

Discussion Paper 2022/02

The Relationships Between Cultural Organisations and Local Creative Industries in the Context of a Cultural District

Authors

Natalia Vartapetova, Senior Consultant

Harry Fisher-Jones, Senior Consultant

Christie Lam, Research Analyst

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The Creative Industries Policy and Evidence Centre (PEC) works to support the growth of the UK's Creative Industries through the production of independent and authoritative evidence and policy advice.

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Introduction

The arts and culture are now established as important foci for policymakers – related to the fortunes of towns, cities, and the national economy. This association between the presence of creative industries in the form of clusters and quarters, precincts or districts, and the economic performance of cities has been explored extensively in studies that build upon Richard Florida's 2002 thesis that the 'creative class' is the core factor for the vitality of cities.¹ A key strand developing out of this is the role of not-for-profit cultural organisations and their impact on their local areas and, in particular, on co-located creative firms.² The ICIC's 2019 study, *The Overlooked Anchors*, has most recently made an argument for recognition of cultural organisations as anchors in their own right.³ Cultural anchors are seen as key loci within clusters of smaller businesses that benefit from proximity to higher concentrations of creative sector businesses. These benefits of clustering were first articulated by Michael Porter in the 1990s, and while numerous studies have evaluated tangible benefits such as growth in turnover, number of employees – namely,

¹ Richard Florida, *The Rise of the Creative Class: and how it's transforming work, leisure, community and everyday life* (New York, NY: Basic Books, 2002). Florida builds upon Jane Jacobs' work in the 1980s. See Jane Jacobs, *Cities and the wealth of nations: Principles of economic life* (New York, NY: Random House, 1984).

² For example, see Kay Oehler et al, *Network Analysis and the Social Impact of Cultural Arts Organisations* (Williamstown, MA: Centre for Creative Community Development, 2007).

³ Kim Zeult et al, *The Overlooked Anchors. Advancing a New Standard of Practice for Arts and Culture Organisations to Create Equitable Opportunity in America's Cities* (Roxbury, MA: ICIC, 2019).

quantitative metrics – the full range of more intangible interdependencies are yet to be fully explored.⁴

This Discussion Paper summarises a research study commissioned by the Creative Industries' Policy and Evidence Centre (PEC) and delivered by AEA Consulting (AEA), in partnership with Professor Geoffrey Crossick, Culture Mile (the core research case study district), and the Global Cultural Districts Network (GCDN). The detailed report of its findings can be downloaded [here](#). The research sought to explore the diversity of relationships that exist between not-for-profit cultural institutions and creative industries in the context of a cultural district.⁵ Nesta's 2010 *Creative clusters and innovation* remains the most extensive study to date on clustering, focusing on one type of interaction – knowledge exchange and innovation.⁶ This study uses bounded cultural districts to assess a fuller range of the economic and non-economic interactions that exist within cultural districts.

A cultural district is an area with a high concentration of cultural facilities and programmes and while it may have similar attributes to clusters, is formally organised and tends to have defined boundaries. By taking a place-based approach, we aim to isolate the impact of localised interactions in clusters of cultural institutions and creative industries, and ultimately, identify the ways in which the framework of cultural districts and clusters may act as a tool for mutual growth.

To anticipate our conclusions, we find that cultural districts have lower degrees of direct interaction between cultural anchors and businesses than often claimed and appear to behave more like agglomerations than clusters. However, our findings also suggest that master-planned cultural districts have a significant impact on area branding and placemaking – these strengthen the pull of creative businesses and professionals despite the lack of direct economic relationships.⁷ We also found that there are areas of synergies and efficiencies in the operations of cultural organisations and creative businesses where colocation can encourage collaboration, skills development, innovation, and research. This can take the form of formal and informal

⁴ Michael Porter, *The Competitive Advantage of Nations* (New York, NY: The Free Press, 1990). Studies that have assessed the economic impact of clusters of creative businesses include Max Nathan and Henry Overman, 'Agglomeration, clusters, and industrial policy,' *Oxford Review of Economic Policy*, Volume 29, Number 2, 203, pp. 383-404, and Andy Pratt, 'Advertising and creativity, a governance approach: A case study of creative agencies in London,' *Environment and Planning A*, 38:10 (2006).

⁵ "The Relationships Between Cultural Organisations and Local Creative Industries in the Context of a Cultural District", AEA Consulting, January 2021. Commissioned by PEC, 2020.

⁶ Caroline Chapain, Phil Cooke, Lisa De Propriis, Stewart MacNeill & Juan Mateos-Garcia, *Creative clusters and innovation. Putting creativity on the map* (London: Nesta, 2010).

⁷ This is in line with Nathan and Overman's assessment of cluster policy – interactions at an individual level are the strongest and should be the framework for cluster policy. Nathan and Overman, 'Agglomeration, clusters, and industrial policy,' *Oxford Review of Economic Policy*, Volume 29, Number 2, 203, pp. 383-404,

knowledge exchange, through professional forums and networking events, for example, project and programming collaboration, and creative workspace provision.

Encouraging such place-based collaboration between cultural organisations and creative businesses through tailored funding and R&D initiatives, local networks (e.g. virtual membership platforms), and municipal strategies and initiatives would lead to greater cross-sector innovation, provide skills and infrastructure support to creative business and cultural organisations, and result in greater local creative and wider community engagement and cohesion.

Our research examined Culture Mile as the core case study district. Located in the north-west corner of the City of London, Culture Mile was initiated by the City of London Corporation in 2017 together with four cultural and educational organisations ('Core Partners'): the Barbican Centre, the London Symphony Orchestra, the Guildhall School of Music & Drama, and the Museum of London. Culture Mile is part of London's Square Mile, an area with a high concentration of large business and corporations that also operates as a Central Business District for London and the South East, serving as a global financial centre. Our analysis employs qualitative and quantitative methods, using in-depth interorganisational relationships and network analysis of the Core Partners within Culture Mile, and the creative businesses registered within its boundaries. This was followed by comparative analysis of five other cultural districts across the UK: Better Bankside, a Business Improvement District on the southern bank of the River Thames in London; Salford Quays; Newcastle/Gateshead Quays; Bristol Harbourside; and Dundee Waterfront. These five districts were selected as they offer a diverse range of geographic and historic context across the UK, situated within repurposed former industrial areas and active hubs of business. Each district contains anchor cultural organisations along with creative industries sectors of various sizes and concentration of creative businesses. Some of these clusters grew 'organically', others developed as urban regeneration and business development districts.

AEA's research aimed to generate a deeper understanding of whether cultural districts provide a framework for fostering a synergetic relationship between not-for-profit cultural institutions and for-profit creative industries; and make recommendations on what measures can best support this.

Methodology

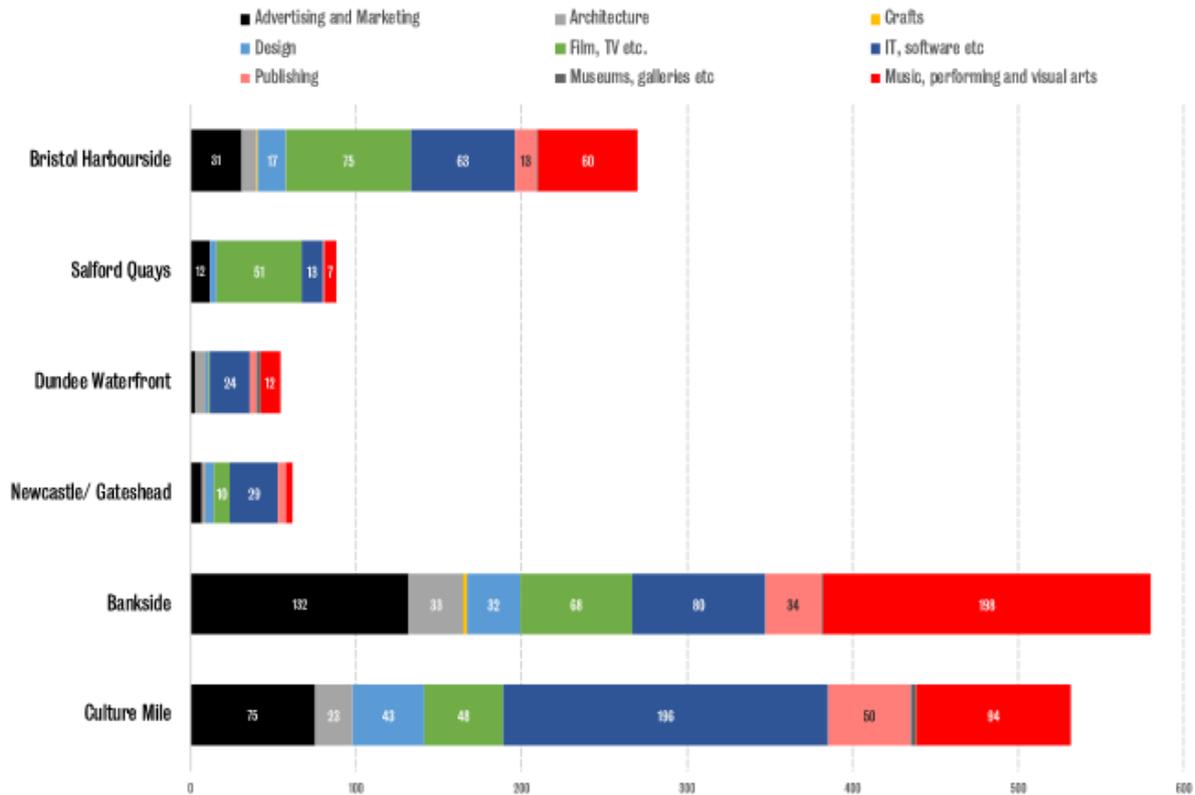
The research methodology comprised a literature review, sector definition and mapping, an analysis of interorganisational cross-sector relationships through qualitative consultation with sector practitioners, and a comparative analysis of the six districts. The key areas of inquiry were informed by the types of relationships described in literature review so far and identified through desk research:

- Creative industries as suppliers to cultural not-for-profits: i.e., direct economic contribution of cultural institutions, such as employment opportunities for creative industries professionals and the purchase of goods and services from creative businesses;
- Creative industries (organisations and workers) as customers of cultural not-for-profit institutions, i.e. service provision by cultural institutions to creative industries;
- Cross-sector skills development, peer learning, and knowledge exchange;
- Place-based impact, including area branding and the perceived importance by creative industry personnel and businesses working close to cultural institutions (which was evaluated through reported levels of satisfaction with accessing those amenities and under which conditions);
- Cultural institution-generated factors affecting growth of creative industries and vice versa.

Using the UK Department for Digital, Culture, Media and Sport classification of creative industries, our mapping identified registered creative industry firms in each district, looked at their proportional representation by creative subsector, and any observed clustering.⁸

⁸ That includes advertising and marketing; architecture; crafts; design and designer fashion; film, TV, video, radio and photography; IT, software and computer services; publishing; museums, galleries and libraries; music, performing and visual arts. The district boundaries were defined in consultation with the district representative bodies and taken as a set of postcodes.

Figure 1 Creative industry subsector shares across all comparator districts by number of registered firms



Source: 2019 Companies House business data of active registered businesses.

The analysed cultural districts vary in concentration of subsectors of creative industries: some have a higher concentration of certain types of businesses due to policy and anchor organisations supporting a particular creative subsector or sub-sectors (e.g. software engineering, media, TV, and film in MediaCity / Salford Quays in Salford), while others have developed organically over time (e.g. a theatre cluster in Bankside or film & media production in Bristol Harbourside, creating a reputation for a particular artform within each respective district). In Culture Mile, a cluster of music, performing and visual arts organisations was observed south of the Barbican Centre around the London Wall; and IT, software and computer services around Smithfield Market and Long Lane – home to the Innovation Warehouse, a co-working and incubation community for digital high-growth start-up businesses.

The anchor cultural organisations in each district are predominantly not-for-profit visual arts and performing arts organisations (see Figure 2). Some of these have been developed as part of a coordinated regeneration effort (e.g. Sage Gateshead and Baltic in Newcastle-Gateshead or V&A Dundee in Dundee), while others have pre-dated such efforts (e.g. Live Theatre in Newcastle).

Figure 2 Anchor cultural organisations at each of the studied cultural districts

Cultural District	Cultural Anchor	Art Form
Culture Mile	Barbican	Multi-Arts
	Guildhall School of Music & Drama	Performing Arts
	London Symphony Orchestra	Music
	Museum of London	Museum/Heritage
Bankside	Tate Modern	Visual Art
	Shakespeare's Globe	Performing Arts
Newcastle-Gateshead Quayside	Sage Gateshead	Performing Arts
	Baltic Centre for Contemporary Art	Visual Art
	Live Theatre	Performing Arts
Dundee Waterfront	V&A Dundee	Visual Art / Design
	Dundee Contemporary Arts	Visual Art
	Dundee Rep Theatre	Performing Arts
Bristol Harbourside	Arnolfini	Visual Arts
	Colston Hall	Performing Arts
	Spike Island	Artistic Production
	We the Curious	Science
	M Shed	Historical
	Bristol Old Vic	Performing Arts
	Watershed	Film / Multimedia
Salford Quays	The Lowry	Performing Arts
	BBC MediaCity	Film, TV, Media

The qualitative consultation completed as part of the research study engaged 154 individuals – 64 of whom were staff of the anchor cultural organisations and 90 were creative industries professionals across the six cultural districts. The consultation methods comprised confidential individual

(phone and video) interviews and online questionnaires and sought to establish:

- Types, frequency, and strength of relationships (if any) between the cultural organisations and local creative industries;
- Awareness and perception of anchor institutions by creative industries;
- Awareness and perception of creative industries by anchor institutions;
- Impact of cultural anchors on local creative industries and vice versa;
- Future opportunities for (mutual) growth.

1. Observed relationships between cultural organisations and creative industries in the six cultural districts

Our analysis of the consultation data in all six districts, and of the institutional (supply chain) data in Culture Mile, focused on three key relationships between anchor cultural organisations and co-located creative industry firms and workers. These relationship areas are: area branding and placemaking; knowledge exchange, skills development, and networking; and supply chain interactions.

In their strength and frequency, the area branding and placemaking were the strongest, while the supply chain interactions were the least frequent with a low volume across the studied districts. Findings were supported by a literature review of over 100 research reports, monographs, and articles on cultural districts, creative industries, the broader cultural sector, and relationships between the three.

1.1 Area branding and placemaking

Universally, the representatives of creative industries firms and freelancers acknowledge the positive impact of anchor cultural organisations on the character of their local area, making it more attractive to visit and work in, with cultural organisations often serving as destinations or attractions. While most creative business owners and employees acknowledged that being close to major cultural attractions was not a decisive factor in their choice of business location, they recognised the 'spillover' benefits that these institutions have on their areas. Business owners often said that they chose to locate close to cultural venues to help attract employees – despite the fact that the work of those cultural organisations was frequently not directly relevant to their business. The anchor cultural organisations – and their partner and ancillary activities – contribute to the appeal and vibrancy of an area,

especially in the districts with 'big corporate' presence, e.g. Salford Quays and Culture Mile – this was agreed upon across by a variety of stakeholders.

The reverse relationship – the impact of creative businesses and workers on cultural venues – was less pronounced, except in districts where there were large higher education institutions or informal networks that helped to unify the presence of creatives in the area.

The COVID-19 pandemic and associated lockdowns have had a great impact on place-based relationships in cultural districts, especially for creative industry firms who find that they do not necessarily need to come back to the 'place' where they were unless there is strong dependence on physical infrastructure or in-person collaboration given the mobile nature of their businesses and cost savings created by not maintaining a permanent office space.

1.2 Knowledge exchange, skills development and networking

Interactions involving the exchange of ideas, knowledge and skills are more prevalent in the districts where both cultural organisations and creative industries are strongly represented and well-established (e.g. Bristol Harbourside). Having a dedicated initiative (e.g. Creative Dundee) to facilitate networking and cooperation in the sector, along with advocacy and funding functions, proves beneficial to the creative sector and the anchor cultural organisations who gain access to a centralised and coordinated network of locally based creatives.

In Culture Mile, professional networking and skills exchange occurs on an ad-hoc basis with creative professionals occasionally participating in the events at the anchor cultural organisations' venues. Collaboration is seen as key by those with closer ties to anchor organisations, such as creative associates of the Barbican Centre; i.e., arts organisations based at the centre. The staff of anchor cultural organisations expressed interest in having a greater understanding of the local creative industries in order to be able to engage with them, while some of creative industries professionals expressed interest in programmatic collaboration, opportunities for R&D (research & development), and innovation projects.

Changes brought upon working lives and business activities by COVID-19 have also generated virtual networks, although these tend to be city or region-wide and not tied to individual districts. Such networks, however, often include only cultural organisations (e.g. forums of non-profit arts organisations or performing arts sector organisations) or subsectors of creative industries rather than a combination of both.

Where present, universities were important for the overall composition and character of a district, playing an active role in shaping the area and

relationship building between the cultural organisations and creative industries. They have also supported the development of a skilled workforce for both cultural organisations and creative industries, establishing partnerships and maintaining formal and informal networks. For example, in Salford Quays, the University of Salford and its departments directly contributed to the skills required by local employers (TV and media production, performing arts), has an important role in talent development for local creative companies while also offering opportunities for partnerships and collaborations. Students take professional apprenticeships and are able to undertake mentored projects in industry as part of their studies. Such programmes are hosted by The Lowry, the BBC, and The Launch enterprise start-up based at The Landing coworking space, among others.

2.3 Supply chain interactions

Direct, supply-chain interactions are limited – no explicit policies to procure local creative services and products were observed at any of the anchor cultural organisations we studied. Exceptions to this included creative and artistic partnerships where a cultural anchor hosted (that is provided space and other resources) to one or several creative companies and is a key commissioner of their work, or when cultural organisations hired local creative industries businesses and professionals to deliver such services as web design, graphic design, marketing, branding and photography ('local' in this case tends to cover areas larger than the 'host' cultural district). Creative industries workers are regular visitors to local cultural organisations, particularly to attend artistic programmes, industry events and hospitality outlets. Firms and professionals also reported renting space in cultural organisations to host corporate events.

While (hyper) local supply chain interactions were explored in the Culture Mile using the transactional data of three anchor cultural organisations, the overall volume of supply chain interactions was limited given neither creative industries nor anchor cultural organisations have a deliberate focus on procuring or supplying services and products in the local area. Rather, many are working with customers and audiences from around London, nationally, and internationally. Based on our consultation in five other districts, this also tends to be the case elsewhere, although cultural organisations in smaller urban areas on average engage with local suppliers (including creative firms and freelancers) more frequently than those in large cities like London.

2. Opportunities for future growth

The strongest themes that emerged from consultation, and that were evidenced in prior practice within the analysed districts as driving greater cross-sectoral collaboration, include communication and networking, opportunities for cross-sectoral experimentation, cross-sectoral R&D initiatives, skill-sharing, and programming. These were recurring topics in the consultees' input when asked about potential growth areas and any current gaps in their interactions across the cultural and creative sectors. These ideas are supported by some successful examples of place-based collaboration.

Representatives of anchor cultural organisations saw an opportunity for improved communication and networking processes, including by setting up and maintaining a dedicated, transparent, and consistent communication mechanism for anchor cultural organisations and local creative industries professionals. For example, this can be delivered by establishing an open online membership network for cultural and creative sector in the area which would allow individual businesses and professionals to connect, collaborate, and share information. Such 'neighbourhood' networks would allow for greater visibility, information exchange, and networking for both the cultural organisations and creative professionals based in the same cultural district. Likewise, the creative professionals consulted were interested to have improved access to the staff of local cultural organisations and other creative practitioners in the area.

Our analysis of cross-sectoral interactions in the other UK cultural districts showed that targeted investment from local and national funders in collaborations and R&D projects involving cultural organisations and creative businesses and freelancers can help stimulate cross-sector innovation and lead to new business opportunities. For example, Aardman Animations collaborated with local cultural organisations to pilot their first animation exhibitions. While these exhibitions started as a philanthropic endeavour to promote understanding and interest in animation, significant demand was shown by audiences which led to the development of a new business of touring exhibitions. Aardman exhibitions have since toured internationally and make a financial contribution to its business activities.

While cultural organisations are being used as 'testbeds' for experimentation and innovation, presenting new ambitious forms of work by locally based creative industries, they can also benefit significantly from targeted investment to support their work with creative industries, specifically in digital production and distribution, and cross-art form innovation. Consultees in Newcastle Gateshead suggested that Newcastle and Gateshead city councils could play a larger role in bridging and cultivating relationships between cultural sector and creative industries, especially as cultural organisations seek to move their programming online to deliver high-quality experience for online audiences. This will require services of specialist digital

companies that are well-equipped in both the arts and their respective subsectors.

The introduction of regular programming at anchor cultural organisations aimed at engaging local creative industries could help stimulate ongoing conversation and collaboration between the sectors. This can also support innovation that engages partners from across a variety of creative sectors and art forms. Such programming can be delivered in a series of professional and networking events; commissions of new work requiring a high level of collaboration and skill-sharing; and creation of temporary or permanent experimentation 'labs' at anchor cultural venues to accommodate ongoing R&D programmes aimed at development of the artistic and creative practices, skills, and knowledge. For example, Pervasive Media Studio at the Watershed in Bristol hosts a community of over 150 artists, creative companies, technologists and academics, who are given access to physical and digital resources, networks and expertise at no direct cost to its users, creating a unique environment for cross-disciplinary collaboration, experimentation and idea generation. In Dundee's Waterfront District, the V&A Dundee's five-year pre-opening programme engaged local creative industries – among other communities – to enable its integration within the pre-existing local ecology. The V&A's opening 3D Festival involved co-produced events and projects with local creative firms such as Biome Collective, groups at Abertay University, Open/Close Dundee, a public art trail, and Beano Studios. Local creative industries professionals in Dundee and elsewhere expressed interest in continuous engagement in such programmatic activity.

Additionally, creative industries practitioners expressed a desire for the provision of subsidised workspace, workshop, and studio spaces at cultural organisations' venues. This was a recurring theme among the creative freelancers consulted, who noted that the districts analysed in this study are dominated by commercial property and the high cost of living means that freelancers and contractors of the cultural organisations live elsewhere and may not have a regular relationship to the area. Offering creative workspace can also be beneficial to cultural organisations in diversifying the revenue mix and generating support towards public programmes. For example, Live Theatre in Newcastle purchased adjacent land and buildings and developed over 1,500 square metres of office space across Live Works and The Schoolhouse; Live Garden, a public park and performance space; and Live Tales, a children and young people's writing centre. There are over 20 different tenants in its office units and the revenue from this project is partly used to fund the Theatre's free educational programme.

3. Future monitoring of organisational relationships in cultural districts

In the process of data gathering, this research study identified a need to advance existing data collection and analysis practices at the intersection of cultural activity and the creative economy, and specifically place-based relationships between the cultural sector and creative industries. It would be beneficial to:

1. Establish a coordinated and systematic data collection and analysis process (regional and nation-wide) to capture relationships between the cultural sector and creative industries. When new initiatives and projects are launched, it would be helpful to build explicit real-time data gathering into them from the outset. Key data points for collection could include:
 - Frequency and types of interactions;
 - Economic transactions and supply chains;
 - Indicators of innovation and skills development.
2. Update methodology for place-based industry mapping to find methods to capture mobile businesses and freelancers, as well as businesses operating at addresses different from their registered office location.

For a literature review and complete mapping and consultation analysis, see the full study report by AEA Consulting: [*The Relationships Between Cultural Organisations and Local Creative Industries in the Context of a Cultural District*](#), January 2021.

Key Data Sources for the study and discussion paper include:

- AEA Consulting-administered online survey of creative industries and cultural organisations in Culture Mile, April-May; July 2020.
- Bilateral confidential interviews conducted by AEA Consulting with representatives of creative industries and cultural organisations in Culture Mile; Bankside (London); Dundee Waterfront; Bristol Harbourside; Salford Quays; Newcastle-Gateshead Quays; April-August 2020.
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- Non-ticketed Visitors at the Barbican, January 2019, by Futurethinking. (Provided by the Barbican Centre)

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Bruce.Tether@manchester.ac.uk.