



## Response to Priorities for the Economy, Trade and Rural Affairs Committee Priorities for the Sixth Senedd

### Response from the Creative Economy Unit, Cardiff University – 28 August 2021

Since 2015, the Creative Economy Unit at Cardiff University has conducted research and R, D&I activity to better understand and engage the cultural and creative industries, as well as the wider creative economy, in Wales. The Unit supports knowledge exchange, networking and collaboration via the following:

- **Creative Cardiff** (2015-present) is a creative city network with a community of more than 4000 members from the creative industries in the Cardiff Capital Region. The network fosters connections between creatives and encourages innovation across sectors and disciplines.
- **Clwstwr** (2019-2023), is part of the Creative Industries Clusters Programme - the biggest single UK government investment in the creative industries. Led by Cardiff University, the £10m innovation programme has curated and funded more than 100 research and development (R&D) projects with Welsh companies to create new products, services and experiences for the screen and media sectors: <https://clwstwr.org.uk>
- **media.cymru** (2022-2026) is a strategic investment programme bringing together 24 media production, broadcast, technology, university and local leadership partners to supercharge the media ecosystem. Its main ambition is to make the Cardiff Capital Region a global centre of media innovation: <https://www.cardiff.ac.uk/creative-economy/media-cymru>

As an immediate response to the COVID-19 pandemic the entire Creative Economy Unit pivoted its activity, shifting meetings, events and funding calls online as well as adjusting the methods for doing R&D in the creative industries. The challenges posed by the pandemic and Brexit has also meant that international activity, which is essential for media and creative production, has become much more difficult. The sector needs immediate support to recover from the negative impact of COVID-19 and Brexit. We have published several research reports in the past two years which analyse in greater detail the situation

of the creatives industries in the region in more detail – please see: <https://clwstwr.org.uk/publications>

### **The Committee’s challenges**

The economic fallout from the pandemic has been severe and could have long lasting effects on the Welsh economy, as well as on its competitiveness in relation to international trade:

- The arts and recreation sector has come to a virtual standstill.<sup>i</sup>
- 65% of Welsh businesses and 94% of those in the creative sector have lost considerable turnover.<sup>ii</sup>
- Workers have had their hours reduced, especially freelancers, many of whom are/were active in the creative sectors.
- Shutdown sectors, including arts and recreation employ a large number of BAME workers, who have suffered disproportionate economic hardship during and after the pandemic.<sup>iii</sup>

### **Building on pre-COVID strengths for post-COVID prosperity**

Before the pandemic, the Welsh creative sector had been a catalyst of growth, with ample opportunity for innovation and international trade. Our research shows that immediately before the start of the pandemic:

- 8,464 businesses and 40,404 workers (and an additional 40,000 freelancers) were active in the Welsh creative sector, producing £3.5 billion gross turnover.<sup>iv</sup>
- The media sector alone contributed to £406 million in the Cardiff Capital Region (CCR)<sup>v</sup>. Consequently, the creative sectors produced a disproportionately high share of Welsh GDP compared to their size.
- The creative sectors sustained another 3000 full time employees locally in a range of other business segments, including retail and wholesale trade, food production, legal services, etc.
- A proportion of Wales’ creative firms operate in the rural areas of North and Mid Wales. There are roughly 9000 employees working at 2000 companies<sup>vi</sup> in these areas producing around one sixth of the sector’s total turnover.
- Out of every eight new jobs in the audiovisual subsector in the UK, one has been created in the immediate vicinity of Cardiff. Of all the regions of the

UK, Cardiff's audiovisual sector had grown the fastest in terms of turnover per employee from 2010 to 2018.<sup>vii</sup>

- Much of this was driven by the screen sector, producing internationally traded and broadcast output, creating intellectual property (IP) such as copyrights. In addition to artistic creation protected by IP, creative companies in Wales have great innovation and R&D potential - 81% of them pursue innovative projects, with 34% of total workload devoted to it.<sup>viii</sup>

Recent investigations demonstrate that creative businesses now face significant turmoil with 94% of all creative freelancers saying they have lost very significant turnover during the pandemic and 60% have shut down completely.<sup>ix</sup> Meanwhile, 55% of creative businesses are concerned about their exports, retaining their overseas customers and pursuing international collaborations.<sup>x</sup> This suggests that while there is significant momentum in the sector, it is highly fragile.

### **Strategic Priorities for the Senedd Committee**

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We urge the Committee to consider the following to sustain and grow the creative sectors in Wales:

- Ensure recognition of the contribution of the creative industries to the Welsh economy and the need for tailored solutions to support the industry.
- Consider whether dedicated funding for small business innovation should be prioritized for this sector.
- Advocate the timely collection of data for the creative sectors, to help achieve meaningful improvements in the economic performance of creative businesses. There is a lack of available data on the self-employed and freelance workforce in the media and screen sector.
- Investigate support for small business leadership as a way out of the pandemic-induced economic crisis.
- Investigate the potential for a grant or zero-interest loan scheme for small businesses who innovate with the express goal of promoting inclusiveness, equity and sustainability.
- Look at measures to address the lack of an integrated and inclusive future skills strategy. Innovation and digital should be at the heart of a screen skills strategy, which is accessible and inclusive. With production companies expressing concerns for 2021 with regards to an expected shortage of labour, an increased visibility/access to jobs could ease the

pressure on the labour market. The Government could also use the momentum created by training providers' online offer to design a unique and diversified training plan, providing easy access to resources.

- Examine ways of supporting freelancers across Wales with continuous skills development. Skills development will prove crucial in the forthcoming period, as industry competition intensifies, and cross-disciplinary, digital and soft skills become increasingly in demand.
- Support the sector's internationalisation and innovation capacity, which is fundamental for its long-term resilience. A more systematic programme of funding schemes prioritising cross-disciplinary and trans-national collaboration is needed and should be done in collaboration with other international bodies.
- Ensure funding for apprenticeship programmes at creative SMEs for a continuous and resilient skill supply.

## References

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<sup>i</sup> Bevan foundation: Where next for the Welsh economy? May 2020, available online at <https://www.bevanfoundation.org/wp-content/uploads/2020/05/Economy-Briefing-Final.pdf>

<sup>ii</sup> ONS: Coronavirus and the economic impacts on the UK. 18 June 2020, <https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/coronavirusandtheeconomicimpactsontheuk/18june2020>

<sup>iii</sup> Welsh Government: Coronavirus and employment: analysis of protected characteristics, 19 June 2020, <https://gov.wales/coronavirus-and-employment-analysis-protected-characteristics-html>

<sup>iv</sup> See Creative Economy Atlas Cymru and Komorowski, Marlen & Lewis, Justin. (2020). THE COVID-19 SELF-EMPLOYMENT INCOME SUPPORT SCHEME: HOW WILL IT HELP FREELANCERS IN THE CREATIVE INDUSTRIES IN WALES?. 10.13140/RG.2.2.13868.49287. for data on freelancers.

<sup>v</sup> Fodor, M. M., Komorowski, M. and Lewis, J. (2021). Clwstwr creative industries report no 2 - THE MEDIA SECTOR IN THE CARDIFF CAPITAL REGION: DRIVING ECONOMIC GROWTH THROUGH AUDIOVISUAL ACTIVITIES. Clwstwr publication series, Cardiff, Clwstwr, p. 11.

<sup>vi</sup> This corresponds to roughly one fifth of all employees in the Welsh creative sectors. Source: Creative Economy Atlas Cymru

<sup>vii</sup> Fodor, M. M., Komorowski, M. and Lewis, J. (2021). Clwstwr creative industries report no 2 - THE MEDIA SECTOR IN THE CARDIFF CAPITAL REGION: DRIVING ECONOMIC GROWTH THROUGH AUDIOVISUAL ACTIVITIES. Clwstwr publication series, Cardiff, Clwstwr, p. 17.

<sup>viii</sup> Clwstwr Baseline Survey, 2020 (data from 2019).

<sup>ix</sup> Komorowski, Marlen & Lewis, Justin. (2020). THE COVID-19 SELF-EMPLOYMENT INCOME SUPPORT SCHEME: HOW WILL IT HELP FREELANCERS IN THE CREATIVE INDUSTRIES IN WALES?. 10.13140/RG.2.2.13868.49287. for data on freelancers. pp. 1-2.

<sup>x</sup> Komorowski, M. and Lewis, J. (2020). Clwstwr policy brief no 1 - the (potential) impact of Brexit on creative businesses: implications for policy and businesses in Wales. Clwstwr publication series, Cardiff, Clwstwr, p. 11.