Project Report:

Promoting the creative sector in three deindustrialised economies: the United Kingdom; Bosnia and Herzegovina; and Croatia

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1 Introduction and summary

This report was made possible by a small grant from the Talent and Research Stabilisation Fund of UK Research and Innovation (UKRI). The short timescale allowed for expenditure under the terms of this grant – less than three months – precluded the completion of a research project. However, the funding was sufficient to fund preliminary investigation of emergent creative sectors in cities in widely different national contexts but having in common a legacy of "deindustrialisation" (i.e., drastically declining employment in traditional manufacturing industries). Accordingly, this document does not report new research findings but reports on the development of creative sectors in the UK and two countries in the Western Balkans, outlines ideas for place-based research on the creative sector, and details policy initiatives and associated sources of public funding for promoting firms and industries within the creative sector. The contents are intended to be of use to both researchers engaging in "place-based" research on creative industries and policy makers tasked with promoting the creative sector.

"Creative industries" such as ICT, architecture, advertising, design, media, publishing, and artistic performance constitute a unit of analysis demarcated by employment of markedly above average proportions of workers in creative occupations as well as by intensive use of ICT to provide new ways of creating and delivering creative "content" (Talam et al., 2022). Over the past 20 years or so, many regions of declining employment in manufacturing industries (deindustrialisation) have witnessed a partially offsetting rise of employment in the "creative industries". Examples are as varied as the development of the IT sector in Stoke-on-Trent and the emergence of Sarajevo (capital city of Bosnia Herzegovina) as a "cultural capital". So far, research on creative industries is relatively advanced in the UK, at its inception in the Western Balkans, and – to the best of our knowledge – largely uninformed by cross-country studies.

Accordingly, this report *prepares the ground* for three-fold research aims:

1. to quantify and map the development of creative industries in Stoke-on-Trent, the Federation of Bosnia and Herzegovina (BH) (one of the two entities within the state of Bosnia and Herzegovina) and a sub region of Croatia, which share a recent history of substantial deindustrialisation while their substantial differences invite contrast and comparison;

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2. to analyse the conditions that promote or retard the development of creative industries; and
3. to inform policy proposals and judgements regarding the scope for policy transfer between the partner regions and countries.

The aim of this report is to furnish a platform for international research collaboration and funding bids in all three regions – especially BH and Croatia – where little or no such research exists.

This introduction concludes with a **summary of the following sections**.

- **Section 2: Context**
    - explains the increasing importance of the creative sector in job and wealth creation in both the UK and the Western Balkans;
    - provides background information on each city and its national context (Stoke-on-Trent, UK; Sarajevo, Bosnia and Herzegovina; and Dubrovnik, Croatia), and
    - gives an account of the creative sector in each city and/or country.
- **Section 3: Creative Industries: definitions and an overview of national developments**
    - defines the creative sector and details its component industries, such that these are closely associated with knowledge, intellectual property and the intensive use of cognitive labour;
    - details the corresponding characteristics of creative industries;
    - details the definition of the creative sector used by the UK's Department for Digital, Culture, Media and Sport (DCMS), which has substantial international influence and is the working definition adopted in the present report; and
    - provides an overview of growing importance of the creative sector in the economies of the UK, Bosnia and Croatia.
- **Section 4: Empirical strategy for the mapping and investigation of creative industries**
    - develops a methodology for mapping and investigating the creative sectors in the three cities/countries of interest, setting out
    - research objectives and questions, and

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    - a two-phase methodology including (i) the acquisition of a web-scraped database of firms (discussed in relation to Northern Staffordshire – embracing Stoke-on-Trent, Newcastle-under-Lyme, and Staffordshire Moorlands) – and (ii) an interview schedule developed for use by all three partners (the draft of which is provided in Appendix B).
- **Section 5: Policy Support for Creative Industries** – sets out
    - an analysis of the policy environment designed to promote creative industries in the three cities/countries of interest, and
    - a comprehensive account of the *national* funding sources for the various industries comprising the creative sector.
- **Section 6: Potential EU funding sources**, which potentially support the development of creative industries in Croatia (an EU member state), Bosnia and Herzegovina (a candidate state), and – to an extent uncertain at the time of writing – the UK.

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2 Context

Given the rapidly changing national and global markets, not the least induced by technological advances, the importance of creative industries for more resilient, sustainable and competitive economies is ever-increasing. Creative industries not only constitute the fastest-growing sector in the world but are also an important source of employment and innovations with large positive spill-overs to other sectors of the economy (UNCTD, 2022). A recent report by the House of Lords (Parliament, House of Lords, 2023) brings into perspective the importance of the sector in the UK by noting that the creative sector has added more value to the UK's economy than the life sciences, aerospace and automotive industries combined. Moreover, creative industries along with finance and business services and pharmaceuticals have been described as "three key areas in which the UK is specialised and where global trade is growing" (De Lyon et al., 2022: 40; see also Aitken et al., 2021: 6). In addition to their importance for the national economy, studies of the creative industries have also highlighted their growing importance for local economic activity (Mateos-Garcia and Bakhshi, 2016). In the local context, the creative industries are found to contribute markedly to local cultural development, socio-economic well-being, export earnings, and, most importantly, to a smoother transition of the labour market towards a post-industrial economy (Jayne, 2004). In the context of cities that this report is focused on, the latter point is visible, amongst others, in the development and employment absorption of the IT sector in Stoke-on-Trent and the emergence of Sarajevo (capital city of Bosnia Herzegovina) as a "cultural capital". Noting the past and current importance of the sector, the future outlook of the creative industries is projected to grow and widen its contribution to the local and national economies (Mateos-Garcia and Bakhshi, 2016). Hence, we have compelling reasons to learn more about the sector and deliver a mapping strategy for the local creative industries and offer a comparison and contrast between the creative sectors of Stoke-on-Trent, Sarajevo, and Dubrovnik.

2.1 Stoke-on-Trent - UK

Stoke-on-Trent is a city, part of the West Midlands region of England, and is a conglomeration of six separate towns with a total population of around 260,000 (ONS, 2021).[1] The city's historical

[1] Individually the towns are known as Burslem, Fenton, Hanley, Stoke, Longton, and Tunstall.

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economic development has been characterized by significant economic transformations through the years, influenced by wider national and international economic forces.

In the late 19th and early 20th centuries, Stoke-on-Trent was an important centre for manufacturing coal-fired steam engines and locomotives, which played an important part in the industrial revolution. During this time, the city's manufacturing and engineering industries continued to grow and became an important source of employment and wealth creation for the city. While the coal, steel, and other metal manufacturing industry have been a staple element for the local economy, the past economic history of Stoke-on-Trent is mainly associated with the pottery industry. The growth of the pottery industry from c.1750, and therefore the subsequent concentration of economic activities, had its roots in the initial phases of industrialization driven by an endowment of local raw materials and entrepreneurial forces led by pottery manufacturers such as Wedgwood, Spode, Twyfords, and Toft (Jayne, 2004). At the height of the industry in the mid-19th century, Stoke's pottery production accounted for around 90 per cent of British production and around 70 per cent of world exports of pottery products, thus establishing the city as one of the leading pottery manufacturing centres of the world. During this period, the pottery industry was one of the main sources of employment in Stoke, with three out of every five employees economically active in this industry (Imrie, 1991). The high concentration of economic activity in the pottery industry induced a highly specialized workforce in pottery manufacturing, which was a unique feature of the labour market of Stoke-on-Trent in those past periods. While high specialization of the labour force brought large economic benefits for the city, the later deindustrialization phase that characterized the economy had a particular impact on the labour market and therefore, on wider socio-economic aspects of Stoke-on-Trent.

The decline of heavy industry, such as pottery and coal mining – which were traditional industries for Stoke – was predominantly evident in the mid-20th century and onwards, resulting in a high disruption in the local labour market. Not only did the decline result in high levels of unemployment, but the decline in the pottery industry impacted disproportionately the female labour force, as – at the peak of the industry – woman employees in pottery manufacturing outnumbered men by 2 to 1 (Imrie, 1991). To address these and other socio-economic challenges arising from deindustrialization, an urgent need arose to broaden the economic base of the city and

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hence, achieve some level of industrial diversification.[2] As noted by Imrie (1991) – who reviews industrial changes in Stoke-on-Trent up until the late 1980s – in the light of the declining trends in traditional industries even by the end of the 20th century, Stoke was very slow to broaden its economic base towards service and consumption-based economy. By the late 70s and 80s, the service sector accounted for no more than one-third of the economy, compared to the national average of above 50 per cent.

In more recent years, however, the Stoke-on-Trent economy has restructured markedly, with more focus on the service sector than the traditional manufacturing industry, albeit the manufacturing sector continues to remain important for the local economy. Overall, based on employment by industry, the service sector now dominates the economy and provides employment for above 80 per cent of the employed local workforce. At the same time, there is a clear indication of the growing importance of the creative sector for the local economy and the overall structural economic transformation of the city. In addition, and differently from those past early periods, the composition of Stoke-on-Trent's economy is fairly similar to the economic structure of the West Midlands and resembles that of the national economic structure.

The industrial composition based on employment can be observed from data provided by the Office for National Statistics (ONS), which are presented in Table 1 below. From the data below it is observed that employment in the manufacturing industry as a share of total employment is around 12 per cent, a figure which is just above the West Midlands region average and above that of the national average (11.3 and 8 per cent, respectively). Differently from the national average, and from the West Midlands, the health sector dominates Stoke-on-Trent's economy, providing employment to around 20 per cent of the employed workforce. The dominance of the health sector is a reflection of the broader trends of the workforce toward public-sector employment taking over from private-sector employment. The wholesale and retail sectors are also significant for employment and overall local economic activity, providing employment to around 16 per cent of the employed labour. Moreover, looking at broad industry sectors, creative activities – such as information and communication, and arts, entertainment and recreation – are well developed in Stoke-on-Trent and the levels of employment in these industries similar to national

[2] See the 10-year city local plan "City of Stoke on Trent Local Plan 1990-2001" adopted on 1st September 1993.

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average levels. These two sectors combined employ just above 7 per cent of the active local labour force, a figure which is just above that of the national average.

Table 1. Employment by broad industry sector

SIC Description	2019	2020	2021	Stoke on Trent (%)	West Midlands (%)	Great Britain (%)
Mining and Quarrying	150	75	10	0.1	0.0	0.2
Manufacturing	15,000	14,000	14,000	12.1	11.3	8.0
Electricity, Gas, Steam and AC	300	300	300	0.2	0.5	0.5
Water Supply, Sewerage, Waste Management	1250	450	1250	0.8	0.8	0.7
Counstruction	5000	4500	4500	4.3	4.3	4.8
Wholesale and Retail Trade	18,000	19,000	18,000	16.7	16.5	15.0
Transport and Storage	11,000	11,000	12,000	8.1	5.9	4.9
Accommodation and Food Service	6,000	5,000	5,000	4.5	6.5	7.5
Information and Communication	4,500	4,500	5,000	3.5	2.9	4.3
Financial and Insurance Activities	1,750	1,750	1,250	1.7	2.3	3.5
Real Estate Activities	1,250	1,000	1,000	0.8	1.8	1.8
Professional, Scientific and Technical Activities	4,000	4,500	4,000	3.5	6.9	8.7
Administrative And Support Service Activities	9,000	8,000	8,000	6.9	9.0	9.0
Public Administration And Defence; Compulsory S	4,000	4,000	6,000	3.6	3.8	4.4
Education	9,000	9,000	9,000	7.8	9.1	8.9
Human Health And Social Work Activities	25,000	24,000	24,000	20.4	13.5	13.2
Arts, Entertainment And Recreation	4,500	4,500	4,500	3.8	2.4	2.5
Other Services Activities	2,000	2,000	1,750	1.6	2.2	2.1

Source: ONS Business Register and Employment Survey; % is the average proportion of total employee jobs in the last five years; figures rounded to the nearest 100.

Unfortunately, specific data on the creative sector in Stoke-on-Trent is sketchy.[3] Table 2 contains the most detailed data that the Office for National Statistics was able to provide in response to a special request (see Analysis of enterprises in Stoke-on-Trent involved in creative industries 2022 - Office for National Statistics).

[3] The Department for Digital, Culture, Media & Sport (DCMS) – responsible for the definition and policy direction of the creative industries, including IT Software and Computer Services) – responded on December 21st 2022 to a modest request for help with data made on February 16th 2022 by claiming that "the DCMS does not have information within the scope of your request".

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Table 2. The count, employment and turnover (£000`s) of VAT and/or PAYE based Enterprises in Stoke-on-Trent involved in Creative Industries (Data as at March 2022)

	Count	Employment	Turnover
Advertising & Marketing	35	..C	..C
Architecture	15	34	2,109
Crafts	5	..C	..C
Design Product Graphic and Fashion Design	25	38	3,220
Film TV Video Radio and Photography	25	198	5,446
IT Software and Computer Services	160	..C	..C
Publishing	15	39	5,379
Museums Galleries and Libraries	0	0	0
Music Performing and Visual Arts	25	116	5,617
Total	**305**	**1,211**	**327,050**

This data is important, because it suggests the presence in Stoke of a creative sector generating substantial employment (over 1,200 jobs) and almost a third of a billion pounds of annual sales). Unfortunately, the comprehensiveness of the ONS data is limited and probably underestimates the contribution of the creative sector to economic activity in Stoke.

1. The overriding requirement of confidentiality precludes employment data on the Advertising and Marketing, Crafts, and the IT Software and Computer Services industries.
2. Museums Galleries and Libraries has all three of count, employment and turnover listed as zero, despite several nationally and internationally important museums located in Stoke.
3. The ONS proxies the crafts industry by the jewellery industry. This is not appropriate for Stoke, which is host to many craft pottery firms.
4. The ONS data is based on the SIC2007 Standard Industrial Classification from 2007 (SIC2007) and thus cannot reflect well recent developments in the IT/digital sector.

In the light of recent developments in the IT/digital industries in Stoke, the ONS data may be particularly misleading. Preliminary research conducted as part of this project – see Section 4 below – suggests that the IT Software and Computer Services sector may be larger than is at first apparent from Table 2 and thus of greater importance. Gregory (2022: 1, 2 and 9) has shown that IT accounts for a relatively high share of local employment in Stoke. Moreover, Stoke is in the top 25% of places for digital output (even the top 15%, depending on the method of calculation),

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and in the top 10% for digital productivity. Consistent with the emergence of the IT sector in Stoke, there are indications, not yet in the public domain, that the Home Office is considering locating more advanced IT functions in Stoke. This suggests that others have spotted opportunities in Stoke. In turn, this will give the local IT/Digital sector even more potential, with major implications for skills development etc. Conversely, IT accounts for a small number of digital foreign direct investments (FDI) projects in Stoke relative to similar cities nearby.

Accordingly, in Section 4 of this report, we outline a research project to investigate the emergence of the IT sector in Stoke, its potential to attract inward investment, and its support needs.

2.2 Bosnia and Herzegovina

Bosnia and Herzegovina (BiH) is a Western Balkan country, a European transition post-conflict society, and an aspiring candidate for European Union (EU) membership. The last census was in 2013, which registered 3.5 million citizens in this country, while since then a huge emigration has very likely decreased the population size to less than 3 million (ASBiH, 2018). Yet, BiH is institutionally rather complex, it is composed of two entities (Federation of BiH-FBiH and Republika Srspka-RSBiH), including one district (District Brcko of BiH). The capital city is Sarajevo, located in the FBiH entity, which is decentralized into ten cantons with Sarajevo Canton having the largest population. Apparently, the highest concentration of population, institutions and urban infrastructure are located in the Sarajevo metropolitan area, with close to 600,000 people and around half of this population residing in the city area.

Throughout its one-thousand-year long history, BiH had been recognized as a multicultural environment, mixing Eastern and Western cultural and religious influences (Malcolm 1996), with Sarajevo being a good representative of the multicultural, multireligious and multi-ethnic city. Such surroundings can serve as magnets for different talents, and, indeed, Sarajevo was known as the centre where the production of music, film and art was quite rich even in the Former Yugoslavia (1945-1992), which also included six neighbouring republics from the region. Although the war period (1992-1995) structurally changed the demographic and ethnic composition on the ground (Efendic and Pugh, 2018), even nowadays Sarajevo is a city of high concentration of population, ethnically diverse, celebrated for its multicultural environment, and recognized for cultural

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creativity. Evidence for this is the dozen or so cultural events with established international credibility organized each year in Sarajevo, which inevitably are part of social life in the city.

These are some examples of events associated with the creative industry in Sarajevo:

- Sarajevo Film Festival (https://www.sff.ba/en),
- Sarajevo Winter International Festival (https://sarajevowinterfest.ba),
- Sarajevo Youth Film Festival (https://filmfreeway.com/YouthFilmFestivalSarajevo),
- International Theatre Festival MESS (https://mess.ba/en/internacionalni-teatarski-festival-mess-scena-mess/),
- Bascarsija Nights (https://bascarsijskenoci.bkc.ba/en/),
- Sarajevo Tango Festival (https://www.sarajevotangofestival.com),
- Sarajevo Photography Festival (https://sarajevophotofest.com),
- Jazz Fest Sarajevo (https://jazzfest.ba/en/),
- Ballet Fest Sarajevo (https://baletfest.ba),
- Sarajevo International Guitar Festival (https://sigf.ba),
- Al-Jazeera Balkans Documentary Film Festival (https://www.ajbdoc.ba),
- Sarajevo Rock Festival (https://www.facebook.com/SarajevoRockFestival/about/?ref=page_internal),
- Sarajevo Beer Festival (http://ww38.sarajevobeerfestival.com),
- Sarajevo Wine Weekend (https://www.facebook.com/SarajevoWineWeekend/),
- ... and others.

Apparently, there is a huge supply of events from cultural and creative industries, with a number of direct and indirect economic and social benefits for this city, its population, and creative economy outcomes. For example, cinematography in Sarajevo has developed into a modern, diversified sector, capable of producing high-quality content for domestic and foreign audiences (Nurkovic, 2015). Indeed, cinematography in BiH has been recognized with some of the highest world awards, including the Golden Bear at the Berlin International Film Festival, the Critics' Week Grand Prix at Cannes, the Golden Tiger of the Rotterdam Film Festival, an Academy Award for Best Foreign Language Film, and a Golden Globe Award for Best Foreign Language Film.

2.3 Croatia

Croatia is country located in northwestern part of Balkan peninsula, bordering Bosnia and Herzegovina. Croatia became member of the European Union in 2013 and adopted the Euro as its official currency at the beginning of 2023 (European Commission, n.d.). According to estimates

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of Croatian Bureau of Statistics for 2022, its population was approximately 3.9 million and has decreased by 0.6% in 2022 compared to 2021 (Croatian Bureau of Statistics, 2023). The capital city and the most populous city in Croatia is Zagreb, which is a home to approximately 20% of the total population in Croatia (which is equal to 767,445 people) (Croatian Bureau of Statistics, 2023). Croatia is organised into 20 counties and the City of Zagreb (The Miroslav Krleža Institute of Lexicography, n.d.).

Creative industries in Croatia are becoming an increasingly important segment of the economy, employing over 20,000 people and approximately being home to approximately 10,000 companies (Croatia, Ministry of Economy and Sustainable Development, n.d.). The Ministry of Economy and Sustainable Development (n.d.) notes that Croatia especially emerged as an important location for filming movies and series, and creator of video games.

These are some examples of events associated with the creative industry in Dubrovnik:

- Dubrovnik Summer Festival (https://www.dubrovnik-festival.hr/hr/program);
- Dubrovnik Film Festival (https://duff.kinematografi.org/en/);
- Days of Creative and Cultural Industries (https://dura.hr/dani-kreativnih-kulturnih-industrija/);
- Saint Blaise Festivity (https://tzdubrovnik.hr/lang/en/get/sto_raditi/53037/saint_blaise_festivity_dubrovniks_day.html);
- International Late Summer Music Festival Dubrovnik (https://www.dso.hr/en/international-late-summer-music-festival-dubrovnik/);
- New Europe Market Dubrovnik (https://neweumarket.com/dubrovnik/);
- Good Food Festival (https://tzdubrovnik.hr/lang/en/news/good_food_fest/index.html);
- Mediterranean Fair of Healthy Food, Medicinal Herbs and Green Entrepreneurship (https://www.mediteranski-sajam.com/?sajam=home&lan=en);
- ... and others.

Previous studies suggest that the most important segments of the creative industries for Dubrovnik Neretva county are *Architectural and Engineering Activities: Technical Testing and Analysis*, *Architectural and Engineering Activities and Related Technical Consultancy*, *Architectural Activities*, *Publishing Activities and Publishing of Books, Periodicals and Other Publishing Activities* (Miokovic-Polic et al., 2020).

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3 Creative Industries: definitions and an overview of national developments

Before we dive deeper into the importance of the creative sector for national economies, a note on the definition of what comprises the creative sector is warranted. John Howkins – one of the leading commentators on creativity and the creative industries – suggests that the creative industry includes all sectors whose goods and services are based on intellectual property (Howkins, 2001).[4] In a similar fashion, the Inter-American Development Bank (IDB) considers "the group of activities through which ideas are transformed into cultural and creative goods and services whose value is or could be protected by intellectual property rights" (Benavente and Grazzi, 2017, p.9). The United Nations Educational, Scientific and Cultural Organization (UNESCO) adopts a view of the sector from the cultural and social angle by defining the cultural and creative industries as those industries "whose principal purpose is the production or reproduction, promotion, distribution, or commercialization of goods, services, and activities of a cultural, artistic, or heritage value" (UNESCO and The World Bank, p.8).[5] Although there may be differences around the definition of the concept by various national and international bodies, the definition is commonly based on the interactions between human creativity, human knowledge, technology, and intellectual property.

Given that the definition of creative industries is an evolving concept, for the needs of this report covering developments in the UK and, later on, the mapping methodology for Stoke-on-Trent, we rely on the definition by the Department for Digital, Culture, Media and Sport (DCMS) which defines the creative industries as those that "have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property" (DCMS, 2016, p.6). In order to determine which industries are part of the creative sector, the DCMS uses the "Creative Intensity" metric to measure the proportion of employees involved in each industry. Based on the creative intensity, an industry is deemed creative when more than thirty percent of employees are involved in a creative occupation.

[4] Within the scope of this definition, the sectors that are considered are: architecture, visual and performing arts, crafts, film, design, publishing, research and development, games and toys, fashion, music, advertising, software, TV and radio, and video games.

[5] In the domain of this definition, the following activities are considered as part of the cultural and creative industry: audio-visual and interactive media, literature and press, performing arts, visual arts and crafts, ICH, design and creative services, and heritage and tourism activities and also gastronomy.

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DCMS publications do not specify the conceptual grounds for identifying particular occupations as creative, instead referring readers to Bakhshi et al. (2013) for a "replicable method of determining whether an occupation is creative" (DCMS, 2016, pp. 5 and 7; also DCMS, 2015, p. 4).

According to Bakhshi et al. (2013, p. 24), creative occupations combine cognitive skills (problem-solving) and collaborative relationships "to bring about differentiation to yield either novel, or significantly enhanced products whose final form is not fully specified in advance". There is no single criterion for whether an occupation is creative. However, occupations displaying all or most of the following five characteristics "are very likely to function as an economic resource that the creative industries require" (Bakhshi, 2013, p. 24).

1. *Novel process*: Achieving a goal, even one that has been established by others, in novel ways. Requirements are typically "expressed semantically rather than in terms of process … the creative worker has a concept of what 'kind' of effect is required, but is not told how to produce that effect in the same way that … even a skilled technician is instructed" (Bakhshi, 2013, p. 22);
2. *Mechanisation resistant*: Specialised labour not subject to automation;
3. *Non-repetitive or non-uniform function*: The cognitive task or problem to be solved is likely to vary each time it is applied, because each product is novel (at least to some extent);
4. *Creative contribution regardless of the context*: People in creative occupations can be found in industries not defined as creative; and
5. *Interpretation rather than transformation*: Occupations that do more than "shift" the product form or place or time.

The definition of the creative industries resulting from the DCMS methodology note entitled *Creative Industries Economic Estimates* (2016) yields nine industries that comprise the creative sector:[6]

(i) Advertising and marketing;
(ii) Architecture;
(iii) Crafts;

[6] A more detailed classification – at the SIC2007 four-digit level – is given in Appendix A.

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(iv) Design and designer fashion;

(v) Film, TV, video, radio and photography;

(vi) IT, software and computer services;

(vii) Publishing;

(viii) Museums, Galleries and Libraries; and

(ix) Music, performing and visual arts.

The contribution of these industries to the UK economy is substantial and in recent years their contribution to the economy has surpassed that of the life sciences, aerospace, and automotive industries combined (Parliament, House of Lords, 2023). According to data from the DCMS, the creative industries in the UK generated £109 billion GVA (gross value added) in 2021, accounting for 5.8 per cent of the UK economy that year. Prior to the Covid-19 pandemic, its contribution to the economy was larger (estimated at £116 billion in 2019). While the pandemic adversely affected this sector, notably museums, galleries, and libraries – mainly due to movement restrictions and hence, fewer visitors – the creative industry has proven to be more resilient that the rest of the UK economy during the Covid-19 pandemic period (Parliament, House of Lords 2023).

The importance of the creative industry for the UK economy is visible also in international trade data. According to DMCS's latest available data, in 2019 the UK creative goods exports amounted to £13.8 billion, representing 3.8 per cent of the total exports of goods, and its share in the total exports of goods increased by 0.1 percentage points compared to the 2018 figure. From the category of goods exported, the leading exporting category was music, performing and visual arts, representing 45 per cent as a share of the total creative goods exported, followed by crafts (35 per cent), and publishing (14 per cent). While exports of goods have been an important source of generating wealth and value for the economy, exports of services have surpassed exports of goods, making the UK the fifth-largest exporter of creative services in the world (UNCTD, 2022). During 2019, the export of creative services amounted close to £40 billion, accounting for 11.9 per cent of the UK's total exports of services. More than 50 per cent of the services exported were generated in the IT, software and computer sector, followed by film, TV, radio and photography (25 per cent) and advertising and marketing (11 per cent).

While the size of international trade in the UK creative sector is relatively large, it has been suggested that the official statistical data may not capture fully the size of the trade, especially the

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exports of creative services, for at least two reasons. According to Di Novo et al. (2021), the first challenge in capturing the true size of the market is due to the size of firms in the sector, which are mainly micro and small-sized enterprises, and, due to their size, their activities can go unreported. Secondly, unrecorded trade can occur also in electronic transactions, which may be sizable, especially in the digital-oriented subsector. Hence, one can reasonably assume that the size of trade in the creative industry may be larger than what is reported in the official statistics.

In addition to trade, the creative industry is an important source of employment and employs more of the younger and female labour force as compared to other sectors of the economy (UNCTD, 2022).[7] Based on 2021 DCMS data the creative industry employed over 2.3 million people, representing 7 per cent of all filled jobs in the United Kingdom economy. From the total number of employees in the sector, over one-third are self-employed compared with 16 per cent for the economy in general (DCMS, 2022). The largest employer within the creative industries was IT, software and computer services, followed by film, TV, radio, and photography. The resilience of the creative sector is visible also in the labour data which show that while the overall employment level in the United Kingdom fell by 0.6 per cent in 2021 compared with the previous year, employment in the creative industries increased by 5.1 per cent. Looking forwards, the labour market outlook indicates that the creative industry is on the path of creating an additional 1 million jobs by 2030.

According to the DCMS, in 2019 over 11 per cent of total registered businesses in the United Kingdom were operating in the creative industry (close to 300,000 businesses). In terms of the geographical location of creative business in the United Kingdom, a relatively high degree of concentration prevails, and the overall trend is leaning towards more rather than less concentration in urban areas (Mateos-Garcia and Bakhshi, 2016). Indeed, over half of creative sector businesses are located in London and the South-East of England, both in terms of the number of businesses and the number of employees. Four out of every ten employees in the creative sector are located in London alone (Mateos-Garcia et al., 2018). Nevertheless, despite this high concentration, the importance of creative business is increasing also for smaller cities and towns across the United

[7] According to a UN report on the outlook of the creative industries (2022), the sector provides employment to around 50 million people worldwide and the workforce is mainly in the age group 15-29 years old.

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Kingdom. This is shown in the latest report by Nesta, which identifies an additional 709 creative microclusters – this is in addition to 47 already identified established clusters – which despite showing a similar level of concentration of microclusters in major urban cities, brings to light the presence and the importance of creative business also in smaller towns (Siepel et al., 2020).

Differently from the UK where availability of data informs on the state of creative industries development and their respective contribution to the economy, in BiH the picture is less clear due to data availability. As yet, there is no systematic data on the culture and creative sector in BiH or Sarajevo, and relevant indicators can only be collected indirectly from statistical and other related sources, while it is quite similar in this respect to other Western Balkans countries where systematic data on the creative economy is lacking (Domazet et al., 2016, UNESCO, 2023). Nonetheless, UNESCO (2023) estimates that cultural and creative industries in the region account for an average of 3.5 per cent of the workforce, which is close to the European statistic. However, it is possible to identify initiatives and projects, supported by the EU and other donors, aiming to address the creative economy in BiH or the Western Balkans region.

Examples of international projects that support development of the creative economy in BiH.

- UNESCO, the British Council, and the Italian Agency for Development Cooperation are jointly managing the "Culture and Creativity for the Western Balkans" project. This is a four-year (2022-2026) undertaking funded by the European Union to foster dialogue in the Western Balkans (including BiH) by enhancing the cultural and creative sectors for increased socio-economic impact (https://en.unesco.org/node/356006).
- Another project supported by the EU is "Mapping of the Creative Industries in the Western Balkans" from 2022, which aims to provide new perspectives of the landscape of creative industries in the region, including BiH (https://www.rcc.int/pubs/137/mapping-of-the-creative-industries-in-the-western-balkans). The study from this project comes with recommendations on the kinds of interventions that can boost regional alignment and deliver economic, political, and social benefits.
- Also, the EU supported INTERREG collaboration in creative industries through the project "Development of Cross-Border Cooperation Network of Creative Industries" that involved established creative centres in three neighbouring countries – BiH, Croatia and Montenegro (https://www.interreg-hr-ba-me.eu/project/creativecbc/). These creative centres provide access to know-how, targeted services, new technologies and best practice methodologies to all the stakeholders relevant for development of creative industries in these areas.

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One of the rare, published research studies focused on the creative economy in BiH is Nurkovic (2015), which estimates that the creative sector in BiH includes close to 4,000 enterprises (around 15 per cent of the total), which are involved in around 100 international cultural events annually. The estimated value added of this sector is above 10 per cent of GDP, while the employment share accounts for over 6 per cent of the employed labour in the country. These estimates are broadly in line with estimates reported by Mikic (2013) for all six of the countries comprising the Western Balkans (Table 3).

Table 3. Value added and employment in creative industries in the Western Balkans, 2003-2011

Country	**2003**	**2011**	**2003**	**2011**
	Value added in %		*Employment share in %*	
Albania	0.8	0.3	-	6.2
Bosnia and Herzegovina	13.8	11.6	4.2	6.4
Montenegro	-	9.9	5.6	5.4
Croatia	11.1	11.8	7.8	9.1
North Macedonia	11.1	11.6	5.6	6.0
Serbia	6.4	14.7	4.1	5.3
Source: Mikic, 2013				

A study focused primarily on Sarajevo Canton is Domazet et al. (2016), who find that the cultural and creative industries (CCI) in Sarajevo Canton employ close to 7,000 individuals, or around 5 per cent of the total employed labour force, dispersed among some 1,500 legal entities. This makes around 60 per cent of total employment in the CCI sector in the Federation of BiH, one of the two entities (Table 4). Although these data are not directly comparable, they seem to be broadly consistent.

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Table 4. Number of employees in cultural and creative industries in Sarajevo Canton and in the Federation of BiH

Sector	Sarajevo Canton (SC)	Federation of BiH (FBiH)	SC/FBIH in % (rounded)
Architecture	190	723	26
Design	13	26	50
Electronic media	2,118	2,709	78
Film	150	276	54
Photography	56	213	26
Publishing	1,031	1,686	61
Museums, libraries, heritage	343	731	47
Music and art	554	860	64
Advertising and market communication	730	933	78
Computer programmes, games and new media	1,208	1,880	64
Art	51	290	18
Crafts	263	1,029	26
Total	**6,707**	**11,356**	**59**
Source: Domazet et al., 2015, p. 60			

Sarajevo has a population of around 600,00 or 27% of the population of the Federation of BiH (2,220,000; Bosnia and Herzegovina Population 2022/2023 (populationu.com)). Against this benchmark, Table 4 shows a clear "capital city effect", with Sarajevo accounting for a disproportionately large share of employment in most creative industries. If we look at the concentration of employees between different sectors recognized to be part of CCI in Sarajevo Canton, the first position, according to the number of employees, belongs to electronic media. This sector accounts for around one-third of employment in the CCI sector and around 80 per cent of employees in electronic media of the FBiH entity. Given the fact that terrestrial TV stations at the BiH, entity and cantonal levels have their headquarters in Sarajevo, including a few regional TV stations (e.g. Al Jazeera Balkans and N1), not forgetting a good number of radio stations, this is probably not surprising. The second place belongs to computer programming, games and new media (64%), which seems to be a sector in rapid development, with two widely known IT companies (Ministry of Programming - https://www.ministryofprogramming.com – and Symphony – https://www.symphony.is). The third place is publishing (61%), which is as expected, given that the biggest concentration of universities, libraries and students is in Sarajevo.

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Watson et al. (2011) report that UK universities play an important role in developing and fostering creative talent and providing an environment where creativity can flourish, producing new ideas and providing cutting-edge research. Although Sarajevo is known as the educational centre of the country, having the biggest public university (University of Sarajevo) and additionally three private universities, engagement of these universities in the development of creative industries or policy agendas around creative industries seems to be very limited, or at least is not much visible. For example, we have found no documents, or action plans for universities similar to those published from Staffordshire University by Watson et al. (2011). However, we do have indications of some initial positive developments starting with a quite comprehensive study on creative industries in Sarajevo Canton from 2015 (Domazet et al., 2015), which was financed by the cantonal government for its policy purposes and produced by the Economic Institute Sarajevo at the University of Sarajevo. Moreover, the strategic development plan for science in Canton Sarajevo (2023-2027) is underway, and it seems that more attention will be devoted to the creative sectors, and, in particular, to collaboration of universities, government and businesses (i.e., the Triple Helix approach). Still, as Taylor et al. (2013) conclude for UK universities, there are important institutional and professional challenges in developing an explicit and sustainable role of universities in the urban creative economies, which certainly applies for universities in Sarajevo.

During the period 2015 – 2019, cultural and creative industries in Croatia experienced a significant growth. The research undertaken by Ekonomski Institut Zagreb (2022) noted that the growth rate of GDP for cultural and creative industries during this period was 6.9% compared to 2.3% for the rest of the economy. The subsectors of largest importance are: IT sector, games and new media; Advertising and communications; and Music, performance and visual art. The same study noted that cultural and creative industries had a larger negative influence of COVID-19 pandemic, compared to the rest of the economy, mainly due to the structure of this segment of the economy and prevalence of microenterprises (Ekonomski Institut Zagreb, 2022). Similarly to studies undertaken in other countries, creative industries in Croatia have prevalence of microenterprises, higher tendencies toward self-employment, as higher prevalence of individuals with degrees (Rasic Bakaric et al., 2015). Lack of institutional support, as well as lack of financing options for cultural and creative industries, tend to be biggest barriers for development of cultural and creative industries (Jobst, 2020; Rasic Bakaric et al, 2015; Ekonomski Institut Zagreb, 2022).

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4 Empirical strategy for the mapping and investigation of creative industries

Within the scope of this time-constrained pilot project, the aim was to develop rather than implement a methodology for mapping and investigating the creative sectors in the three cities of interest. In this section, we refer to Stoke-on-Trent but the proposed methods were discussed and developed with Bosnia and Herzegovina (especially Sarajevo) and Croatia (especially Dubrovnik) in mind.

4.1 Research objectives and questions

This section sets out indicative research objectives and research questions (RQs) to be addressed by the proposed project. Broader and more complex objectives and questions will require a comprehensive "place-based" study. First, we will seek to address some basic questions. Examples include the following.

1. Estimating the size and composition of the creative sector in Stoke (e.g., number and type of firms, employees, turnover, productivity, and growth).
2. How did this sector emerge (where did it come from)?
3. Which activities account for the development of the IT, Software and Computer Services sector in Stoke?
4. IT (digital) industries have a two-fold importance in the creative sector: (i) as one of the major creative industries (the largest in Stoke-on-Trent); and (ii) because IT/digital industries have "a strategic, cross-industry importance among the heterogeneous creative industries, which typically engage in the joint application of IT and other creative skills" (Talam et al., 2022: 3, 6 and 9). Accordingly, we ask questions specific to the IT/digital industries.
    a. Are the SIC07 categories able to capture these activities; i.e., the SIC level four categories: Publishing of computer games; Other software publishing; Computer programming activities; and Computer consultancy activities?

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b. Or are the 400 or so categories of the more recent LinkedIn industrial taxonomy better able to capture the variety of firms and activities comprising the recent development of "digital Stoke"?

c. Is Stoke IT more than an "export enclave"?

   i. If so, how does the IT sector in Stoke relate to other industries in the creative sector?

   ii. To what extent are customers and suppliers located inside or outside the region?

   iii. Does it constitute part of a creative sector ecosystem or cluster, creating conditions for the evolution of a broader creative sector which, reciprocally, creates conditions for its own evolution?

5. What factors either promote or retard the creative industries?
6. What is the skills mix of employees and do they live locally?
7. What is the role of HIEs (e.g., Staffordshire University's e-gaming expertise and Keele University's Startup Hub)?
8. What is the role of FE, particularly in the light of the proposed Digital Academy?
9. What can be done to attract more creative – especially digital – FDI projects?
10. What are the implications for public policy at different levels?
11. How can this project inform a comprehensive place-based study of Stoke-on-Trent?
12. What lessons does "digital Stoke" carry for other communities living through the aftermath of "deindustrialization" (i.e., the decline of traditional sources of wealth creation and employment)?

4.2 Proposed methodology

The research objectives and questions will be addressed in two linked phases. The first is directed towards discovering "what is out there" in each city regarding the number, types and locations of firms in the creative sector, while the second is directed towards investigating dynamics of the respective creative sectors as ecosystems and identifying corresponding policy responses. The

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remainder of this section reports preliminary work undertaken for both phases, including: (i) the acquisition of a web-scraped database of firms in Northern Staffordshire – embracing Stoke-on-Trent, Newcastle-under-Lyme, and Staffordshire Moorlands – and (ii) the development of an interview schedule.

- **Phase 1: mapping (RQs and Objectives 1, 3 and 5)**

This phase will consist of mainly exploratory research. It is needed not least of all because of the paucity of local data at disaggregated SIC levels: we cannot have complete confidence in the data provided by the ONS for the nine creative industries in Stoke-on-Trent, because it is incomplete and, at least in part, inaccurate (e.g., the count for museums, galleries and libraries is given as zero); and the DCMS – responsible for the definition and policy direction of the creative industries, including IT Software and Computer Services) – responded on Dec. 21st 2022 to a modest request for help with data made on February 16th 2022 by claiming that "the DCMS does not have information within the scope of your request". Consequently, we will need to generate our own baseline data to address the questions listed above. However, two recent online meetings with ONS colleagues – including one with the recently appointed ONS Lead for the "West Midlands Local" ONS service (20-04-2023) – suggests that the ONS may be prepared to provide some data for comparison.

The database was acquired free of charge from **Glass.ai**, an artificial intelligence firm drawing data from 2.3 million UK firms. Among relevant projects for which Glass.ai has provided web-scraped data is the Nesta/Sussex mapping of creative industries (Siepel et al. 2020). Thanks to the generosity of Glass.ai, we have a database of around 3,000 firms covering the IT/Digital industries, the other creative sector industries, and – for comparison – selected other industries, focussing on the traditional manufacturing sector. These firms were identified according to the **LinkedIn** industrial taxonomy which has recently been revised to include more than 400 industries, which is both more extensive and up-to-date than the ONS SIC2007 taxonomy. Initial inspection suggests that, starting from the firms' LinkedIn URLS, we will be able to identify firms' websites and, therefore, a range of useful data including (i) postcodes and/or street addresses, (ii) the number of employees, (iii) the number of employees having graduated from Staffordshire University, (iv) year of foundation, and (v) the precise range of activities. The final database will also give us the sampling frame for subsequent interview and survey research. For

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listed/large/medium size firms, and possibly some small firms, we will be able to use Company House records to acquire data on employment and turnover and thus estimate labour productivity.

Using this web scraped data will entail considerable routine work (including data cleaning – e.g., inevitably some of the web scraped firms are wrongly categorised – and extracting data from Company LinkedIn profiles and websites). Further work will be needed to explore the potential of artificial intelligence means of preparing the web-scaped data for analysis.

Once each firm is geocoded, the first task will be to use Geographic Information Systems (GIS) software together with Ordnance Survey geo-location data to map IT/Digital and related firms. This will yield initial insights into the presence or absence of clustering and co-location patterns.

- **Phase 2: Field research (RQs and Objectives 2, 4, 5, 6, 7, 9, and 10)**

A semi-informed guess at the population of IT Software and Computer Services in Stoke would be between 50 and the low hundreds (165 in 2016, according the ONS data referred to above). This will be the population or sample frame of interest for field research, which will include (i) semi-structured interviews and (ii) structured questions for generating quantitative data from closed questions presented either at interview or via a short questionnaire suitable for implementation by phone or online. The project members compiled a draft schedule of open and closed questions. This is presented in Appendix B. These questions have been piloted on a small number of firms with whom we already have a relationship.

This field research will be conducted by semi-structured interviews/questionnaires with firms, local government (officers and councillors), representative business organisations, and institutions in the wider ecosystem (HEIs; FE; etc.). Interviews will most likely be necessary to secure a substantial response rate, but these can be supplemented by an on-line survey.

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5 Policy Support for Creative Industries

The creative industries are a vital part of the UK economy, contributing over £116 billion in GVA in 2019, and accounting for more than 2.2 million jobs (DCMS, 2021). In recent years, the creative industries' contributions to the national economy have surpassed that of the life science, aerospace, and automotive industries combined and, along with finance and business services and pharmaceuticals, are recognized as having contributed markedly to UK global trade growth (Parliament, House of Lords, 2023; De Lyon et al., 2022). The picture is less clear on the relevance of creative industries in the economies of Bosnia and Herzegovina, this is due to a lack of consistency in data collection. As noted by Cuff and Zecevic (2022), there is a general lack of data collection across creative sectors and also in those sectors where there are some data, the collection is usually inconsistent, making the impact assessments very hard. Nevertheless, despite these deficiencies, based on trade data of creative industries of 2005-2014, this report shows signs that there has been significant growth in the creative economy.[8]

Recognizing the significant contribution of creative industries to their national economy, the governments of the countries that this report is focused on have taken several initiatives to support the growth of their respective creative industries. However, as one may expect, it is noteworthy that the UK has implemented a substantial number of policy support measures as compared to Bosnia and Herzegovina and Croatia, countries in which the creative industries are largely treated in the context of overall national or cultural strategies and only recently have started to gain increasing attention by policymakers (Primorac, 2021).

5.1 Policy environment in the UK

5.1.1 Direct support

In the UK, policy support for firms in the creative sector is broadly of two kinds: direct (subsidies of different types – including grants, loans, and support such as consultancy services and help with networking); and indirect (mainly tax credits, i.e. business tax reductions triggered by investment, especially investment in R&D). These policies are implemented at the national level, which may

[8] Commissioned by the Regional Cooperation Council, Cuff and Zecevic (2022) are the authors of the report that maps the creative industries in the Western Balkan countries.

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be at the level of the devolved national governments – England, Northern Ireland, Scotland and Wales – rather than the UK. Looking at the policies – both funding programmes and tax reliefs – in support of creative industries in the UK, the following initiatives are to be highlighted:

5.1.1.1 Cultural Investment Fund

The Cultural Investment Fund (CIF) was launched in 2018 as part of the UK government's Industrial Strategy with the aim of supporting the growth of the creative industries and boosting regional economic development. The fund is managed by Arts Council England, the national development agency for the arts in England, and aims to support innovative cultural projects, libraries, museums, and creative industries with a total of £250 million. From the total allocated funds, around £125 million are dedicated to investing in regional museums and libraries around the country. The Cultural Development Fund, which utilizes investment in heritage, culture, and creativity to promote regeneration and growth, will receive funding exceeding £90 million for its expansion.

The CIF is a combination of three capital funds, namely:

- The Cultural Development Fund (CDF) – aims to promote cultural and creative regeneration and growth across England. It provides financial assistance for projects that invest in heritage, culture, and creativity to drive economic, social, and environmental benefits in local communities.
- The Museum Estate and Development Fund (MEND) – is a funding initiative that aims to support the development and maintenance of museum facilities and properties.
- The Libraries Improvement Fund (LIF) – as its name indicates, the programme is designed to support the development and improvement of libraries by providing financial assistance to upgrade their facilities, services and resources to better meet the needs of communities.

According to the project website, to date, the fund has announced £48 million of investment through the CIF to support museums, libraries and cultural organisations.[9] The list of projects supported by the CIF fund can be found in Appendix C, while the aggregated data on investment by region is presented in Table 5 below.

[9] Programme website: https://www.artscouncil.org.uk/our-open-funds/cultural-investment-fund

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Table 5. CIF investment by regions

Region	Number of awards	Value of awards
North East	5	£9,659,800
North West	9	£9,359,600
Yorkshire & Humber	9	£6,260,930
East Midlands	8	£2,503,233
West Midlands	5	£6,811,856
London	6	£1,765,134
South East	7	£4,970,120
East of England	5	£1,022,325
South West	9	£5,751,139
Totals	**63**	**£48,104,137**

Funding Strand	Number of awards	Value of awards
LIF	25	£4,992,106
MEND	31	£18,833,373
CRF 2	7	£24,278,658
Totals	**63**	**£48,104,137**

Source: Arts Council England

5.1.1.2 Culture Recovery Fund

The Culture Recovery Fund (CRF) programme was launched in mid-2020, with a budget of £1.57 billion aiming to provide financial assistance to cultural organisations in the UK that have been negatively impacted by the Covid-19 pandemic. The CRF provides financial assistance, in the form of loans and grants, to cultural organisations of all sizes aiming to help these organisations survive the pandemic and continue to provide employment and cultural opportunities for communities across the UK. From the total of £1.57 billion CRF funds, £1.15 billion are allocated for cultural organisations in England, from which £270 million are made available through repayable finance and £880 million via grants. A sum of £120 million has been allocated for capital investments aimed at resuming the construction of cultural infrastructure and heritage projects in England, which had been halted due to the pandemic. £100 million in targeted assistance has been earmarked for national cultural institutions and the English Heritage Trust in England and £188 million for the devolved administrations in Northern Ireland, Scotland, and Wales.

The Department for Digital, Culture, Media and Sports administer the fund and distribute the financial support through various agencies such as Arts Council England, Historic England,

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and the National Lottery Heritage Fund. According to the Arts Council England website, the CRF to date has announced £892 million in investments awarded to over 5,000 organisations and sites.[10]

5.1.1.3 Create Growth Programme

The Create Growth Programme, launched at the end of 2022, aims to support creative businesses with a high growth potential.

> The CGP is an expansion of the Creative Scale Up pilot (2019-2021), which provided the Greater Manchester, West Midlands and West of England Combined Authorities with a package of business and investor support to support creative businesses to scale and access finance outside London. The CGP will build on the success of the pilot to provide six regions in England outside London with a bespoke package to support high-growth potential creative businesses and build investor networks. The support package will comprise three complementary strands: business support targeted at the creative industries; finance; and investor capacity building activities. Applying to the Create Growth Programme - GOV.UK (www.gov.uk)

The focus of the fund is to support businesses in six different regions of England, that are located outside of London, in easing their access to finance and, hence, support scaling up their activity, attracting new investments, and increasing job opportunities. The budget size of the program is £17.5 million, with each of the six regions receiving £1.27 million in grant funding. The regions eligible for funding are Great Manchester; the West of England and Cornwall and the Isles of Scilly; Norfolk, Suffolk and Cambridgeshire; Leicestershire, Derbyshire and Lincolnshire; Kent, Essex and East and West Sussex; and the Northeast of England.

5.1.1.4 Creative Clusters Programme

The Creative Clusters Programme was launched in 2018 by the Arts and Humanities Research Councils, with a programme size of £120 million. The aim of the programme is to support the development of creative industries across the UK by facilitating collaboration between businesses, universities, and other organisations to form collaborative networks, known as clusters. These

[10] More information on individual awards and on the program can be found at the following link: https://www.artscouncil.org.uk/research-and-data/culture-recovery-fund-data#:~:text=To%20date%2C%20we%20have%20announced%20%C2%A3892%20million%20of%20investment.

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clusters are designed to encourage innovation, creativity, and growth within the creative industries. Within the programme, there are nine clusters established, made up of a range of different organisations and located in different parts of the UK with the focus of supporting the growth of creative industries outside London and the South East.[11]

Although the impact of the programme has been considered to be highly significant, funding for the programme was due to end in March 2023. According to some preliminary evaluations of the programme presented in the House of Lords report (Parliament, House of Lords 2023), the programme had funded 700 industry-led R&D projects; supported close to 600 new products, services and experiences, and trained 3,500 industry professionals and academics. Given its relevance and high impact on the creative industries, a recent inquiry by the House of Lords (February 2023) has recommended the continuation of funding for the programme for the most successful clusters after March 2023.

5.1.1.5 Convergent Screen Technologies and Performance in Realtime

Launched in June 2022, the Convergent Screen Technologies and performance in Realtime (CoSTAR) programme is part of a £481 million portfolio of research and innovation infrastructure investments. The main aims of the programme are to develop a world-leading infrastructure for advanced digital technologies to transform the creative industries' Screen and Performance sector. In other words, the aim is to develop and converge technologies in creative businesses. With a budget of around £75 million, the programme seeks to stimulate collaboration between higher-education institutions and creative businesses to drive innovation in new products, platforms and experiences.[12]

5.1.1.6 Other Supportive Programmes

Creative Catalyst Programme – is a £30 million programme designed to help high-potential businesses in the creative sector. Its objective is to foster innovation and growth by offering a range of financial and non-financial support. The support provided by the programme includes business

[11] The nine established clusters focused on different industries of the creative sector are: Bristol+Bath Creative R&D; Business of Fashion, Textiles and Technology; Clwstwr; Creative Informatics; Future Fashion Factory; Future Screens NI; InGAME; StoryFutures; and XR Stories.
[12] CoSTAR programme website: https://gtr.ukri.org/projects?ref=AH%2FW001586%2F1#/tabOverview

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growth support, creative mentor networks, investor accelerator funding, inward investment programmes, open innovation challenges, and research facilities.[13]

The Circular Fashion and Textile Programme – is a £15 million programme to fund research and development of new technologies, services, and processes that will address the recycling sorting challenges of the textile sector and their direct supply chains.[14]

UK Games Fund – established in 2015, the UK Games Fund aims to provide financial support to the UK's early-stage game development and digital interactive business as well as nurture the creative ecosystem for individuals and companies in the UK. In late 2022, the fund received an additional £8 million in financial support for the period 2022-2025.[15]

The Creative Careers Programme – aims to inspire young people about careers in the creative industries by informing them of the less-known career opportunities in the creative industries and explaining what skills and qualifications are needed to succeed in those opportunities.[16]

5.1.2 Indirect support: tax reliefs for creative industries

In addition to the funding programmes, the UK government has introduced various tax reliefs to encourage the growth and development of creative industries in the UK. In this consideration, tax incentives introduced at various stages include the following.

5.1.2.1 The creative industry tax reliefs

Creative industry tax reliefs are among the leading tax incentives for the creative industry, consisting of eight Corporate Tax reliefs that enable eligible companies to augment their allowable expenditure, leading to a potential decrease in the amount of payable Corporate Tax. Eligible industries covered by creative industry tax relief are film, animation, high-end TV, children's TV, video games, theatres, orchestras, and museums and galleries.

According to a report from HM Treasury (2022), tax incentives targeting the audio-visual sectors, which include film, animation, high-end TV, children's TV and video games, have

[13] Programme website: https://iuk.ktn-uk.org/events/creative-catalyst-briefing-event/
[14] Programme website: https://www.ukri.org/opportunity/ukri-circular-fashion-programme-recycling-and-sorting-demonstrator/
[15] Programme website: https://ukgamesfund.com/
[16] Programme website: https://discovercreative.careers/explore/#/

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benefited these industries by close to £1 billion in support in 2021-22 alone. Further, it is noted that such tax reliefs have made the UK more attractive for filming and production and, in the absence of such tax reliefs, it is estimated that 38% of production would not have taken place in the UK.

5.1.2.2 Patent Box tax relief

Patent Box tax relief targets and encourages companies to retain and exploit intellectual property rights within the UK. This tax incentive rewards businesses that pioneer innovations and those that create patented inventions. A reduced rate of 10 per cent Corporate Tax is applicable for the eligible companies.

5.1.2.3 SME R&D tax relief

SME R&D tax relief is designed to provide tax incentives for UK companies that invest in innovation. Companies that invest in developing new products, processes, or services, or that enhance existing ones, are eligible for R&D relief. According to the UK government Corporate Tax guidance, SME R&D tax relief allows companies to deduct an extra 130 per cent of their qualifying costs from their yearly profit, as well as the normal 100 per cent deduction. Also, it allows loss-making companies to claim a tax credit of up to 14.5 per cent of the surrenderable loss.

5.1.2.4 Museums and Galleries Exhibition Tax Relief

Museums and Galleries Exhibition Tax Relief is designed to support organisations to produce and showcase public exhibitions by helping them to recover some of their production costs. Up to 40p in each £ spent could be claimed as cash-based support for investments.

5.2 Policy environment in BiH

The *Development Strategy of the Federation of Bosnia and Herzegovina 2010-2020* (Vlada Federacije BiH (2010)) places a strong a strong emphasis on the growth and digitalization of the cultural and creative industries. Being one of the core documents in support of creative activities, the *Development Strategy* prioritized the promotion and celebration of cultural diversity, the preservation and advancement of heritage and arts, the growth of cultural tourism, and the digitalisation of the cultural and creative industries. In addition, the strategy aims to enhance intercultural understanding and dialogue while strengthening social cohesion within the society of the Federation of Bosnia and Herzegovina.

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Similarly, the *Cultural Development Strategy of Republika Srpska 2010-2015* (Vlada Republike Srpske (2010)) prioritizes the strengthening of Republika Srpska's potential for the development of cultural industries. To support this objective, the strategy main objectives of the strategy are the following:

- To contribute to the sustainable development of Republika Srpska through culture and art;
- Decentralize cultural development by encouraging greater involvement from municipalities;
- Sustain cultural organizations, public cultural institutions, associations, and artists;
- Promote international and regional cultural cooperation; and
- Promote education in culture.

However, the share of the budget for culture in the domestic budget expenditure during the period of 2010-2016 was limited to approximately 1%, which may be insufficient to implement all strategic goals, particularly those related to cultural industries.

In addition to the government strategies that aim to support the development of creative industries, there are established funds, creative hubs, and co-working spaces to support cultural and artistic production and creative production in general. In this consideration, the following have been established in Bosnia and Herzegovina to provide infrastructure and funds to support the creativity of individuals and companies.

- ***The Sarajevo Film Fund*** – is a fund established to support the development and improvement of film creativity, film production and film entrepreneurship. More specifically, the fund aims to support with financial means film production, preservation of archival materials and film documents, organisation of film events, scientific and research projects, publishing activities, international networking and cooperation, and other activities in the film industry.[17] To date, the fund has supported more than 150 films.
- ***Sarajevo UNESCO City of Film*** – is an initiative which aims to promote Sarajevo as a hub for film and audio-visual production. Through this initiative, Sarajevo has become a member of

[17] Website of Sarajevo Film Fund: https://sarajevocityoffilm.ba/sarajevo-film-fund/

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the UNESCO creative network which places film and audio-visual production as a key driver of cultural, economic and social development.[18]

- ***AABH*** – is one of the first creative hub co-working spaces that bring together young architects, designers and other creative individuals. This network centre offers space for work, venues for exhibitions and training for young individuals.[19]
- ***Innovation Centre Banka Luka*** – is a business incubator that offers a range of services for businesses, including working space, professional advice and professional training services.[20]

Particularly noteworthy is a recent policy initiative promote the IT industry: the ***BIT Alliance – The organisation uniting Bosnian and Herzegovinian IT industry.*** The BIT Alliance, founded in 2014, is the head organisation uniting the IT industry in Bosnia and Herzegovina, which has an aim of developing opportunities for the IT sector in Bosnia and Herzegovina. The IT industry, according to Bit Alliance's data, is a growing industry in Bosnia and Herzegovina, but the industry keeps facing numerous challenges. As the two biggest challenges for the sector, Bit Alliance has noted the lack of highly skilled workforce, as well as lack of IT infrastructure and development initiatives.

BIT Alliance is working with the academic community in order to improve the curriculum across all levels of education in Bosnia and Herzegovina to be better tailored to the needs of the IT industry, as well as with government authorities to work on improving the environment for the IT industry in Bosnia and Herzegovina and putting in place necessary policy documents. The organisation gathers 58 companies (80% of the Bosnian and Herzegovinian IT industry in terms of employment) and works to connect approximately 2800 IT professionals in Bosnia and Herzegovina, in order to enhance cooperation within the IT community in Bosnia and Herzegovina. BIT Alliance has also created an IT manifesto for Bosnia and Herzegovina, outlining strategic directions for the IT industry in Bosnia and Herzegovina, focused on the links between education, legislation and the economy.

On their website, BIT Alliance actively promotes the activities and success stories of the member firms, as well as initiatives the Alliance has undertaken so far. For example, one of the

[18] Sarajevo UNESCO City of Film website: https://sarajevocityoffilm.ba/sarajevo-unesco-city-of-film/
[19] Website of the hub: https://aabh.ba/aabh-creative-hub-ko-su-nasi-korisnici/
[20] Website of the business incubator: https://icbl.ba/

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more recent projects that BIT Alliance implemented was “Local Partnerships for Employment”, financed by the International Labour Organisation, and aiming to finance startups in IT and creative industries.

Website: https://bit-alliance.ba/

5.2.1 Evidence from two pilot interviews in Sarajevo

Two pilot interviews were done in Sarajevo, the capital city of BiH. One with an employee of a private company working on diverse IT solutions and one with an employee of the National Museum of BiH. A short summary from these interviews follows.

Interview 1: IT Solutions – key points

This is a private company that sells diverse ideas for IT solutions, mainly through developing unique software for its clients. The market of this company is almost fully outside of BiH; around 80% of its services are exported to Belgium. The owner of the company originates from BiH but he lives in Belgium, meaning that he is a trans-local entrepreneur who exported part of his business to Sarajevo where the high quality labour force and lower costs were identified as important benefits of this entrepreneurial strategy. The business is located in the biggest business building in the central area of Sarajevo and employs around 30 full time workers, of which two thirds are males. Practically, all employees are highly qualified workers with full time contracts with the company. It is expected that the number should increase by some 50% in the next five years.

The customers are 100% from the sector of industry. The business innovates through new software developments and solutions by using best practices in the field, event sourcing, and domain driven design. The standard types of innovation thus belong to process and organisational innovations. Innovation is identified as the key for position of this business in the market. The company thus must secure best technologies and most advanced software to be competitive and innovative in the market. It is estimated that 26-50% of sales come from new or substantially improved products and processes. The company is part of a formal local network “Bosnia agile”, a network specific to this business, although they see little or no advantages from this network for their business success and outcomes. As the company exports its service almost fully outside the country, the use and importance of local networks, either formal or informal, has not been recognized as much relevant to business success. However, the company is quite attached to a university as its search for employees is mainly going through the University. The company offers each year 4 internships to selected graduates from the University. What happens in practice is that best interns are selected and invited to stay and work for the company. In addition, a job fair is used to attract new workers occasionally as well. The company does not recognize any government policy that supports the business specifically, but rather identifies fiscal pressure and high taxes as a burden that should be targeted by the government as a way to improve business environment in the field. Local government is not recognized as important and influential with its policies to this business either.

Interview 2: The National Museum – key points

The Museum is located in Sarajevo, in the most central area, and offers standard and special exhibitions, including sale of souvenirs and books. The museum includes around 50 employees of whom around 40% are highly educated, 40% are mid-VET educated, and around 10% are workers with low educations. They expect to increase the number of employees as the Museum used to employ more people and currently faces a lack of qualified labour, which is mainly associated with limited financial capabilities.

The dominant customers are children from primary schools visiting the Museum through organized visits, followed by tourists, and then researchers and other individuals. They also emphasize the Sarajevo Film Festival, a huge cultural event during the summer, which significantly increases the number of visits in this period and brings indirect benefits to the Museum.

Innovation is coming mainly from individual initiatives of curators who use collected materials that exist in the Museum's collections not normally available to the public to organize special exhibitions. Some new ideas have been exclusively for commercial purposes, e.g. the "search for treasure" program, which provides organized birthday parties for children during periods when the museum is closed to the public. The groups of children go through the museum searching for "treasure", they see the Museum, have fun and (parents) pay for this specific service. This innovative idea has been rather successful and has been popular for several years generating limited financial support to the Museum. Also, the Museum rents its garden for weddings and similar events, while some innovation is associated to marketing (apart from a modest use of social media), organisational changes, and new processes. The proportion of revenues generated through these innovation products and services is estimated to be around 20%.

The Museum does not participate in established formal local networks; while collaboration with other museums exists, it is not that much active and visible. The University is identified to be very important to the Museum, as the Museum has become the research base of the University of Sarajevo, which also brings important financial stimulus from the government paid for this service. Collaboration is happening in the research activities but also the staff of the Museum are involved in guest lecturing in some faculties or institutes at the University. The government supports the Museum through annual grants, which fills part of the budget, hence these are most visible government policies and are identified as rather important for the functioning of the Museum.

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5.2.2 Some comparative implications of the Sarajevo interviews

Although this is a preliminary investigation, these pilot interviews do suggest some tentative comparative implications.

1. Digital firms may be particularly suited to remote working and thus trans-local ownership.
2. Location of subsidiary firms or branch operations may be incentivised by a high-quality labour force and/or lower costs, with the combination possibly being particularly powerful. However, the presence of remote working may delocalise the labour market for digital skills and thus tends to raise wages, potentially creating a second-order offset to cost advantages (as noted by DCMS, 2021: Overview, paragraphs 12 and 13).
3. Conversely, high business taxation is a deterrent.
4. Innovation is identified as the key for position of this business in the market. A large proportion of sales arise from new or substantially improved products and processes.
5. Open innovation is essential: digital companies must secure the best technologies and most advanced software to be competitive and innovative.
6. Exporting beyond the local economy is particularly important for digital firms.
7. While not reported as greatly important, the interviewed digital firm does belong to a sector-specific local network.
8. Links with local universities are particularly important, particularly for recruitment of appropriately skilled graduates.
9. Traditional cultural institutions are diversifying via product innovations consistent with their overriding cultural missions and corresponding government funding by
    a. using digital (e.g., social) media,
    b. finding ways to commercialise their assets and add new income streams – e.g., by special exhibitions drawing upon curators' specialist knowledge, and by hosting activities such as children's birthday parties and weddings, and
    c. new collaborations – e.g., with festivals and universities (for research and teaching).

The role of universities is noteworthy in both interviews.

5.3 Policy environment in Croatia

The creative industries in Croatia, as a member of the European Union, in addition to benefiting from programmes at the EU level, benefit from additional national initiatives in support of culture and creative industries in general. In Croatia, there is no overarching national strategy that outlines policies and programmes in support of culture and creative industries. Rather, policies can be described as implicit policies that are outlined in different sectorial strategies. The Ministry of Culture and Media is responsible for most sectors in the creative industries and, hence, is the leading authority in designing policies that support the creative industries. Strategic documents that outline government policies in support of the sectors are the *National Plan for Development*

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of Archive Activities (2020-25); the *Plan for Digitalisation of Cultural Heritage (2020-25)*; the *National Strategy for Enhancement of Reading (2017-22)* and the *National Programme for Audio-visual Activity Development (2017-21)*. (Primorac 2021, Croatia, Ministry of Culture 2019a and 2019b, HAVC 2017).

In addition to government development strategies, there are various programmes established in support of creative industries. These programmes include:

- ***Entrepreneurship in Culture*** – is a programme managed by the Ministry of Culture and Media that provides support to nascent cultural entrepreneurship to adapt business models of production, distribution, availability, and access to cultural and artistic content with the aim of boosting culture and creative industries in Croatia. The programme offers financial support to cultural entrepreneurs to cover the costs of technological equipment, administrative and office expenses.
- ***Loan guarantee for SMEs*** – launched in 2020 as a support initiative for small and medium-sized enterprises in the culture and creative industries impacted by the Covid-19 pandemic. The programme provides public guarantees on loans with up to a maximum of EUR 800,000, with the government guaranteeing 100% of the loan. The scheme aims at providing liquidity to SMEs affected by the coronavirus outbreak, thus enabling them to continue their activities, start investments and maintain employment.
- ***Kultura Nova*** – is an additional layer of a system of financing for cultural activities in Croatia and serves as an independent body that provides professional and financial support for civil sector organisations, associations, and the artistic community. More specifically, the foundation provides professional and financial support to programmes developed by organisations of civil society in a culture that: support the development of programmes implementers' production and organizational capacities; increase the level of professional activities through informal education and professional training; support cooperation between sectors; work to improve programme networking and cooperation on a national, regional and international level; promote creativity and cultural activism of youth.[21]
- ***Croatian Audio-visual Centre*** – is a government-backed strategic agency that provides public funding for the development, production, promotion and sales of Croatian films abroad. Also,

[21] Kultura Nova website: https://kulturanova.hr/english

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the agency supports festivals, film education, culture, and archives, as well as provides training for upgrading skills.[22]

- ***Croatian Game Development Alliance*** – is a non-profit organisation that provides support for the development of games through policy advocation and representation; networking and community building; promotion and visibility; education and training; access to funding and resources.[23]

A particularly important initiative in the cultural dimension of the creative sector is the ***Dubrovnik Summer Festival* (*Dubrovacke ljetne igre*)**. Dubrovnik is one of the main tourist destinations in Croatia, known for its unique Old Town. Dubrovnik is home to the Dubrovnik Summer Festival, which dates back to the 1950s and was founded by the city of Dubrovnik. The Festival takes place every summer (in the months of July and August) and aims to produce high quality cultural events in Dubrovnik, and to be recognised for quality events in Croatia and Europe more widely. The Festival includes a large number of theatre, opera, ballet, dance and music performances. As events are performed all around the city of Dubrovnik, a unique atmosphere is created for some of the most famous world and Croatian performers. The Orlando prize is awarded by Croatian radiotelevision for the best contribution to the music and theatre sections of Dubrovnik Summer Festival.

In 2022, the Festival took place at 17 locations around the city of Dubrovnik and had a total of 74 artistic performances. The Festival also successfully cooperated with institutions within the creative industries sector in Croatia – e.g. the Croatian Academy of Sciences and Art, Croatian radiotelevision, Croatian National Theatre in Zagreb, etc.

Website: https://www.dubrovnik-festival.hr/hr

[22] Agency website: https://havc.hr/eng/
[23] Website of the alliance: https://cgda.eu/

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6 Potential EU funding sources – potentially supporting the creative sector in Croatia and BiH

Croatia has been a member of the European Union since 2013 and Bosnia and Herzegovina has been a candidate country for EU membership since the end of 2022. Accordingly, EU policies offer potential additions to national policies for developing the creative sector in Croatia and BiH.

As in the UK economy, creative industries play an important role in the European economy. According to the Eurostat data, cultural and creative industries employ close to 9 million people in the European Union (EU), a figure which is equivalent to 3.8 per cent of the total EU workforce. In addition to its importance for the economy, in the EU context, the cultural and creative industries are viewed to play an important role in a shared European identity, culture, and European values. Hence, given its importance, the European Union (EU) has made significant investments in various creative initiatives through investment funding programs. These programs aim to provide financial support for creative individuals and organizations, stimulate cross-border collaboration, and enhance the competitiveness of the European creative industry. The EU funding for creative industries has become an essential source of support for artists, designers, and entrepreneurs, thus, helping to create jobs, drive economic growth, and foster cultural diversity across Europe.

There are several EU funding programs and established networks that the creative industries can benefit from, including the following.

6.1 Creative Europe Programme

The Creative Europe Programme is the European Commission's flagship program to support the cultural and audio-visual sectors. The program is designed to provide support for the period 2021-2027 with a total budget of EUR 2.44 billion.[24] The main objectives of the programme are to (i) safeguard, develop, and promote European cultural and linguistic diversity and heritage, and (ii) increase the competitiveness and economic potential of the cultural and creative sectors, in particular the audio-visual sector.

[24] This program is a continuation of a previous EC program that covered the period 2014-2020 with a budget of EUR 1.47 billion.

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In addition to EU Member States, eligible for funding under the programme are also non-EU countries and, subject to certain conditions, countries of the European Economic Area, candidate/potential candidate countries, and European Neighbourhood Policy countries can also participate in the programme.

The Creative Europe programme is divided into three separate strands, and these are the culture strand, the media strand, and the cross-sectoral strand.

6.1.1 Culture Strand

The culture strand of the Creative Europe programme aims to support and promote Europe's culture by supporting a wide range of cultural and creative sectors. More specifically, its aims are to support artistic creation and innovation and support the distribution of content in Europe and beyond, help artists in finding cross-border performance opportunities, and stimulate digital and environmental transition. The sectors within the cultural strand eligible for support include, among others:

- Architecture
- Cultural Heritage
- Design
- Literature and Publishing
- Music
- Performing Arts

According to the programme website, under the cultural strand, there are 1246 funded projects that have been completed and 107 ongoing projects to date.[25] While if we look more closely at ongoing projects for the countries that this report is focused on, we see that there are five ongoing projects in the United Kingdom, one in Croatia, and one in Bosnia and Herzegovina. In Table 6 below more details are presented on the ongoing projects in the United Kingdom, Croatia, and Bosnia and Herzegovina.

[25] More information on the individual projects, both the ongoing and completed ones, funded by the programme can be found on the following link: https://culture.ec.europa.eu/creative-europe/projects/search/?page=1&sort=&domain=ce2021&view=list&map=false&level2=culture__31052584

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Table 6. **Ongoing cultural projects in the United Kingdom, Croatia and Bosnia and Herzegovina**

Date	Project Title	Project Summary	Coordinator's country	EU Grant award in euros
2018-2023	Europe Beyond Access	Across the performing arts and across Europe disabled artists are pushing the boundaries of form and are presenting audiences, fellow artists and arts professionals with one of the creative opport...	UK	1,998,192.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/597291-CREA-1-2018-1-UK-CULT-COOP2			
2018-2023	Imagining Sustainable Glass Network Europe	Imagining Sustainable Glass Network Europe (ISGNE) includes four partners in UK, Germany, Latvia and Ireland. The project involves 33 associated organisations and EU Glass Artists / Designer-Maker...	UK	199,292.75
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/597441-CREA-1-2018-1-UK-CULT-COOP1			
2021-2024	Regional Lab: New Culture Spaces and Networks as drivers of an Innovative	In the past decade intensive bottom-up developments emerged in the region of West Balkan and South East Europe mostly among the civil sector in culture. The necessity of new models of organizing, ...	HR	424,010.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/623270-CREA-1-2020-1-HR-CULT-COOP-WB			
2020-2023	In from the Margins	'In from the Margins' is a three-year programme of Studios of Sanctuary residencies working with artists with experience of displacement; exchanges of their work; and engagement with refugee, scho...	UK	178,458.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/616356-CREA-1-2020-1-IE-CULT-COOP1			
2019-2023	BUZZ Network	BUZZ Network is a 3-year project which enables 5 European partners to share and develop best practice in Youth Theatre across Europe for the first time. They will host 7 specialist Labs for Artis...	UK	198,210.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/607358-CREA-1-2019-1-UK-CULT-COOP1			
2021-2024	ReCulture: Re-branding of Cultural Institutions in Western Balkans	The overall aim of the ReCulture project is establishing a basis for improved visibility and modernized appearance of Western Balkan cultural institutions by supporting the inter-sectoral linking ...	BA	466,852.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/623414-CREA-1-2020-1-BA-CULT-COOP-WB			
2020-2023	Collective Moves: Libertalia lab and performance	Our European values of liberty are under threat, demonstrated by Brexit, isolationism, separation. Collective Moves is a partnership of 7 smaller European ECoC and cultural cities come together to...	UK	195,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/616753-CREA-1-2020-1-UK-CULT-COOP1			

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6.1.2 Media Strand

Through the media component, the Creative Europe programme supports the development, distribution and promotion of Europe's film and audio-visual sector in general. In addition, the aim of the media component is to (i) encourage cooperation amongst the audio-visual industry at the EU level in order to scale up and reach a wider audience with European content; (ii) support and develop talents; (iii) support innovative solutions; and (iv) engage with the audience.

To achieve more flexibility in terms of impact, the media funding component is further structured in four different clusters:

- Content – this cluster focuses on boosting cross-border cooperation among producers and content creators and stimulating innovation.
- Business – this cluster focuses on the business and scalability of the European audio-visual value chain.
- Audience – this cluster focuses on the development of an audience for European content and connects European audio-visual work with the audience.
- Policy support – this cluster focuses on promoting a holistic European audio-visual policy.

Through the media strand, there have been 3178 funded projects that have been completed and 158 ongoing projects to date.[26] While looking at the ongoing projects in our three countries of interest, we see that there are seven ongoing projects in the United Kingdom and seven in Croatia and there are no ongoing projects in Bosnia and Herzegovina. In Table 7 below, more details are presented on the ongoing projects in the United Kingdom and Croatia.

[26] More information on the individual projects, both the ongoing and completed ones, funded by the programme can be found on the following link: https://culture.ec.europa.eu/creative-europe/projects/search/?page=1&sort=&domain=ce2021&view=list&map=false&level2=media__31052594

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Table 7. **Ongoing media projects in the United Kingdom and Croatia**

Period	Project Title	Action	Coordinator's country	EU Grant award in euros
2020-2023	HORTALIUS	Video-Games Development Support	UK	150,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/619775-CREA-1-2020-1-UK-MED-DEVVG			
2020-2023	TRUMP ON THE WORLD STAGE	TV Programming Support	UK	260,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/624123-CREA-1-2020-2-UK-MED-TV			
2020-2023	STARLESS	Video-Games Development Support	HR	150,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/619708-CREA-1-2020-1-HR-MED-DEVVG			
2020-2023	Celebration	Development Single Project Cinema/Television/Digital platform	HR	30,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/623851-CREA-1-2020-2-HR-MED-DEVSPFIC			
2020-2024	FLIX	TV Programming Support	UK	500,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/624065-CREA-1-2020-2-UK-MED-TV			
2020-2025	The Wind in the Willows	TV Programming Support	UK	500,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/617017-CREA-1-2020-1-UK-MED-TV			
2020-2026	Harvest	Development Single Project Cinema/Television/Digital platform	UK	50,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/623678-CREA-1-2020-2-UK-MED-DEVSPFIC			
2020-2027	Manivald and the Absinthe Rabbits	Development Single Project Cinema/Television/Digital platform	HR	60,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/624005-CREA-1-2020-2-HR-MED-DEVSPANI			
2020-2028	The Last Socialist Artefact	TV Programming Support	HR	290,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/624082-CREA-1-2020-2-HR-MED-TV			
2020-2029	Slate funding 2020	Development Slate Funding	HR	186,254.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/618074-CREA-1-2020-1-HR-MED-DEVSLATE			
2020-2030	BOOK OF HOURS	Video-Games Development Support	UK	150,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/619724-CREA-1-2020-1-UK-MED-DEVVG			
2020-2031	Quest Quest: The Quest for Quests	Video-Games Development Support	UK	150,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/619647-CREA-1-2020-1-UK-MED-DEVVG			
2020-2032	Starpoint Gemini 3: Echoes	Video-Games Development Support	HR	149,975.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/619685-CREA-1-2020-1-HR-MED-DEVVG			
2020-2033	Ghost Painter	Video-Games Development Support	HR	59,834.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/619782-CREA-1-2020-1-HR-MED-DEVVG			

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6.1.3 Cross-sectorial strand

Through this component, the Creative Europe programme aims to support collaboration between different cultural and creative sectors, in order to help find solutions and innovations to address challenges. More specifically, the programme promotes cross-border cooperation among news media, stimulates sharing of best practices, encourages journalistic collaboration, etc.

Through the cross-sectorial strand, there are four projects funded, from which three of them are in the UK and one in Croatia. In Table 8 below more details are presented on the ongoing projects in the United Kingdom and Croatia.

Table 8. **Completed cross-sectorial projects in the United Kingdom and Croatia**

Period	Project Title	Coordinator's country	EU Grant award in euros
2016-2017	Refugee Journeys International	UK	199,998.84
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/579076-CREA-1-2016-1-UK-CULT-REFU		
2016-2018	Refugee Engagement And integration through Community Theatre	UK	196,304.63
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/579045-CREA-1-2016-1-UK-CULT-REFU		
2016-2018	Story time - connecting people with the power of art	HR	199,988.98
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/579292-CREA-1-2016-1-HR-CULT-REFU		
2016-2018	Re-build Refuge Europe	UK	200,000.00
Project Website	https://culture.ec.europa.eu/creative-europe/projects/search/details/579361-CREA-1-2016-1-UK-CULT-REFU		

6.2 Horizon Europe

Horizon Europe is the EU's programme established to support research and innovation with a total budget of EUR 95.5 billion for the period 2021 - 2027.[27] The outlined programme objectives range from helping tackle the global climate change, achieving UN Sustainability Developments Goals,

[27] Horizon Europe website: https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe_en

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strengthen the competitiveness of the European economy, strengthen research and innovation to tackle global challenges, and create jobs and support economic growth.

Horizon Europe is structured around three main pillars, and specifically cluster two "Culture, Creativity and Inclusive Society" of the second pillar of the frameworks is focused on supporting the creative industries including IT/digital industries. The pillars of Horizon Europe are the following:

Pillar 1 – Excellent Science: with a total budget of EUR 25 billion, this pillar aims to support research and innovation by investing in frontier research, equipping researchers with new knowledge and skills through mobility and training, and integrated and interconnect world-class research infrastructure.

Pillar 2 – Global Challenges and European Industrial Competitiveness: with a total budget of EUR 53.5 billion, this pillar aims to support solutions that addresses some of the key global challenges. This pillar is divided in six clusters including health, climate, energy, transport, security and culture and creativity. The funding priority of the pillar is focused on digital, industry and space (EUR 15.1 billion), followed by health climate and energy (EUR 15.1 billion) and food, bioeconomy (EUR 8.9 billion), while the budget for culture, creativity and inclusive societies cluster is EUR 2.3 billion.

Pillar 3 – Innovative Europe: with a total budget of EUR 13.6 billion, this pillar aims to support market-creating breakthroughs and ecosystems conducive to innovation. The funding priorities of this pillar include: i) **European Innovation Council** – which supports innovation with breakthrough and market creating potentials; ii) **European innovation ecosystems** – which supports the connection innovation actors; and iii) **European Institute of Innovation and Technology** – which aims to bring researchers, education, and business actors together around a common goal for nurturing innovation.

As of April 2023, the details of the UK's association with Horizon – if any – are still uncertain, subject to ongoing negotiations.

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6.3 European Cultural Foundation

The European Cultural Foundation (ECF) acts as a catalyst for change through arts and culture in Europe.[28] It is an independent foundation based in the Netherlands that has been operating across Europe for close to 70 years. The Foundation champions and transmits cultural exchange and new forms of artistic expression, sharing and connecting knowledge across the European cultural sector, and campaigning for the arts on all levels of political decision-making.

Only during 2022, the ECF has supported more than 200 cultural initiatives across Europe through three distinctive domains:

- **Experience programmes** aim to support in person interactions with local communities and cultural institutions to share professional knowledge, and exchange and form new collaborations cross nation and across social borders.
- **Imagine programmes** support cultural and artistic initiatives aiming to develop new ideas for envisioning Europe.
- **Share programmes** support cultural and artistic initiatives that highlight the importance of Europe as a shared sphere in which different cultural and national background are connected.

In 2020 the ECF have launched an additional programme named the **Culture of Solidarity Fund**, that aims to support cross-border cultural initiatives in response to the coronavirus pandemic. In addition, due to the ongoing Russian invasion of Ukraine, the ECF launched the **Culture of Solidarity Fund Ukraine** to support cultural emergency requests from Ukraine. The Solidarity Funds has supported more than 200 projects with 4.7 million euros.

6.4 Other EU support schemes

In addition to the specific programs supporting the culture and creative sector, there are other EU support schemes that the culture and creative industry can benefit from. These schemes include:

i) **Erasmus for Young Entrepreneurs** is an EU funded programme that offers cross-border exchange for aspiring entrepreneurs. The aims of the programme are to enable entrepreneurs gain new skills and experiences, establish contacts and partnerships, and promote cross-border entrepreneurship and innovation.

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[28] European Cultural Foundation website: https://culturalfoundation.eu/

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ii) **Connectivity Initiative.** As a part of the Digital Decade policy programme, in 2023 the European Commission has presented a set of actions aiming to provide high-speed internet connectivity to all citizens and business across the EU by 2030. The creative industry is one of the sectors that could benefit greatly from this programme given its high reliance on technology and its needs for high-speed internet connectivity.

iii) **WORTH Initiative** is a programme under EU framework (COSME) to support competitiveness of small and medium enterprises (SMEs). The aim of the programme is to support designers, manufacturers, and tech providers to develop innovative, design-oriented business ideas. The programme provides SMEs with financial support, coaching, legal advice, networking etc.

iv) **S-T-ARTS** (Science, Technology and the Arts) is an EU initiative that supports collaboration between artists, scientist, engineers and researchers to explore new ways of approaching social, environmental and economic challenges and to drive innovation.

v) **Erasmus +** is an EU program that provide funding to support individuals in their education, training, and sports ambitions. The program has a budget of around EUR 26 billion for the period 2021-2027.

vi) **INTERREG: European Territorial Co-operation** is an EU programme that promotes cross-border cooperation and regional development. The programme is organised through multiple strands, that tackle different segments of society including support for culture and creative industries.

vii) **INTERREG – Clay Project:** is a project financed by the European Interreg program aiming to support the ceramic sector by prioritising new technologies, strengthening brands and developing new services to maintain competitiveness of the sector in the face of growing global competition.

viii) **ADRION** is a European transnational programme that invests in regional innovation systems, culture and natural heritage, environmental resilience, sustainable transport and mobility as well as in capacity building.

ix) **EURIMAGES** is a fund of the Council of Europe with a budget of EUR 27.5 million dedicated to support co-production, distribution, and exhibition of European cinematographic work. The fund promotes independent filmmaking, animation, and documentary films.

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x) **Regional Creative Industries Alliance (RCIA)** is a project that supports regional policies towards a modern business ecosystem relying on the creativity of SMEs. The RCIA aims to improve the Structural Funds policy instrument related to SME competitiveness by supporting creative SMEs, positioning Culture and Creative Industries (CCI) throughout sectors and disciplines regarding innovation and competitiveness, increase the attractiveness and innovation image of city/region/country, and position CCI as a pillar of competitiveness policy.

6.5 EU Culture and Creative Networks

6.5.1 The European Creative Hubs Network

The European Creative Hubs Network (ECHN) is a network of creative hubs across Europe that promotes collaboration, innovation, and entrepreneurship in the creative and cultural sectors.[29] It is a peer-led network with a mission to enhance the creative, economic, and social impact of hubs. The network was established in 2016 with the aim of connecting and supporting creative hubs in Europe, and it currently includes over 200 members from 44 countries. Its activities help to support and connect creative professionals and entrepreneurs, fostering innovation and entrepreneurship in the cultural and creative industries. The ECHN offers a range of services and activities, including training and capacity building, networking and potential collaboration, advocacy and policy and research and knowledge sharing.

6.5.2 European Digital Innovation Hubs Network

The European Digital Innovation Hubs Network (EDIH) provides opportunities for collaboration between EDIH, SMEs, and the public sector.[30] The network's aim is to support businesses to adapt and gain from digital technology, and thus accelerate digital transformation. The network is focused on providing support in building digital capacities, providing advice on digital technology adaptation, and support for research and development activities. The overall goals of the network are to help achieving the EU 2030 Digital Decade targets, which are: (i) accelerating the digital

[29] European Creative Hub Network website: http://creativehubs.net/
[30] European Digital Innovation Hubs Network website: https://european-digital-innovation-hubs.ec.europa.eu/home

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transformation of the private and public sector across the EU; (ii) ensure that 90 per cent of SMEs have a basic digital maturity; and (iii) create new European value chains.

6.5.3 The Regional Initiative for Culture and Creativity

The Regional Initiative for Culture and Creativity (RICC) is an informal network with around 28 members from different EU regions and local authorities that have an interest in strengthening cooperation on issues related to culture and creativity.[31] The aim of RICC is to provide a platform for its regional and local members to advocate on culture and creative policies in the current and new EU cultural agenda. In addition to policy advocacy, the RICC offers support in capacity building, profile raising, knowledge transfer and peer learning, testing regional models, practice and joining EU projects.

6.5.4 ERRIN – Working Group on Design and Creativity

The European Regions Research and Innovation Network (ERRIN) is a network of more than 120 regional organisations across European countries.[32] The overall objectives of the network are to support its members to strengthen their research and innovation capacities. Within the ERRIN, there are 13 working groups, which are formed based on members' priorities and cover thematic areas and policy issues. From these established working groups, there is a working group dedicated to design and creativity, which aims to promote the role of design and creativity in innovation and in overall economic development. In addition to promoting the role of design and creativity, the group also is active in advocating integration of design and creative policies in regional policies and strategies and also promotes cross-sectorial collaboration.

[31] The Regional Initiative for Culture and Creativity website: http://www.riccnetwork.eu/#/
[32] The European Regions Research and Innovation Network website: https://errin.eu/

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8 Appendices

8.1 Appendix A: Creative Industries according to the UK SIC2007 Classification

Advertising and Marketing
70.21 Public relations and communication activities
73.11 Advertising agencies
73.12 Media representation

Architecture
71.11 Architectural activities

Crafts
32.12 Manufacture of jewellery and related articles

Design: Product,Graphic and Fashion Design
74.10 Specialised design activities

Film, TV, Video,Radio and Photography
59.11 Motion picture, video and television programme production activities
59.12 Motion picture, video and television programme postproduction
59.13 Motion picture, video and television programme distribution
59.14 Motion picture projection activities
60.10 Radio broadcasting
60.20 Television programming and broadcasting activities
74.20 Photographic activities

IT, software and Computer Services
58.21 Publishing of computer games
58.29 Other software publishing
62.01 Computer programming activities
62.02 Computer consultancy activities

Publishing
58.11 Book publishing
58.12 Publishing of directories and mailing lists
58.13 Publishing of newspapers
58.14 Publishing of journals and periodicals
58.19 Other publishing activities
74.30 Translation and interpretation activities

Museums,Galleries and Libraries
91.01 Library and archive activities
91.02 Museum activities

Music, Performing and Visual Arts
59.20 Sound recording and music publishing activities
85.52 Cultural education
90.01 Performing arts
90.02 Support activities to performing arts
90.03 Artistic creation
90.04 Operation of arts facilities

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8.2 Appendix B: Open and closed questions for pilot interviews

About your business/organization

- **Find out as much as possible in advance from Company Reports and Accounts etc. This will enable better-informed prompts and supplementary questions.**

1. Please tell us about your company's activities in Stoke-on-Trent, where it is headquartered if not in Stoke, your products, your market position, and where are your main customers?

2. Can you please indicate the main reasons for choosing the location for your company?
    - If geographic proximity to similar businesses is not mentioned, ask the following: Do you see benefits, or none at all, in being in close geographic proximity with other businesses in your sector?

3. Were there reasons for your particular location within the city?

4. How many employees do you have in your company?

5. How many employees did your company have in 2019 (i.e., pre-COVID)?

6. Can you please tell us about your employees (number, gender, education, type of contract)?

7. What is the total number of employees in your enterprise expected in five years' time?

8. What proportion of your customers are in the creative sector?:
    - Provide respondents with a printed list to explain what we mean by the "creative sector"; the industries comprising the creative sector as defined by the UK's DCMS are:

    (i) Advertising and marketing;
    (ii) Architecture;
    (iii) Crafts potteries (NB. The DCMS and NESTA uses Jewellery as a proxy for the craft sector; in Stoke it make more sense to use craft pottery);
    (iv) Design (product, graphic and fashion design);
    (v) Film, TV, video, radio and photography;
    (vi) IT, software and computer services;
    (vii) Publishing;
    (viii) Museums, galleries and libraries; and
    (ix) Music, performing and visual arts.

9. What proportion of your customers are in the manufacturing sector?

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10. What proportion of your customers are in the retail sector?

    If respondents have difficulties estimating exact proportions, then ask for responses in ranges:

    - 0-20%, 21-40%, 41-60%, 61-80%, 81-100%, don't know.

Business Innovation

11. How does your business innovate?

- The aim of this question is open-ended. If the respondent finds it difficult to answer then prompt by providing the standard types of innovation plus "Other", in case the respondent thinks about innovation using different words. The important thing is to get the respondent talking.

Standard types of innovation (these could be provided to respondents as a printed list; but talk it through):

- Products (by creating new products or improving the existing ones)
- Process (by improving the way products or services are produced, delivered, or distributed)
- Organisational (by implementing a new organizational structure, management systems, or business models).
- Marketing (by developing new marketing strategies or usage of new channels of communication and engaging with customers)
- Exporting
- Other, please specify.

12. To what extent is innovation important for positioning in your market?

13. What proportion of your current sales by value comes from new or substantially improved products or processes introduced in the past year?

    If respondents have difficulties estimating exact proportions, then ask for responses in ranges:

    - 0-10%, 11-25%, 26-50%, 51-75%, 76-90%, more than 90%

    This question replicates a question from a previous project on traditional manufacturing SMEs, where the categories were:

    - 0%, 1-5%, 6-10%, 11-15%, 16-25%, 26-50%, more than 50%

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Business Network(s):

14. Is there an established formal local network (e.g., business association) for your type of business/organization and does your business/organization belong to such a local business network?

    - Prompt for the possibility of more than one such network.

15. To what extent does this local network help to improve your business?

16. Approximately how many other businesses are there in your network? (Where your network includes all those businesses – whether customers, suppliers, competitors, or similar businesses that are not direct competitors – that are important connections or links for your business)?

The purposes of **the following structured questions** are to be able to (i) make inferences about the structure of firms' network(s) and (ii) assess the extent to which local firms in the creative sector – or in some part of it, such as IT – function as a network or cluster. We can think of a continuum from a well-integrated local ecosystem (in which each firm or institution creates favourable conditions for the evolution of all the others) to, at the other extreme, a collection of unrelated firms and institutions (as might exist in an export enclave).

Structured Questions: Questions 16-19 are to be administered as structured questions. If respondents have difficulties providing exact proportions, then ask for responses in ranges:

- 0-20%, 21-40%, 41-60%, 61-80%, 81-100%, don't know.

We have no experience with these questions. The pilot interviews are opportunities to experiment regarding the exact proportions or answers in ranges.

17. What proportion of your business links are with customers?
    - What proportion of your business links with customers are local?
    - What proportion of your business links with customers are regional or national?
    - What proportion of your business links with customers are overseas?
18. What proportion of your business links are with suppliers?
    - What proportion of your business links with suppliers are local?
    - What proportion of your business links with suppliers are regional or national?
    - What proportion of your business links with suppliers are overseas?
19. What proportion of your business links are with competitors?
    - What proportion of your business links with competitors are local?
    - What proportion of your business links with competitors are regional or national?
    - What proportion of your business links with competitors are overseas?

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20. What proportion of your business links are with similar businesses that are not direct competitors?
    - What proportion of your business links with similar businesses that are not direct competitors are local?
    - What proportion of your business links with similar businesses that are not direct competitors are regional or national?
    - What proportion of your business links with similar businesses that are not direct competitors are overseas?

Return to open-ended questions.

21. How does your own network help to improve your business?

22. In addition to formal business networks, do you have social contacts who add value to your business?
    - Of these social contacts important for your business, what proportion are family and close friends?
    - Of these social contacts important for your business, what proportion are colleagues and acquaintances?

        - Use this question to get at business networks beyond supply chains. These may be particularly important for family businesses.

23. To what extent is your own network local and how important are local sources of information?

24. How important are universities for your firm?

    - If important, why?

25. How important are local schools and FE colleges for your firm?

    - If important, why?

Policy Support

26. Are you aware of government policies aiming to support businesses in your sector?
    - If so, is there a particular government program that supported the growth of your business?

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27. What public program (policy) would you like to see implemented to support the growth of your business/organization?

28. Are there any specific public policies or regulations that you believe are hindering the growth of your business/organization?

    - If yes, please specify.

29. How important is local government for your firm? If important, why?
    - The relevance of this questions may depend on the country context.

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8.3 Appendix C: Projects supported by the UK's Cultural Investment Fund (CIF)

a. The Libraries Improvement Fund

Project Name	ACE Area	Grant Amount
Middlesbrough Central Library	North	£240,800
Scarborough Library	North	£200,000
Connect & Inspire Hub	North	£125,251
Transforming our Community Libraries (option 3)	North	£144,375
Bradford Libraries as Locality Hubs	North	£200,000
City Library	North	£267,000
Height Library	North	£85,200
Zoom Rooms	North	£68,000
Hillsborough Library Entrance Reconfiguration	North	£340,000
Digital and Performance Suite	Midlands	£65,000
Open Access Libraries in Sandwell	Midlands	£495,000
Lincolnshire Business Bubbles	Midlands	£211,200
Inspire Village Hubs	Midlands	£170,000
Worcestershire Digital Futures	Midlands	£182,000
One Hyson: Growing Together	Midlands	£114,758
Harlesden Library Hub & Front Room	London	£285,000
Beckton Library	London	£230,336
Artizan Street Library & Community Centre	London	£226,575
Wendover Community Library Hub	South East	£310,000
EverySpace	South East	£260,000
Tilehurst Library Upgrade	South East	£62,000
Clevedon Library Transformation (improving community access)	South West	£215,900
Reading Room Project	South West	£126,061
Bristol Central Library User Experience Upgrade	South West	£117,650
Oakley Interactive Learning and Storytelling	South West	£250,000
	Total	**£4,992,106**

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b. The Museum Estate and Development Fund

Project Name	ACE Area	Grant Amount
Fit for the future: The Folly and Zion	North	£270,501
Essential Works	North	£189,870
Killhope Capital Development	North	£470,000
Harris Museum, Art Gallery and Library - Repairs to External Elevations	North	£803,249
Segedunum - World Heritage Site	North	£499,000
Towneley Hall Art Gallery & Museum	North	£890,000
Rotunda Museum Repair	North	£256,054
Leeds Industrial Museum - Investing for the future	North	£653,000
Blackburn Museum and Art Gallery Roof	North	£365,000
Leicester Museums & Galleries MEND Fund Application	Midlands	£766,450
Preserving Historic Fabric	Midlands	£62,925
Derby Museum and Art Gallery	Midlands	£750,000
National Justice Museum	Midlands	£362,900
Foundations for our Future - Museum of Cannock Chase	Midlands	£71,688
MEND Birmingham Museum & Art Gallery	Midlands	4,998,820
Ironbridge Renew	Midlands	1,064,348
The Old Op Sylight	London	£157,230
London Transport Museum	London	£277,093
Bruce Castle Museum Restoration Project	London	£588,900
Sainsbury Centre	South East	£325,000
English Heritage MEND Great Yarmouth Rows Houses	South East	£144,000
Brooklands Beginnings	South East	£488,000
Lowestoft Museum Building Repair	South East	£243,281
True's Yard Urgent Repairs	South East	£50,044
Bletchley Park - MEND Application	South East	£468,393
BMAG Roof	South East	1,463,769
Repair Programme at No2 Battery	South West	£100,000
Torre Abbey Conservation	South West	£468,993
Repair and Renew	South West	£518,000
Mending the Museum of Gloucester	South West	£387,500
Bristol Museum & Art Gallery MEND Project	South West	£679,365
		£18,833,373

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c. The Cultural Development Fund 2

Project Name	ACE Area	Grant Amount
Elsecar - Barnsley - Forging Ahead	North	£3,930,000
Berwick Barracks - The Living Barracks	North	£4,200,000
Rochdale Cultural District	North	£4,199,365
Cultural Development Fund - Middlesbrough	North	£4,250,000
Stockport Council	North	£2,633,665
The Department	South West	£2,077,958
Torbay's Cultural Development: Paignton Picture House	South West	£2,987,670
		£24,278,658