consultant for LACAF and Regional Coordinator for Mainstream. She is a singer/poet/writer/percussionist also self-employed in the music industry. She is involved in two different productions; the first focuses on productions, records, writing music / songs and the second entitled 'Dare To Diva' looks at live poetry, live performances, drama and is much more theatre-based.

Carol was a key player in the set up of LACAF. She was part of the initial stages when the council wanted to develop a policy for a Cultural Strategy for Leicester. The embryonic stages included a funded post but due to the recent cuts and changes in Leicester Council infrastructure the post has not been formalised. The Cultural Strategy's section on diversity has not been completed. Carol feels that without this process taking form "it is difficult to make real impact because there is no cultural strategy / policy."

Carol stated that there is under representation for Black artists wanting to specialise in visual arts, crafts, graphic design, new media. "If you are a Black artist it is easier to access music and performance but not other artforms such as visual arts."

Mellow is a visual artist. She agreed that it is very difficult to showcase this type of work and there is lack of support for Black artists.

Other barriers include:

- Semi-professionals find it difficult to make transition from days jobs to professional career in arts
- Lack of promotional opportunities in the mainstream venues / galleries
- Few training, business or career opportunities
- Lack of long term funding

LACAF's priorities include:

- Production of an African Caribbean directory that will profile artists practising various art forms
- Two outreach posts, both involving outreach work to develop visual arts and performing arts

Brian Booi is the Coordinator for LACAF. Brian is a musician who also represents 'Drums Please' a socially inclusive programme that brings people together through dance, art, music and IT and works with asylum seekers. Established in 2002 'Drums Please' is a cultural movement composed of international musicians and artists based in Leicester.

The project is spread through word of mouth and so far 20 people have benefited from this programme (arts practitioners, actors, fine artist, musicians, dancers). Brian is dedicated to this project even though they have not received any funding to run this project.

Brain felt the reason that it is so difficult to source funding is because usually 'white' organisations apply to various funding bodies with the aim of working with asylum seekers and then once the funds have been allocated these organisations get people like him to deliver the groundwork.

Regarding the DEPOT, the group expressed the following:

It does not reflect diverse communities and there is a need to develop workers from cultural backgrounds who will develop creative work with diverse communities namely the South Asian and African Caribbean communities
An advisory panel was set up to oversee the overall development of St Georges area – what has happened to this panel?
There is no formal input / representation
Organisations such as Mainstream have not been contacted or consulted with regards to DEPOT
On a political level it seems that the people in charge of this initiative have vested interest in creative industries but are not interested in existing resources – an example of this that has taken place in the past was when BBC Music Live in partnership with Leicester city Council hosted a street procession. The African Caribbean community were not asked to participate, instead another organisation from Nottingham were asked to deliver the procession… "Leicester is acknowledged as being the cultural capital but we are not included in any key decisions which are made for the city."

9. Blooms in a Desert? Creatives in the outer-city wards of Leicester

The Leicester wards of Mowmacre, Beaumont Leys, New Parks, North Braunstone, Eyres Monsell, Coleman and West Humberstone encircle the city, about 2 to 4 miles from the centre. They are characterised by large public sector housing estates interspersed with some private rented and owned properties, limited retail and leisure facilities and several large industrial estates. They represent the largest concentrations of white working class households in the city and all fall within the 10% of most deprived wards in the UK. They are all identified as regeneration wards by the City Council and as such are a priority for CIRT.

Of over 250 enterprises identified by the survey in all the regeneration wards of Leicester, fewer than 50 were located in those named above. Of these, the great majority were either involved with the printing or textiles industry. They tend to be located in large, edge-of-city industrial estates such as Gorse Hill, Brailsford and Wanstead Road or in areas of declining industry such as around St Saviours Road and Baggrave Street. There are hardly any record of companies in higher value activities such as design, software or publishing.

Whilst such companies may employ staff from the locality, it is most unlikely that management are residents of the priority wards. We interviewed one company located in Saffron in which none of the staff were even residents of the city, still less the ward. In this respect, we would argue that most of the creative enterprises located in the outer regeneration wards may be *in* the area but are not really *of* it. We would further suggest that most of them are not particularly creative either, being largely engaged in large batch manufacture with a minimal design element.

We have interviewed a number of microbusinesses and sole traders, operating in the main from residential premises in these wards. The sample was small and their stories too diverse to establish any reliable trends but they are, nevertheless, illuminating. **Zest-it** (www.zest-it.com) is a small business managed by a disabled women and her daughter from a house in Eyres Monsell. Starting with a hobby interest in oil painting, Jacquie Blackman sought out a supplier for a natural alternative to turpentine and white spirit for cleansing. Finding an American product derived from the zest of lemons, she has now obtained the licence to exclusively supply the product in the UK. She now supplies 150 art shops as well as schools and colleges across the UK and is branching out into other products such as soaps. She has also taught herself web design and is now self-producing a multimedia CD Rom as a teaching aid for artists. She is also exploring the potential of e-books. Whilst ambitious to develop her product range, Mrs Blackman expresses no ambition to grow the company. She has not sought business support and does not foresee the need to do so.

Dennis Fisher is a freelance photographer working from home in New Parks. Mr Fisher's interest began as a hobby which he developed into a career after being made redundant. He has taken advantage of Business Link and was also very grateful to the Princes Trust for helping him to access an SRB grant which enabled him to purchase digital equipment. His ambition is to be able to move out of the area and establish his own studio outside the city in somewhere such as Anstey.

Maurice Holloway runs Langtons Signs and Graphics from commercial premises in Saffron. He has been in the printing and graphics business for 46 years and, whilst he still tries to keep abreast of the latest developments in technology, he is now thinking of retirement. He has a client base of over 1000 and feels confident he can get a good price when he comes to sell the business. Neither he nor his assistant live in the area or indeed Leicester – Saffron just happens to be where the business premises are located. He has never sought business advice as he doesn't need it.

Stephen Friendship is a film director working from home in Crown Hills. He set out with the ambition of making art movies but commissions have been few and far between. He supplements his income with teaching but has just pulled off a major contract for a corporate video and this is the direction he thinks his career may now take. He likes living in Leicester because it is cheap but it is not a vibrant cultural centre and almost all of his film work has come from elsewhere. He is attracted by the prospect of hot-desking at the Depot as he needs to raise his profile and enter a more corporate environment if he is to pursue his new ambition of building a corporate video company.

As stated above, it is difficult to find any discernable pattern from our findings in the outer wards other than perhaps the observation that these are all quite mature people who are confident in their own abilities and have a reasonable level of stability in their lives and security in their finances to enable them to pursue their interests. What is absent from our findings (in stark contrast to our investigations in the inner city wards) are young, working class people who are operating 'on the edge' with little security or stability, not much in the way of resources, but driven by a desire to create or to get on. We do not conclude that such people do not exist – simply that we could not find any, and nor could the intermediary agencies with whom we communicated.

This presents a dilemma for CIRT. Because the apparent level of demand for its services is, at least on the surface, going to be so low from these parts of the city, it will be quite understandable for the team to turn its attention to the inner city and respond to what will undoubtedly be a high level of demand there. This might be said to simply be following a more general trend in Leicester and other cities in which one is seeing the gradual civic disengagement of white working class communities. If, however, CIRT decides that it wants to be more proactive in seeking out and encouraging creative enterprise in these areas this is likely to become a serious and resource-intensive undertaking. Based upon our experience, in contrast to the inner city – where people where extremely amenable to meeting and talking – we encountered varying levels of disinterest, suspicion or even hostility from individuals and intermediaries in the outer wards. It will be a long hard road for CIRT to make progress in these areas requiring dedicated expertise and resources.

10. A rural creative network: Fast Floor, Market Harborough

The story of Fast Floor is one of constant change and adaptation driven by developments in technology, market opportunity and the ambitions of the directors. Based in offices in the centre of Market Harborough and with a national client base, Fest Floor has quadrupled its turnover in the last two years.

The founder, Paul Clarke, was born in Leicestershire and began his career as a musician and dance music dj. Moving to Middlesex, he founded Fast

Floor Productions in the early 1990s as a music production company linked to a studio in Uxbridge. He taught himself web design to produce a website for the company and received so many complementary comments that he drifted into designing sites for other music production and hi-fi companies. He realised that he preferred this to Fast Floor's core business of music production, and saw there was an alternative to the high pressure and unstable environment of the music business. He therefore scaled down music activity and actively sought out more web design commissions, which came readily.

At this point he decided to relocate the company to Market Harborough and relaunch it as Fast Floor Multimedia, expanding business activity into both digital and print-based media in the process. Market Harborough was selected partly because Paul wished to return to Leicestershire but also because of its excellent road and rail connections, particularly to London where much of his client base remained.

The company grew steadily if not spectacularly until towards the end of 2002, when Fast Floor decided to put itself through a fundamental transformation. Frustrated with the limitations of web and multimedia design, they invited in a local marketing company to conduct an appraisal and swot analysis. The outcome was the identification of a new market sector in high-end business-to-business communications. They identified the opportunity to supply a comprehensive range of communications services to blue chip companies, but realised they could not do it alone. They needed to build an alliance of complementary service providers and so embarked on a concerted process of networking and relationship-building. They found high quality companies, sharing similar aspirations, within a surprisingly narrow radius: a business software designer in Stoney Stanton, a PR company in Tur Langton and an IT provider in Market Harborough itself, and formed a consortium which has proved to be greater than the sum of the parts. The injection of new ideas and skills has expanded the scope of their ambition and their ability to deliver.

Fast Floor now has a portfolio of services which ranges from their original business of music composition and production; through graphic, multimedia, exhibition/point-of-sale and web design; interactive presentations; into PR, conferencing and event management.

In the 2 years since the restructure, Fast Floor's turnover has grown four fold and continued growth is predicted. Very few barriers to growth were identified, with no issues regarding access to finance, skills, personnel or technology. Only three issues were of particular concern. Firstly, finding premises had been difficult and they were not confident of finding anywhere suitable to relocate in Market Harborough were they to grow out of their current premises (this concern was echoed by other respondents in the area). Secondly, government tax policy was considered a major disincentive to business growth particularly corporation tax, unreclaimable VAT and company car allowances. It was added that the only issue which might persuade the company to leave the area would be a serious rise in business rates. Finally, there was deep concern about the current state of the multimedia/web design industry within the region, particularly the sophistication of market demand and the variable quality of supply. In short there were too many second rate web sites around and too many companies prepared to accept them, which lowered both the reputation of the industry and value of the product. Indeed it was felt that one area in which Business Link might wish to intervene would be to introduce initiatives which raised the level of quality of local web design suppliers and raised the level of critical appreciation of local purchasers.

Fast Floor were very happy with Market Harborough as a place to live and work and were delighted they had been able to establish their consortium form companies in such close proximity. However, they felt that in general the town was perhaps a little complacent and not as business-friendly as it might be. They had initially invested time in established local business networks but had not found them to be dynamic or helpful to their kind of business, and all the connections they had made in constructing the consortium had been brought about through their own efforts.

This perception is reinforced by recent DTI statistics on business competitiveness (www.dtistats.net/sd/bci/bciregionsem.htm). They indicate that in the period 1997 to 2002, Harborough has been a consistently below average performer in terms of new business registrations, and that its stock of businesses has fallen by almost 11% making it the worst performer in Leicestershire and the second worst in the East Midlands.

Although Fastfloor have not sought or taken advantage of specialist business advice so far, but would not exclude this in the future. The area in which expert help could be most helpful would be accessing new markets and raising the quality of their client base. They would also be willing to support business growth in the region through dissemination of information about how they have built their consortium as a successful business model.
www.fastfloor.net

Conclusions

Our survey has demonstrated that the creative industries are a significant economic, social and cultural phenomenon in the Leicestershire and Welland area. There are significant numbers of enterprises in many sub-sectors in both urban and rural districts, a relatively mature stock of enterprises in terms of business age, and a relatively high level of business confidence. Whilst many enterprises do not see the need for supplementary business support, those that have sought it have generally been satisfied with what they have received.

The area has some notable strengths:

- Firstly, the city of Leicester itself, which is an important economic and cultural hub, with an extensive hinterland and, importantly, an established tradition of excellence in some key craft and creative industries.

- Good transport and communications links to local, national and international markets and suppliers.

- Some of the research and teaching activities of Loughborough University, DMU and Leicester College, and the graduates they produce;

- Aspects of the Asian and African Caribbean creative sector (including the Bollywood initiative, and the potential for intercultural music, design and fashion activities);

- The Leicestershire design sector (especially point of purchase design);

- The commitment of the City of Leicester to invest in the Creative Business Depot and other aspects of the Cultural Quarter;

- Traditions of innovation in aspects of architecture, furniture design, metalwork, printing and publishing, spread right across the area.

- A generally high quality of life and environment which, added to the good communications infrastructure, make the area an attractive relocation option for businesses in London and the South East, Birmingham and Nottingham.

However, there are a number of concerns. The general air of satisfaction and confidence possibly masks some underlying problems. For example, the level of business formation (in the economy as a whole) in Leicestershire in recent years has barely been keeping pace with business deregistrations[4]. Between 1997 and 2002, the total stock of enterprises in

[4] Department of Trade and Industry. Business Competitiveness Indicators, April 2004

Leicestershire grew by only 1% whilst the figure for the UK as a whole was 4% (and for Northamptonshire was 8.8%). Furthermore, survival rates for businesses in Leicestershire also fall behind the average for the East Midlands and the UK. Because the creative industries are often highly sensitive to the health of the surrounding economy, it is reasonable to assume that similar conditions apply here too.

The first issue to consider, therefore, is to ensure that satisfaction and maturity do not slip into complacency and torpor. This means that regular industry health checks need to be conducted to ensure that business birth rates and survival rates are rising in order to constantly replenish the area's stock of mature enterprises.

The issue which gives us greatest cause for concern is that the whole area demonstrates a serious weakness in what we would describe as networking capacity. Bluntly, not enough people within the area are talking, interacting and trading with each other, and there is a profound lack of consciousness, in both the public and private sectors, of being part of a locally distinct creative economy. This has several manifestations.

- In industry, for example, we have encountered my enterprises who are acutely conscious of the importance of networking as a tool in business growth and many have pursued this successfully (cf the case study of Fast Floor for example). Taking the largest sub-sector, the design industry, one will encounter many companies who are active participants in and supporters of the British Design Initiative, the Design Business Association and the Design Council. However, we have encountered no forums which provide an equivalent service at the Leicestershire and Welland level. Given that our survey identifies design as the area's single most distinctive and potent creative asset, we find it inexplicable that there is no formal local sector networking taking place. We have also identified scant evidence of institutional interaction (as distinct form trading) between the creative industries and the wider business community. Creative Industries are not acknowledged as a distinct or significant sector of the economy by the regional branch of the Federation of Small Businesses, and we have not encountered any creative businesses who have an active engagement with their chamber of commerce. In general neither the creative industries themselves nor the wider business community appear to be particularly aware of there being a Leicester, Leicestershire or Welland 'creative industries sector', still less of anything resembling a self-conscious business cluster.

- Nor is there enough networking between the area's higher education establishments, business and the public sector in the creative industries. Loughborough demonstrates the benefits of this when applied to the engineering and technology fields but relationships around d the creative sector are less well developed. In Leicester too there is still considerable work to be done in forging effective working relationships between the DMU Innovation Centre, creative departments of the university, public sector initiative such as the Depot and the private sector. Until this is done, the city will continue to haemorrhage creative graduates.

- Focussing in on the priority regeneration wards of Leicester City, we were again struck by fragmentation and disjuncture in communication. For example, the manager of the City Council's managed workspaces (which currently house significant numbers of creative enterprises within the priority wards) expressed no knowledge of the planned Creative Business Depot. In our experience, successful creative incubators/business centres always have a close relationship with other workspaces both as a feeder of potential clients and as a next step for expanding businesses. The Depot cannot succeed in isolation.

- Furthermore, we have identified, in the Belgrave and Highfields areas in particular, what amounts to a parallel ethnic creative economy. That is large numbers of BME-run enterprises who trade almost exclusively within their own community, who do not appear in official business and cultural directories or surveys, who do not access major local contracts, who are not given official acknowledgement and who are not included within important consultation exercises such as the feasibility study for the Creative heartlands Incubator Centre. There is evidence throughout history that ethnic and cultural diversity and intercultural exchange is one of the primary sources of creativity and innovation, and Leicester is widely acknowledged as one of the UK's most diverse (and harmonious) cities. We would question, however, whether Leicester is creating the conditions in which active intercultural exchange can take place. The reasons are complex. Many ethnic creative enterprises provide services which are ethnically-specific and others only seek to market their services within their own community. Few, for example, regarded a move to the Depot or even to the city centre as an attractive proposition. However, there are very many creative enterprises emerging from BME communities which do actively seek to trade in multi-ethnic markets – and some with great success – but even the most successful of these feel either marginalised or unacknowledged (e.g. Maz Mashru and Bally Singh). We would suggest that the city is currently failing to recognise or fully exploit of one of its undoubted competitive advantages, its cultural diversity. Clearly the imminent arrival of not just the Depot but the Peepul Centre in Belgrave will have an powerful impact in this regard, and the relationship which these two facilities (plus the Creative Industries Regeneration Team) develop will be of vital importance.

- Remaining within the regeneration wards, we would turn to the outer city (mainly ethnically white) areas and highlight another communications issue, but one of a different order. Our research has turned up very few creative enterprises who are *of* as opposed to being simply *in* (by virtue of the fortuitous location of an industrial or office park) these areas. Clearly there are multiple factors to consider here particularly concerned with poverty and the distribution of assets, education and attitudes to enterprise culture. Aside from this, however, we were concerned at the low level of awareness of, and priority accorded to, the creative industries amongst agencies concerned with the economic and cultural development of these areas. We would have expected agencies concerned with tackling unemployment and low levels of enterprise to have considered the creative industries as one potential avenue, particularly music and media as a means to motivate and empower young people. In general however we encountered a minimal level awareness of the creative industries in general and more specifically, what the city was doing through the Depot initiative. Significantly, in the case of one local arts development organisation, we encountered outright opposition to the Council's policy of developing the creative industries.

- Finally, on this theme of networking and communication, we would suggest that there is considerable scope for development within the public sector agencies across the sub-region. Whilst we acknowledge the multi-agency approach of our clients in contracting this piece of research, such arrangements have been the exception rather than the rule in the past. The creative economy of the Leicestershire/Welland area is no respecter of local authority boundaries. There are complex interactions taking place across the sub region, with the city of Leicester an undoubted hub with an extensive hinterland across most of the area. Although specific localities have different characteristics (and whilst say Belgrave and Melton Mowbray might appear to have little in common beyond the road which links them), we would argue that the differences are of lesser significance than the similarities. Both creative enterprises and those concerned with supporting creative enterprise, whether inside out outside the City of Leicester have much to learn from each other, as well as being potential markets and suppliers for each other. Closer and more formalised working relationships across the sub-region are a pre-requisite.

Our view is that it should not be assumed that continued growth in the creative industries as a proportion of the local economy can be taken for granted. London will, for the foreseeable future, account for most growth in the creative industries and will continue to increase its market share. Meanwhile, cities such as Birmingham and Nottingham, after a slow start, are now establishing themselves as powerful attractants of creative talent and business. Meanwhile, smaller nearby cities and towns such as Derby, Lincoln, Sleaford and Lichfield have also launched specific strategies to develop their creative industries. All of this represents competition, which the Leicestershire and Welland areas must actively respond to.

Such a response requires a focus, but focus is currently something the area lacks. We make the case strongly, therefore, for a pooling of public sector resources and expertise under a more formal and unitary institutional arrangement than anything hitherto seen. We are proposing that the County Council, the City and district councils, Welland SSP, LSEP, Business Link Leicestershire, the Arts Council and East Midlands Development Agency should collaborate on the funding and establishment of a creative industries development agency for the sub-region, based upon the core of the Creative Industries Regeneration Team. Departing from the original proposals for CIRT however, we would propose that it should be established as an independent agency rather than under the control of BLL or a local authority, following a pattern established by the most successful creative industry development agencies (cida) in other parts of the UK

Such an agency will require clear terms of reference and good management to ensure it serves the whole of the sub-region, in all its diversity, and we should be under no illusions that there may at time arise a conflict in priorities. However, we fear that the alternative of spreading resources and expertise across a patchwork of institutional arrangements would dissipate impact and deliver little of lasting value. We re-emphasise that ignorance, complacency and disconnection are a serious impediment to creative business growth in the sub-region. Building a force with the momentum to override this will require sufficient critical mass which can only be achieved through the pooling of resources.

What such an agency should do remains open to debate and discussion by the partners. This report has provided comprehensive information on 18 cidas of varying complexion throughout the UK (see Annex) along with data and intelligence on the needs and characteristics of the local sector.

A Leicestershire/Welland CIDA might undertake any of the following functions

- Specialist Business Advice Services
- Supply Chain Development
- Showcasing Initiatives
- Training
- Information Services
- Advocacy
- Funding-raising Support
- Brokerage
- Investment
- Networking
- Partnership
- Research
- Export development
- Sub-sector specialist expertise

Our view is that such an agency should take account of what is currently available within the sub-region (for example in training) and seek to avoid duplication where expertise already exists. Its primary generic functions should therefore be brokerage, information provision and networking and, where gaps are identified, it should take specific initiatives and develop specific expertise. We would suggest for example that the cida should build expertise in particular sub-sector which the clients might identify as a priority, such as design. It would also need to understand the specific needs of creative businesses in market towns and rural locations (incorporating such concepts as virtual business incubation); and should take an active role in encouraging better connection between ethnic economies and the mainstream.

Recommendations

The findings and conclusions of this study suggest that, in the creative industries, the Leicester, Leicestershire and Welland area has an economic asset which is worth serious consideration as a source of future growth. The sector is largely made up of micro-businesses, some of which have a low level of trade, but overall there are many positive characteristics. This is a high-skill sector. Many businesses are long-lived and the birth rate is also strong. There is an evident commitment to the area among the creative community and a clear readiness to be involved in development initiatives.

This study has created a pool of information which is both wide and deep, and provides a sound basis on which the relevant authorities and agencies can confidently determine policy.

Several kinds of resources could be brought to bear to seek to consolidate and expand the sector to the benefit of the local economy:

- emda, SSP and Business Link priorities and that of the LLRAP are aligned;
- financial resources from NRF and ACE are available and potential exists for funds from SSP and other sources;
- there is a community of interest which contains established businesses and a high level of expertise and shows a commitment to the area;
- a potential partnership with areas of common interest has been created through the client group for this research;
- the LCB Depot has been created and is open for business, and has great potential as a central focus for creative business, development and support;

On this account, in the view of the study team, the opportunity clearly exists for a developmental programme to be created to support the growth of the creative industries across the area.

We consider that the opportunity needs to be taken to act strategically in order to avoid fragmentation, duplication of effort and confusion for the practitioners and businesses in the sector. We strongly recommend that the range of interests involved in this study: Business Link, the City, County and District Authorities and the two SSPs, Welland and Leicestershire; do the following:

- act together to create a shared strategy
- develop a service brief which recognises both the shared objectives and those which are distinct to specific organisations and areas
- establish a single coherent creative business support initiative to serve the whole sub-region.

For this illustrative purpose, the alliance of interests is described as the Consortium.

An outline of the kind of joint initiative which the Consortium might pursue is suggested below:

The Consortium Strategy

- Recognise and promote the role of creative industries within the local and regional economy
- Recognise and exploit the interdependency of business and creative networks and supply chains across the whole sub-region, irrespective of political or administrative boundaries
- Prepare a collective response to the current (September 2004) regional consultation on business support needs, carried out by Business Support East Midlands
- Improve business support and support sustainable business growth
- Encourage the development and retention of talent in the sub-region
- Actively engage the private sector and independent arts practitioners in helping to drive and steer the consortium's policy initiatives
- Encourage the emergence and recognition of sector and industry champions to motivate higher standards and greater local self consciousness and confidence
- Address infrastructure deficits that affect the creative industries
- Identify a series of interlinked policy and infrastructure initiatives as critical platforms of the sub-region's creative economy
- Build on the clusters of activity in key sectors and support the establishment of networks
- Actively link with other creative industries initiatives in the region, including EM-Media, and with the East Midlands Incubation Network (EMIN).
- Enhance the earning capacity of workers and develop new employment opportunities in order to address vulnerable parts of the sector
- Focus on growth sectors with higher earnings potential
- Identify and acknowledge sectors in which the sub-region already has strength and competitive advantage and consolidate them
- Support cultural tourism initiatives and help to strengthen the attraction of the sub-region to visitors
- Do much more to nurture the potential of the sub-region's distinctive cultural diversity and encourage BME creative entrepreneurs to break out of ethnic economies
- Encourage wider appreciation of the potential contribution the creative industries can make to community development and capacity building
- Foster innovation, including research and development and Higher Education spin-outs
- Support the enrichment of the sub-region as an active and vibrant place to live and work with an innovative, thriving and competitive economy and encourage the growth of Leicester as a creative city and talent magnet for the area
- Address the needs of the creative industries sector, ensuring a programme of continuing consultation, research and knowledge transfer to inform future programmes

The Consortium Programme

The proposed actions to deliver these aims are:

Business Support Services

Business support measures will be determined by the Consortium in consultation with Business Link, and will be provided both by organisations contracted by the Consortium, and by creative industries agencies in the County. Services will be likely to include:

- Information and advisory services, including face to face and internet-based services.
- Detailed diagnostic service
- Brokerage of generic and specialist support activities
- Business strategy and training needs analysis coaching
- Follow-up mentor support
- Signposting and brokerage into appropriate training and business support services
- Seminars linked to needs identified through the diagnostic and mentoring programmes
- Specialist seminars linked to specific projects
- Collate available information on the local resources of legal and financial advice & expertise relevant to the creative sector
- Encourage economic development and allied departments within the partners authorities to recognise creative industries

Networks and Clusters

The plan will address both the cluster and networking needs of the whole sector and more specialised needs within it through the following measures.

- The development of a industry reference group representing a wide range of interests across the sector to advise on creation, and implementation of the strategy.
- Supporting face-to-face cluster and network activity aimed at bringing together practitioners and business around areas of common interest
- Supporting virtual clusters by using IT-based information and communication systems and developing new cluster initiatives, such as joint product packages designed for the Internet market
- Promote critical debate of the role of design and other creative industries in the development context, linked with the strategy of Regeneration East Midlands.

While it is perhaps easier to envisage the formation of clusters in and around the larger urban areas, there is great potential to be drawn from the creation of virtual clusters in the more rural and sparsely populated parts of the region. Welland is particularly well represented in design, publishing, architecture, art and antiques and crafts enterprises. We recommend that it:

- consolidates on these strengths, deepening its understanding of what makes the area attractive to businesses in these sectors, what are their needs and their contribution to the local economy
- builds the capacity of FE institutions in the area to act as hubs of creative industry activity, particularly through the expansion of modern apprenticeships and other skill initiatives, with the particular aim of retaining talent and supporting those returning to the workforce

The regeneration area of the City has two distinct characteristics. In the white working-class areas the creative sector is principally represented by relatively large businesses, many of them in the print industry, on the trading estates which are located there, and a small number of individual practitioners, mostly home-based. In Belgrave and the surrounding area there is a high level of creative businesses owned mostly by members of the Asian communities.

- The CIRT project, based at the Depot, has a focus on the regeneration areas. The existing larger companies located there will seek Business Link assistance if and when they need it. There is some usefulness in CIRT seeking to make connections with these businesses, and to encourage where possible initiatives such as work placements, modern apprenticeships and education/business partnerships targeting the regeneration area.
- In parallel with this, an objective of CIRT should be to identify actual and intending individual practitioners resident in the regeneration area, using the database from this research as a starting point. CIRT should ensure that identified individuals are aware of the range of assistance and support set out in the Consortium strategy, and facilitate their involvement in wider City networks.
- There is already a City initiative to encourage businesses in the Belgrave area to 'mainstream' and to seek to extend the locus of trading by Asian businesses to include the city centre. CIRT's focus on the creative sector will enable it to assist this initiative.
- An effort, albeit long-term, by CIRT to identify champions of creative industries within the Asian communities, and to promote their success and achievements to the community at large through promotional events, awards, and showcases will be valuable in helping to raise the standing of the sector in the eyes of residents. This in turn will assist in overcoming the perception that creative work is not a proper employment for able young Asians.

Marketing and Showcasing

Initiatives to develop access to customers and markets for sub-sectors in the study area may include:

- Development of sector-specific national and international marketing initiatives
- International trade e-forum for advice, information dissemination and peer to peer support
- An annual showcase of visual arts and crafts including open studios, exhibitions and sales events
- The further development of the creative industries database
- The development of new marketing initiatives and campaigns
- Support for groups and trade associations that will promote the work of practitioners and businesses though joint ventures
- An annual awards scheme promoted by the two SSPs to celebrate the achievements in the sector, profile champions and raise awareness of the sector in the local economy

Training and Skills Development

The Consortium will work closely with the colleges and universities in the sub-region to encourage the development of integrated training programmes for the sector, focusing on the following areas:

- Business management
- Technical skills development
- Professional development needs of the freelance community (link to the SkillsNet programme promoted by EM Media)
- Modern apprenticeship programmes
- Placements and work experience programmes
- Mentoring programme
- Training seminars
- Tutoring and project leadership

It is suggested that a Creative Industries Skills Forum, linking the FE, HE sectors and training providers with the industry would be beneficial in ensuring alignment between need and provision.

To raise the profile of the sector in pre-16 education, a collaboration with Creative Partnerships should considered, for the relevant area, and elsewhere the possibility of education-business partnerships should be investigated by the relevant local authorities.

Access to finance

- Assist business and practitioners in the sub-region to access current available sources of grants, loans and equity investment to support business initiatives;
- Raise awareness of the creative sector among the local business finance community, by means of promotional events and use of champions
- Consider establishing a dedicated local fund to support initiatives such as:
    - Supporting marketing initiatives by individual businesses
    - Explore new ideas, techniques and approaches which form new products to create new markets
    - Assisting new businesses to showcase work, particularly outside the County (e.g. at national and international fairs and exhibitions) in order to develop new external markets
    - Assistance with other innovative measures, including shared and joint initiatives such as the creation of incubation units, marketing consortia and group exhibitions, and IT developments.

Capital Needs

The plan will aim to address workspace and facilities needs through the commission of a Capital Needs Assessment in order to inform future capital plans on the part of local authorities and other allied interests. This should align with *emda*'s regional workspace development strategy.

Notes

Notes