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**Cultural Diversity Laboratory • Creative Industries and Cultural Diversity: Part 1 - Understanding the UK Policy Ecosystem**

# 1. Spatial inequalities of the creative industries in the UK

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## Introduction

The aim of this paper is to provide an overview of the spatial dimensions of inequalities across the creative economy in the UK. It seeks to cover the last thirty years, from Labour municipal interventions in the cultural industries to the 1997 Creative Industries headline strategy, and onwards to the period of Austerity in 2010, and the effects of Brexit. An overriding concern across this whole period is *the dominance of London* as (English) capital and seat of government, both in terms of industry concentration and policy attention, and the stark regional inequalities this gives expression to. In response, we see the pendulum swing back and forth between *local and cluster strategies to national strategic concerns*. On top of this is a process of *administrative devolution* to the UK's constituent nations, that has transformed the pattern of UK governance. Accordingly, we begin with outlining the empirical changes in the spatial patterns of employment, then turn to administrative shifts, and finally, we focus on policy changes.

## Spatial patterns of employment

The earliest mapping of the Creative Industries (CI) in the UK highlighted a stark pattern of spatial inequality of employment, with a comprehensive bias towards cities and the massive dominance of London (Pratt, 1997). This comes as no surprise, as traditionally the capital has been the focus of investment and activity in publishing, music, TV and film industries, fashion, and design, as well as theatre, museums, and galleries. National headquarters were located in London, and it represented the largest market and audience. Furthermore, the organisational structure of most of the creative industries was such that accessing specialist services, particularly legal and financial services, which were primarily based in London, was necessary for growth and development. For individuals and firms, this invariably required relocating to London.

The question of job distribution was slow to find its way onto the policy-making agenda; it took until the second 'Creative Industries Mapping Document' in the early years of the new millennium before a 'regional annex' was added (DCMS, 2001). As noted below, this coincided with a broader political discussion of a devolution agenda. This is but one aspect of a wider set of concerns regarding the distribution of spatial access to culture, its variety and diversity, and employment opportunities – longstanding issues which have increasingly become a focus of public debate and policy attention in the last decade.

Within this context, it is interesting and indicative to examine the changing spatial distribution of employment in the creative industries in the UK over the last decade. In 2010, 30% of all creative industry jobs in the UK were located in London, and by 2021, that figure had risen to 52%.<sup>[1]</sup> In parallel, the proportion of all employment in London increased from 17% to 19% of the UK total. Moreover, the creative industries grew as a proportion of all jobs in London from 11% to 15% in 2021, while in the rest of the country, creative industry jobs grew from 4% of all jobs to 6% in the same period. Clearly, this points to the continued dominance of

London generally at the expense of the UK, but with a dramatically increasing concentration and growth of the creative economy.

## Governance

The governance of the creative industries is a complex and evolving story. The labelling of creative industries as a new sector worthy of policy attention at national level coincided with a refocused concern on social exclusion and the devolution of powers to the UK's constituent nations and regions.

Pre-1997, national government did not recognise the creative industries, and they were not subject to debate within the relevant national department.<sup>[2]</sup> Notably, however, responsibility for these activities was first taken by local governments, notably urban authorities in the context of urban regeneration, with the particular goal of job creation. Local government in the UK has traditionally been the site for decisions on planning, and local economic development, as well as having responsibility for local cultural service provision, and local museums and galleries.

In the 1980s and 1990s urban authorities responded to economic decline and deindustrialisation with initiatives to refocus and redevelop local economies and provide employment prospects for the youth. The national government had, since the 1930s, had a regional policy which sought to 'rebalance' the effects of deindustrialisation, primarily in the declining coal and steel regions, and later with manufacturing more widely. The novel initiative was to treat the cultural creation and production *as an industry* and to include it within these general (urban) initiatives. As will be noted below, this led to specific local policy initiatives.

The change in name – cultural to creative – was in no small part a political one; but it also signified a change in the scale of governance from local to national.<sup>[3]</sup> Indicative here is the experience of the Greater London Council (GLC) in the 1980s, which was seen to represent 'left-wing' municipal socialism. The GLC had led a metropolitan campaign for an 'alternative economic strategy' to the Conservative government at a national level – a key part of which was, for the first time, the inclusion of the cultural industries (Greater London Council, 1985). The GLC was abolished by the Thatcher administration in 1986, just after this industrial strategy was published but other authorities – notably Manchester and Sheffield – also had active cultural industry policies and programmes that continued into the 1980s and 1990s. 'New Labour' picked up on these initiatives, although its project (as a centrist political formation) was to cast off its 'old Labour' radical left reputation; thus the *creative industries* formed part of a broader rebranding exercise that acted as a youth vote winner.

Critically, then, the New Labour administration's adoption of the 'creative industries' as a national policy focus, with the formation of the DCMS in 1997, was inspired by local initiatives such as these (discussed further below). Yet, as a new ministry, the DCMS had a full agenda. Its primary concern was the promotion of

commercial creative industries *as well as* the traditional arts and heritage (managed via the Arts Council and National Heritage agencies). Much of the initial focus was led by international branding imperatives ('Creative Britain') and the economic contribution of these (new-found) industries, as well as promoting affiliation with young people. Substantive policy development, particularly around regional and urban concerns, was placed on hold to return only at a later date.

An important contextual point about the New Labour administration was its mobilisation around social exclusion (Byrne, 2005). This was a shift away from conceptions of *absolute* poverty to those of *relative* poverty: the notion that exclusion based on individual/population characteristics and multidimensional deprivation meant that citizens were unable to play a full part in society. Accordingly, much of the early concern across government was with addressing social exclusion. Culture and the creative industries were no exception. This set in-train a focus on both the *distribution* of spending on culture across various social groups, as well as the *instrumental* role that culture could play in alleviating social exclusion.

Another dimension of concern to New Labour's administration was the devolution of administration actioned in Scotland, Wales and Northern Ireland in 1998. In 2002 this went further with the establishment of Regional Assemblies in England, who had sub-national responsibilities for strategic development. Critically, one of those responsibilities was culture, representing something of a return to a more localised mode of cultural industry governance. This 'third tier' of UK government was short-lived, however, and progressively abolished in 2008-10.

The London question remained another pertinent dimension of the devolution agenda. The abolishment of the GLC in 1986 had effectively dismantled a third-tier authority, returning power to local authorities within the capital, and removing London of an overarching strategic authority. Labour subsequently re-established a 'stripped down' version, the Greater London Authority (GLA) in 2000, with reduced powers and expenditure. Meanwhile, although the devolved government of Wales was still under the aegis of DCMS, the administrations of Scotland and Northern Ireland were independent from the powers of London and had their own bodies, and crucially budgetary control, such as Creative Scotland.

The Conservative administration from 2010 onward have been resistant to strategic development or regional development, preferring to focus on individual places. A series of urban growth initiatives have followed with the creation of 'City Mayors': distinct from the merely symbolic mayors of old, these were elected leaders of a strategic authority (although again, in the GLA mould, being very 'light' on actual powers).

Finally, we can note that the desire to promote cities and culture, after the model of the European Capital of Culture, has caught on over this period. The Liverpool 2008 ECOC was deemed a success, and the UK set up its own City of Culture model, which encouraged cities to compete for the title – starting in 2013 with Derry/Londonderry, and following every four years. This competition has come into its own in a post-Brexit context with ambitions to continue addressing inclusion and regeneration goals amid heightened recognition of

ongoing regional inequalities. Crucially, the very process of bidding is considered as important as the awarding of the title itself in galvanising local coordination initiatives. In 2017, the GLA followed, setting up its own even more focused ‘Borough of Culture’ model.

## Policy

As indicated above, the origins of a concern with and a focus on the Cultural Industries in the UK came from a series of metropolitan authority initiatives which in many respects were ‘oppositional’ to national government policy and politics of the period. Metropolitan authorities had powers and revenue-raising capabilities, with a legitimacy drawn from elected members. As part of their focus on local economic development in the early 1980s, they pioneered new interventionist economic development approaches, in opposition to the more ‘entrepreneurial’ approaches favoured at a national policy level, such as local ‘enterprise zones’ and efforts to attract foreign direct investment. Labour-controlled metropolitan authorities developed a number of initiatives to promote and support the cultural industries’ economic potential, expanding town planning to include economic and strategic aims. Equally, this contributed to social regeneration initiatives (dealing with local youth unemployment) and a vote-winning left populism.

One of these post-1980s municipal initiatives, popular across many cities into the 1990s and 2000s, was the establishment of a ‘cultural quarter’. Premises were provided at low rents and various initiatives were focused on supporting local cultural businesses. What was critical here was that this articulated a strategy focused on the cultural industries, jobs and participation, serving a suite of urban regeneration aims: replacing lost manufacturing jobs, re-using vacant buildings, and bringing people back to visit the cities (Evans, 2009).

The national DCMS ‘creative industries’ narrative about economic growth and renewal initially took some of the focus away from these local experiments. They returned in 2001 under a different guise: this time the inspiration was business ‘clusters’, following the business strategist Michael Porter’s work on the importance of proximity to value chains (Porter, 1995). The creative industries were identified as a field in which clustering was important and should be promoted, very much with a technological focus, as emphasised by the work of another New Labour creation, the ‘innovation foundation’ NESTA (Mateos-Garcia & Bakhshi, 2016).

In parallel, the devolution agenda was developing and, in England, regional cultural strategies were launched. These were an attempt to develop joined-up strategies for urban and regional planning of industries (in this case culture and creativity). Regional agencies were encouraged to collate and publish their own data and it appeared that the visibility of the regional dimensions of the creative economy had been recognised. In addition, the attempts to devolve programme-making within the BBC from London were pushed forward from 2008. In 2011 the new Salford Quays urban regeneration project was developed with a theatre and museum, as well as the new BBC site; this was replicated in Cardiff and Glasgow and a plan to spread programme-making around the country and decant from London. Channel 4, which had been set up to diversify programme-

making under the Conservative administration, was legislatively required to devote a proportion of its programme-making outside of London and the SE. In 2017, it was proposed that Channel 4 relocate its headquarters to Leeds.

This flurry of activity in the first decade of the twenty-first century was brought to a halt by an incoming the imposed austerity and public finance cuts, especially in the 2010-15 period of ‘coalition’ government.<sup>[4]</sup> Predictably, culture fared proportionately worse in this process, while DCMS adopted a more promotional economic ambition. Critically, local authority funding was cut radically, and this continued to ‘hollow out’ local capacities to regenerate and support culture. Indeed, some local authorities declared a zero budget for culture. Local authorities increasingly reduced labour and replaced it with part-time and voluntary staff (Pratt & Hutton, 2013; Pratt, 2017).

In 2018, the pendulum swung back in the direction of strategic governance when a UK Industrial Strategy was proposed. What was significant about this was that along with aerospace, construction and life sciences, the creative industries were promoted as a key focus for economic development. The sector deal (DCMS, 2023) was intended to focus on industry and place, although many critics pointed to the fact that the ‘placemaking’ element was pre-eminent. In fact, placemaking and support for a (competitive) ‘pepper pot’ allocation of resources had long been the *de facto* urban strategy; indeed it had been highlighted in the review led by (former television executive and Arts Council chief) Peter Bazalgette, which proposed a cluster policy for the arts sector (Bazalgette, 2017). Uniquely, as part of the Sector Deal, this approach was supported by university research funding. So, the UK research funding body, the Arts and Humanities Research Council (AHRC), joined to support the Creative Industries Cluster programme for the creative economy: the establishment of nine partnerships to develop creative clusters, particularly based on research and development funding and support for small business. Porter’s work and its application to the UK cluster programme had previously been criticised (Martin & Sunley, 2003); this new iteration, despite its academic foundation, was even weaker (Swords & Prescott, 2023).

As part of a post-Brexit strategic positioning, the (renewed) Conservative administration elected in 2019 adopted the phrase ‘levelling up’ to articulate regional and urban inequalities.<sup>[5]</sup> This was not proposing a renewal of regional policy but rather a scattering of initiatives, branded with a (hollow) slogan. To date, very little has come of this. It has suffered from a lack of focus, becoming mired in both the Covid-19 period and a lack of continuity: this has been a period characterised by repeated Conservative leadership contests, with a rapid turnover of Prime Ministers – and culture ministers.

Neither the pandemic nor Brexit prompted any distinct sub-national policies for the creative economy, and hence their effect was likely to reinforce existing distributional trends, as suggested by experiences of those cultural organisations in receipt of DCMS funding.<sup>[6]</sup> The economic consequences of Covid-19 continue to have a negative effect on live audiences, with all cultural organisations struggling to win them back. Of course, online services received a massive boost in the immediate aftermath of 2020 – but they too suffered the

problem of an interruption in pipelines of production and, in the post-Covid recession period, a ‘de-subscription’ from streaming services.

## Conclusion

We began this paper by noting the stark inequalities of distribution of employment in the creative economy in the UK: both the urban focus and the dominance of London. Crucially, that dominance has intensified over the past thirty years. The policy environment to support the creative economy has not been consistent with the regular changes in approach: from local, to regional to national (and back again); or between entrepreneurial incentives and strategic direction. It has been established that locality is an important characteristic of culture and the creative economy, especially with respect to clusters, this has been pursued at the expense of attention to a balanced approach to national and strategic growth. The situation has not been helped by a shift in the administrative culture through devolution in the UK – in particular, English regional creative economies have become worse off. Innovative initiatives have, however, been proposed for the devolved governments of Wales and Scotland and the latter have benefited from a more strategic and ‘joined up’ approach. A final characteristic of this thirty-year period is the long-term impoverishment of local authorities as the primary provider of cultural and creative economy support, replaced by a nationally-focused techno-economic boosterism aiming at export-led growth.

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[1] Figures in this paragraph derive from the Annual Population Survey (ONS) produced for the GLA Intelligence Unit 2022.

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/adhocs/15036jobsinthecreativeeconomyinlondonandallotherregionsoftheuk2010to2021>

[2] The Department of National Heritage was re-named the Department of Culture, Media and Sport in 1997; the name was amended to Department of Digital, Culture, Media and Sport in 2017, and in 2023 back to DCMS as digital was moved to the Department for Science, Innovation and Technology. See Appendices for a glossary and timeline.

[3] There are several additional definitional and terminological debates which need not concern us here (but see Pratt 2001).

[4] The Conservative-Liberal Democrat coalition of 2010-15; since followed by three different Conservative administrations in the period to 2023. English local authority funding was cut by 40% 2010-16; and in 2012 ACE (Arts Council England) had a 28% budget cut <https://www.culturalpolicies.net/database/search-by-country/country-profile/category/?id=42&g1=1>

[5] Levelling up and Regeneration Act 2023, <https://bills.parliament.uk/bills/3155>

[6] DCMS data suggests that “In 2021/22, the total income of DCMS-funded cultural organisations was £4.1 billion, lower than £4.2 billion in 2020/21 but higher than £3.6 billion in 2018/19 (the last financial year unaffected by the Covid-19 pandemic). Adjusting for inflation, this was a 2.2% decrease compared to 2020/21 and a 4.9% increase compared to 2018/19. In 2021/22, DCMS-funded cultural organisations received a total of £1.7 billion in Grant-in-Aid. This is a decrease of 6.2% from 2020/21, after adjusting for inflation. However, this is a 50.4% increase, after adjusting for inflation, since 2018/19, the last year unaffected by the coronavirus pandemic. These trends are largely driven by a substantial increase in 2020/21, particularly to Arts Council England as part of the Culture Recovery Fund, which then tapered off slightly in 2021/22.”