Enabling or Inhibiting the Creative Economy: the Role of the Local and Regional Dimensions in England

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ENABLING OR INHIBITING THE CREATIVE ECONOMY: THE ROLE OF THE LOCAL AND REGIONAL DIMENSIONS IN ENGLAND

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Abstract

This paper addresses issues regarding the development of creative and cultural industries (CCIs) in England from a local and regional perspective. London and the South East are widely regarded as the centre of the national creative economy. In recent years large investments and support have tried to bridge the gap between the capital and other English regions in developing CCIs. Integrating findings from two separated research projects in Birmingham and Newcastle-Gateshead, this paper explores factors that enable or inhibit the creative industries outside of the Capital. One of the crucial issues relates to the specific position of each urban and regional context in relation to London and the possibility of building a critical mass of CCIs outside of the South-East. The paper discusses the importance of idiosyncratic factors relevant to creative individuals in their location decision. In addition, an important dimension of CCIs' dynamic lies in the multi-scale nature of the geographical supply-chain and collaborating work undertaken by companies. Our findings question current regional policies and their understanding of the local and regional dimension as being limited to the idea of geographical clusters. Therefore, the paper calls for a wider approach which takes into account the importance of the regional infrastructure and the "knowledge pool" necessary

to the development of CCIs, but also personal and operational connections of the CCIs within and outside their region.

Keywords: Creative industries, regional cultural policy, creative clusters, regional economic development, knowledge pool.

JEL classifications: O18, R12, Z10, Z13

1. Introduction

The development of creative and cultural industries (CCIs) has become a key aspect of national economic development policy in the UK in recent years. With the DCMS (2000) "Creative Industries: The Regional Dimension", this agenda has moved from Central Government policies to Regional Development Agencies' (RDAs) strategies and CCIs have been put forward as a key element in local economic development in most English regions. Although during the last five years many research and scoping studies have been undertaken, there have been no consistent assessment of the local and regional dimension of the creative economy. Many studies have focused on measurement but current quantitative approaches suffer from a lack of appropriate data. In addition the relation between CCIs and places has often only been studied through the cluster's paradigm.

This paper addresses these issues by exploring how the local and regional dimensions play in the development of CCIs in two core city regions in UK: Birmingham and Newcastle-Gateshead[1]. The next section critically reviews the current creative economy's discourses addressing both national and regional dimensions and linking academic and policy debates. These debates encompass the 'creative clusters' approach adopted by RDAs and researchers in the field. The authors' choice of adopting a "knowledge pool" approach of understanding CCIs practice instead of a cluster approach is discussed in the third section. The fourth part of the paper presents the research methodology and background. The context and dynamic of the creative economy in our two case studies are then briefly portrayed. The fifth section details our findings and provides a wider understanding of the role of the place in enabling or inhibiting the CCIs at four different levels: personal, operational, networks and public support and the wider regional infrastructure. Conclusions are finally drawn about the potentials and the limits of the local and regional dimensions and the cluster approach in developing CCIs.

2. The Creative Economy Discourse and the Lack of Evidence at the Local and Regional Level in UK

Since the first Creative Industries Mapping Document (DCMS, 1998), many authors have addressed the rise of CCIs in the national public policy agenda and its implications (PRATT, 1997; O'CONNOR, 1999; GARNHAM, 2005). More recently, CCIs have become one of the foci of local and regional development strategies (TUROK, 2003; PRATT, 2004c; JAYNE, 2005; OAKLEY, 2006) with often not much understanding of what goes on at these levels. Cultural differences as well as variations in local and regional CCIs economic potential have largely been ignored. This has often ended up in replica policies and strategies from the national to local and regional levels. Some economic strategies and policy interventions have focused on specific assets and infrastructure that a city or a region should have to be or to become a "creative city". First, attempts have been made to link regeneration and urban intervention to the creative economy. Then, the focus has shifted to new investments in cultural facilities and in developing support programmes aimed at CCIs influenced by the cluster approach. As Oakley has pointed out *"no region of the country, whatever its industrial base, human capital stock, scale or history is safe from the need for a 'creative hub' or 'cultural quarter' "* (OAKLEY, 2004, p.68).

Recent sources (DCMS, 2006; NESTA, 2006) have documented the substantial contribution of CCIs to the national economy. More limited and controversial are the studies of this contribution at local and regional levels as well as the documentation on local and regional characteristics of the sector. Although the 2004 "DCMS Evidence Toolkit" addressed the lack of coordination and strategic thinking at the local and regional levels, methods and practice have not really moved forward in the last decade (CREIGHT-TYTE; 2005). This is mostly due to the weakness of nationally available data - making it difficult to include and to understand all creative sub-sectors within the broader ‘creative industries’ framework (DCMS, 2004; CREIGHT-TYTE, 2005; TAYLOR, 2006).

Nevertheless, most RDAs and local bodies have produced evidence or advocacy about the role of CCIs in their regional economy: “*appearing as ‘priority sectors’ in almost every English region*”(OAKLEY, 2006, p. 257)[2]. However, authors including Pratt (1997), Creight-Tyte (2005) and Taylor (2006) have stressed the lack of consistency in methodologies along with general issues of what can be measured and what has been measured. In addition, comparisons in time and space have been made impossible by the usage of different definitions and methods.

Consequently, the only recurrent data available are the national ones produced by the DCMS in its yearly statistical bulletin (DCMS, 2006). This raises the question of what is the real understanding of regional creative economies both in terms of their weaknesses and their strengths. It might also hide the fact that the creative economy is a successful story only for a few regions.

The picture of the regional dimension given by Pratt in 1997, although dated, suggested a large disparity between London and the South East, seen as the creative hub of the country, and the rest of UK trying to catch up with it. Questions can be raised as whether this gap has been reduced or on the contrary has been expanded in the last 10 years. Oakley (2006, p.267) has documented the still undeniable weight of London and the South East in the national creative economy: “*these two regions account for 46 per cent of the creative workforce compared with 27 per cent of the total UK workforce*”. Furthermore, the author suggests how this predominance is even more visible when looking at the percentage of turnover represented by London-based firms. Outside the south and east *“ there are other isolated cities that have had positive rates of change, but the regional effects of these appear weaker”*. (OAKLEY, 2006, p.268)

However, Jeffcutt and Pratt (2002) have suggested that while much of the attention in the research about CCIs has been focused on the macro level - comparing cities and their capabilities and labour market in the creative economy - and meta level - analysing the long-term impact of CCIs as a knowledge economy - there is a need for a better understanding of what goes on at the micro and meso level. This is the objective of this paper which addresses the importance of a better understanding of the relations of CCIs within the city-region, the dynamics between agencies and other actors, and the role of the network infrastructure undermining the creative practitioners work. In order to do so, the next section discusses the current usage of the cluster approach to understand and foster CCIs at the local and regional levels. Instead, it argues for the use of a wider framework like the one referred to as the Creative Knowledge Pool (CURDS, 2001).

3. From Creative Clusters to a Creative Knowledge Pool

Most authors looking at CCIs at the local and regional level have used some kind of cluster approach on the base that clustering plays an important role in these industries. For example Scott (2000; 2002; 2005) and Storper (STORPER and CHRISTOPHERSON, 1987; STORPER, 1989) have specifically developed their studies in the context of cultural clusters, i.e. the development of the film industry in Hollywood. Many other authors have focused on the analysis of co-location and clustering in different sectors of the CCIs (table 1). Clusters have become the paradigm to understand CCIs and often in terms of urban planning and strategies co-location and agglomeration has been seen as the solution to implement local creative economies.

In UK, influenced by the work of Porter (PORTER, 1998a, 1998b) the cluster approach has been part of the national economic development agenda since the end of the 1990's (DTI, 1999).With the creation of the RDAs, the approach has been brought to the regional scene in order to try to capture the added-value of the creative economy in a cohesive way (JAYNE, 2005; OAKLEY 2006). An important emphasis has been placed on the clusters infrastructure, trying to engineer their development and implementation. However, this policy approach has often been short-sighted in respect to problems such as gentrification or the lack of sustainability and social capital development, as if co-location or the co-presence of CCIs could itself determine economic development and success.

In these respect, other dimensions become central to the debate when the development of cultural clusters is linked to an urban post-industrial perspective with reference to terms like cultural quarters (CREWE, 1996; BROWN ET AL., 2000; MOSS, 2002; SHORTHOSE, 2004; MCCARTHY, 2005) or urban village (POLLARD, 2004). In these contexts, the production of culture and cultural goods is deeply intertwined with consumption and the participation of consumers and audiences to the construction of meaning. However, these interactions and exchanges, alongside other 'soft infrastructures' like the atmosphere and the local scenes are often considered as given factors that cannot be rationalised in the creative cluster approach (O'CONNOR, 2002). Therefore, many authors understand creative clusters as a spatial fix. In conclusion as Pratt (2004a) highlights the idea of cluster fails "to capture the broader spatial, temporal and organisational dynamics of production across creative industries" (Pratt, 2004a, p.20).

Tables and Figures

Creative and cultural sector	**Authors: City – Cluster**
New media / New technologies	PRATT (2000) SILICON ALLEY, NEW YORK PRATT(2002) SAN FRANCISCO NEFF (2004) NEW YORK
Film / TV production	SCOTT (2002; 2005) HOLLYWOOD BASSETT *et al*.(2002) BRISTOL COE (2000; 2001) VANCOUVER MOSSIG(2004) COLOGNE TUROK (2003) SCOTLAND KRÄTKE (2002) POTSDAM /BABELBERG
Design	MOLOTCH (1996) LOS ANGELES VERVAEKE AND LEFEBVRE(2002) NORD-PAS DE CALAIS JULIER(2005) BARCELONA BELL AND JAYNE(2003) STAFFORDSHIRE
Craft / Makers	POLLARD (2004) JEWELLERY, BIRMINGHAM SCOTT (1994) JEWELLERY, LOS ANGELES / BANGKOK
Advertising /	NEWMAN AND SMITH(2000) LONDON GRABHER(2001) LONDON LESLEY(1997) NEW YORK
Music	BROWN ET AL.(2000) MANCHESTER AND SHEFFIELD MOSS (2002) SHEFFIELD GIBSON ET AL.(2002) AUSTRALIA
Fashion / Clothing	CREWE (1996) NOTTINGHAM RANTISI(2002) NEW YORK

Table 1: Overview on the most important studies of CCIs clusters

Following this view, which sees the importance of co-location limited without understanding the systems of interactions which are embedded in a specific place, a new centrality of interactions emerge - specifically those interactions which cannot be captured by a supply-chain model. The importance of exchanges based on knowledge sharing and the multi-level of interaction direct us towards a knowledge pool understanding of the dynamics of the sector.

Many authors (for example MOSSIG, 2004; KONG, 2005) underline the importance of trust in building stable interactions and/or networks and as a base for flexible specialisation. However, relations of trust cannot be seen as immediate but are the result of continuous interaction and are built on positive past transactions and experiences. The soft-infrastructure dimension and in particular the importance of networks have been emphasised in recent literature (GRABHER, 2001; WITTEL, 2001; GRABHER, 2002; ETTLINGER, 2003; GRABHER, 2004; KONG, 2005; LANGE, 2005) but has only recently been introduced at policy level, with different degrees of success. This has been true for some of the policies adopted by Newcastle-Gateshead and Birmingham on which this article is focused. This soft dimension is particularly important in linking cultural and creative production and place. As Pratt (2004a) suggests there is the

> *need to construct an evidential base of information about inter-firm transactions of both material and non-material, economic and non-economic character […] the potential is to develop both an understanding of the dynamics as well as the way in which particular localities are implicated within the production systems […] it will be possible to begin to assess local strengths and weakness, and to match those with local aspirations and resources for these industries* (PRATT, 2004a, p.21)

Therefore, rather than considering the importance of the clustering dimension, it seems more important to focus on the wider system that enables and supports the development of CCIs in a specific urban and regional context. In addressing these issues, the present research has drawn from the model of *Creative Knowledge Pool* developed by CURDS (2001 - fig. 1). The main concern is to understand the complex relationships between CCIs and the wider city-region environment in which they are located.

The model focuses on the role of interactions and networks between creative practitioners and companies and other regional actors. The model as developed by CURDS (2001) and as adopted in this paper does not imply that the geographical scale is limited to local and regional interactions. In fact, many authors have investigated the role of multi-scalar relationships in the creative economy and especially their global dimension (COE, 2001; COE and JOHNS, 2004; SCOTT, 2004). Nevertheless, the focus of the present research is specifically on the role and the dynamic aspect of the local and regional dimensions. Based on our interpretation of the model, it seems possible to distinguish four layers of interactions / relations, which are relevant for the understanding of the local and regional dimension of the creative economy.

In the first layer, the central circle, the focus is on the relationship between creative individuals and the place they live in. This personal dimension is often characterised by emotive aspects, linked to the personal history of the person. This level also relates to the role that place can have in terms of source of inspiration and creativity (DRAKE, 2003).

The second circle or layer specifically addresses the employment and work opportunities that a place can offer, looking at business and employment perspective of creative practitioners and companies. At this level, local specialisation and the presence of a cluster can influence the possibility for people to be employed or to develop a business. These dynamics are also important for temporary project-based and freelance work (GRABHER, 2001; MCROBBIE, 2002; PRATT, 2004b).

The third layer introduces those actors that actively engage with the creative economy: business advisors, local and regional associations and support networks. At this level, the relationships and connections between companies become very important. Often the emergence of local clusters or cultural quarters is linked to growing interactions between this layer and the second layer. Finally, the fourth circle includes the public support infrastructure as well as actors or infrastructures that have looser relationships with the creative economy but can still be important elements of the local supply-chain or production system (PRATT, 1997) or of the CCIs ecosystem (JEFFCUTT, 2004) like universities, access to markets, etc.

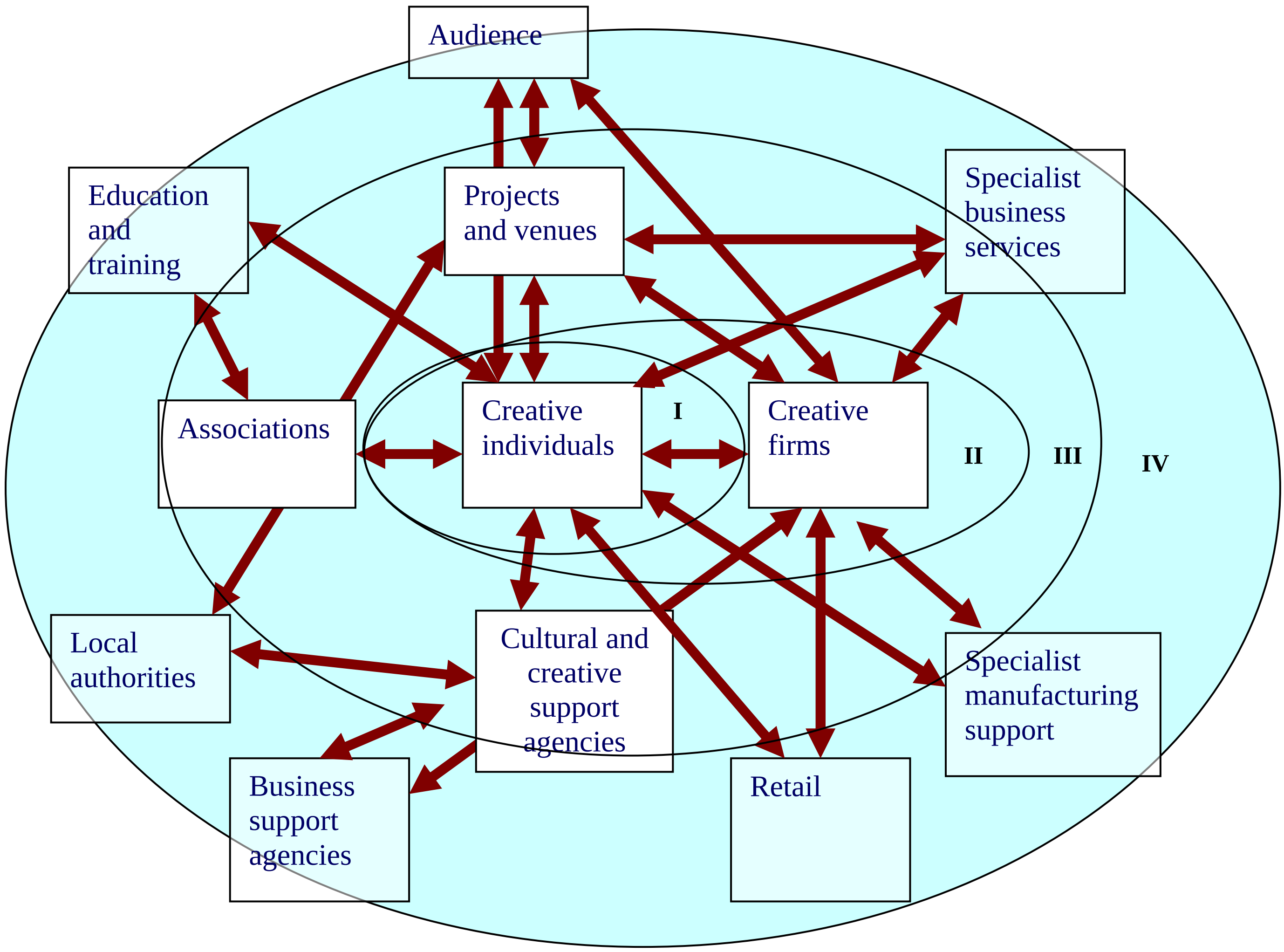

Fig. 1. The Creative Knowledge Pool Model (CURDS, 2001, p.11). The circles / levels added in the background are an elaboration of the model by the authors.

Drawing on this model, this paper addresses the following research questions:

1. What emotive and creativity aspects of the local and regional dimension are important in terms of the creative individuals engagement with place;
2. What local and regional operational advantages and disadvantages are important in the development of creative businesses?

3. How relevant and important are factors such as networking and collaboration with other local and regional companies and creative practitioners?
4. How does the wider local and regional infrastructure such as universities, policy support, transportation systems, etc. and local and regional sectoral strength and/or critical mass influence the development of creative industries?

4. Research Background and Methodology

This paper integrate findings from two research projects developed independently but investigating similar aspect of the local and regional dimension of the creative industries in UK. By doing so, it generates new understandings of the factors that enable or inhibit CCI's locally and regionally.

The first research project (Birmingham, West Midlands) was commissioned by the 'Innovation Team, Creative Development, Planning and Regeneration' at Birmingham City Council and forms part of the ERDF *Creative Knowledge Creative Companies* (CKCC) programme. The research was carried out to provide policy makers and practitioners in Birmingham and beyond with a better understanding of the growth dynamics of the creative industries in the city by looking at business profile, firm performance, firm history, products and processes, customers, knowledge inputs, skills and training, support and so-operation and business support (BURFITT *et al.*, 2005)[3]. The research included 31 interviews with creative entrepreneurs both conducted in 2004-2005.

The second research project (Newcastle-Gateshead, North East), was independently conceived and carried out in 2005-2006. This project included 136 interviews with local creative practitioners in the region and people working in the cultural sector not only in the private but also in the public and not for profit sector. The central focus of the research was on the importance of place and networks in the creative economy, using both qualitative interviews and social network analysis[4].

Both research projects used a mixed-methodology approach but the present paper only focuses on the material from the qualitative side of the studies - that is the interviews. These qualitative interviews provide a very rich collection of material. Not many studies of the dynamics of creative industries have yet explored the quality of the interactions that take place in the "creative economy" ecosystem at the local and regional levels. This paper by comparing primary qualitative data for two city-regions in UK provides an original contribution to this understanding.

However, qualitative data present many challenges in terms of analyses. The problematic issue comes from the sampling where respondents are often selected on the basis of being well-positioned in relation to the theme that the research is investigating (BAXTER AND EYLES, 1997). Baxter and Eyles (1997) question the issues of representativeness and the extent to which findings from qualitative interviews can be generalised. Another problem experienced during interviews is how to assess embeddedness (OINAS, 1999). This is absolutely central in the investigation of the role played by the local and regional dimension in the creative economy and of the problem of 'multivoiceness'. Interviewing a creative practitioner in a firm, instead of the managing director of the same company, may provide a completely different outcome in terms of the experiences and opinions collected. Furthermore, the importance of project- based and freelance work in the creative economy often leads to one person covering a variety of jobs and roles. The interviewee in this case might also "*speak with many voices due to their multiple embeddedness in different social relations*" (OINAS, 1999, p. 358).

In the present case, these issues have been addressed in different ways. First, interviews in Birmingham focused on creative individuals in decision making positions for their businesses – such as managers, directors, partners, sole traders, freelancers; the data from Newcastle-Gateshead have been extracted from a comparable sample of interviewees. In addition, interviewees cover the wide range of creative sub-sectors present in both cities. Second, findings have been drawn using an induction approach looking at common and specific themes emerging from the interviews in both cities rather than responses to specific questions.[5] All the interviews have been digitally recorded and transcribe.

4. City-regions: the case of Birmingham and Newcastle-Gateshead

The city-regions of Birmingham and Newcastle-Gateshead present an interesting setting for studying the importance of the local and regional dimensions in the development of CCIs. There were around 1 million inhabitants in Birmingham in 2001 and 5.3 millions in the West Midlands. These figures were twice the size of Newcastle-Gateshead and the North East respectively. However, each city represented about 18% of the population of their region and between 20%-26% of the regional employment. Rough estimation suggests that in relative terms (expressed as the proportion of creative jobs in the local economy), the importance of the creative sector in Newcastle-Gateshead is closer to the national average than in Birmingham (LUTZ *et al.*, 2007). Both cities have undergone major regeneration in the last 20 years involving various creative sub-sectors and have more recently put more emphasis in developing the sector. Although both are not part of the London and South-East creative hub, Birmingham can benefit from fast transportation connections and interactions with the capital whereas Newcastle-Gateshead has to address issues related to its peripheral geographical and economic settings in the national economy. This section provides a brief portrait of the two city-regions in terms of their recent policy engagement with the creative economy.

Birmingham. The 1970's and 1980's saw a major decline in manufacturing in the West Midlands and the city of Birmingham was severely affected. In order to cope with this economic challenge, an ambitious strategy of economic regeneration transformed the industrial/financial/service base of Birmingham in the 1980s and 1990s. Although there have also been recent attempts to diversify its industrial base by developing new, high value, high growth activities such as telecommunications, pharmaceuticals, and computer software/hardware services, Birmingham remains at risk because of the continuing over-dependence on low-value manufacturing sectors and due to employment linked to the fragile automotive industry.

Nonetheless, the city's engineering and design heritage has remained strong and Birmingham has seen an increase in the role of CCIs. Since the mid-1990s Eastside and the historic Jewellery Quarter have slowly emerged as significant concentrations of smaller creative businesses and organisations. The latter, still one of Europe's largest clusters of jewellery-related businesses, has experienced diversification into related design industries and sectors such as architecture and advertising. Eastside, the focus of the City's largest current regeneration programme, is emerging as a centre of multi-media activities, graphic design, visual arts and music production and performance.

The creative industries have been at the forefront of urban regeneration and economic development strategies in Birmingham in recent years. Their place in the city's transformation was initially unplanned as low-cost workspace was used for an up and coming generation of businesses. However, creative industries are now recognised in the local policy literature as key areas of growth and future prosperity for the city. There is a real challenge where the physical development of Birmingham needs to be aligned with that of the creative sector and have a skill base to match.

In the last five years, we can see an improvement in coordination and understanding of the creative industries even though the sheer number of organisations involved in the sector does not make the task easy. Key agencies such as the Learning and Skills Council, former Birmingham and Solihull Business Link, Advantage West Midlands, Arts Council West Midlands plus those representing creative sub-sectors like Screen West Midlands have come together to deliver joined up thinking. This has been expressed in a variety of regional and local documents and research but also in the recent recognition of the Jewellery Quarter as a creative quarter in the City Master Plan.

However, it is still difficult for some of the local or regional institutions to really understand what the creative industries are about. This may be due to the different mindset of policy makers and creative people but also to the past development of the City. Birmingham has always been oriented toward business and manufacturing. The strategy in the 1980s and1990s was easier to implement because there were still links with this image, for example, in the approach to the development of business tourism. Consequently, some policy makers have still difficulty believing that they are not now investing in something 'risky'. While the RDA has started to recognise the importance of the creative contribution to the regional economy, it is still uncertain whether or not they have grasped the concept that not all creative businesses are the same, that sub-sectors have different business needs and expectations and that those are not necessarily akin to those of traditional manufacturing businesses.

Newcastle-Gateshead. In the context of Newcastle-Gateshead and the North East the new emphasis and attention towards the creative economy can be linked with a long process of cultural regeneration of the region. This process started in the early nineties when the region attracted the Year of Visual Arts in 1996. The ability of some regional actors (lead by Northern Arts today the Arts Council North East) to attract large public investments to the region in order to revitalise the local economy and to develop the local participation in arts activities are widely acknowledged (BAILEY *et al.*, 2004). These investments have enabled the creation of large publicly funded cultural infrastructures, not only in contemporary art (The Baltic) and music (The Sage Gateshead) but also in theatres (refurbishments of the Northern Stage, Theatre Royal and Live Theatre), crafts (National Glass Centre, expansion of the Shipley Gallery), literature (Seven Stories), dance (Dance City) and other important events. The question of whether and how far public sector infrastructure benefits the local creative economy is not a simple one to address. Nevertheless, the region and specifically Newcastle-Gateshead have benefited of a new image as a 'creative city'.[6]

At the beginning of the 2000's, the RDA, local authorities and support agencies started looking at the potential economic impact that the creative economy can have locally and regionally[7].

The idea of developing a 'cultural quarter' strategy in the city has been quite strong and has involved different actors. In particular, at the marketing and promotional level, a first formulation of the 'cultural quarters' map of the city was developed by Newcastle-Gateshead Initiative (NGI), the city destination agency. In this first presentation five cultural quarters[8] where included: the Quayside, Grainger Town, the Haymarket, Chinatown and Jesmond. The interpretation of what a 'cultural quarter' is was based mainly on the consumption of culture either through the presence of big cultural institutions or trendy shops. In this classification, no mention was given to the Ouseburn Valley which was the larger co-location of artists and creative practitioners in the area.

Since 2002-3, a second 'cultural quarter' strategy has been led by the University of Newcastle, which developed a new master plan and major refurbishment initiative for its cultural facilities but also addresses the role of cultural production (specifically through the Culture Lab and the Northern Writer's Centre).

More recently, a wider focus has been developed, not based on clusters but on networks. Specifically, various networks and infrastructures have been put in place to address the needs of the various creative sub-sectors. Agencies like Codeworks (for media industries), Northern Film and Media (for the moving image sector) or New Writing North (for writers) and others have been in charge of developing schemes and training to boost the local creative economy. Other general schemes such as the Culture Business Venture have been created to provide funding for creative businesses.

However, some challenges remain. Recent research commissioned regionally by Northern Film and Media on the moving image sector stressed the problematic understanding of the creative economy. While RDAs are generally focusing on measuring the economic impact of the sector, the report suggests that "*90% of the SMEs surveyed have no commercial goals and for 25% running a business is a part-time activity […] individuals in each firm are often highly entrepreneurial, most currently choose to apply that talent to building cultural or social capital rather than making money* (NORTHERN FILM & MEDIA, 2004, p.7).

6. A Qualitative Local and Regional Perspective on the Creative Economy: Findings and Results

Findings and results from the interviews in the two cities have been presented in four levels of understanding of the role that local and regional dimensions can play in the development of the creative industries. These four levels are based on the knowledge pool model and relate to: personal dimensions that link creative individuals to the place; operational advantages and disadvantages relevant for their work and business; networks, collaboration and social capital, and the larger local and regional infrastructure[9].

6.1 Creative Practitioners, the Place and the Personal Dimension

One of the undermined dimensions of the cluster approach relates to the personal relationship of individual with the place they live in. Our findings show that for both city-region, this dimension is quite important even though it may play slightly differently depending on the city. First, there is a strong connection between individuals and place either at a private and/or professional levels. Many people are originally from both cities and proud of it. This attachment to both cities is also linked to their social capital and, in general, to the sense of identity and community in the place. In Newcastle-Gateshead, many respondents mentioned the inspirational role of the place in terms of its people, its cultural assets and its industrial past.

> *I am from Birmingham born and bread and fiercely proud of it. (Partner, Advertising, B)*
>
> *There are some great people in Birmingham or near here. […]It is a great place to be. (Director, Advertising, B)*
>
> *I am from here and the North-East is a very special place (Magazine Editor, Publisher, NG)*
>
> *I think people underestimate the North-east culture, it is very deep rooted in various areas like the industry that used to be here […]the lack of that now has left a bit of void and some of the art works have helped to fill in that gap (Photographer, NG)*
>
> *I think living up here does make you think more creative, […] there's quite a few quirky creative people around (Designer, Maker, NG)*

With the recent regeneration, both places are seen as "buzzing"…

> *There is a sense of prosperity. […] everybody knows about the new Bullring […]. It is a sign of confidence. Quite a strong statement about what Brum is up to and that it wants to attract people. (Editor, Publishing Company, B)*
>
> *The whole bid for the capital of culture was really important in creating a 'buzz', the investment and the regeneration, I love the Angel, this buzz has made it less difficult to come here (Glass Artist, NG)*

The presence of universities and colleges also play a role in linking people to the place. Some creative practitioners studied in both cities, stayed afterwards and/or came back later on. This emerged clearly in the interviews conducted in Birmingham.

> *I attended the University of Birmingham and went on to study further in Paris. Currently, I am based in Birmingham but I have lived and worked in France, Germany and Greece. (Freelance, Performance Theatre, B.)*

One aspect which emerged strongly in Newcastle-Gateshead was the importance of the local quality of life, like access to nature and culture, pace of life and work...

> *The quality of life here is undeniable, the ability to move around quite quickly, geographically […] get to the countryside easily and the coast (Director, TV Company, NG)*

6.2 Operational Advantages and Disadvantages

The operational advantages and disadvantages of a place are usually key factors in the location decision of businesses. These factors include operating costs, competition, availability of specific skills in the labour market, appropriate premises, market. These also play a role in the location decisions of creative individuals and companies. One strong finding is the fact that creative individuals and companies clearly position themselves and their location in Birmingham and Newcastle-Gateshead against being located in London. The interviews in Newcastle-Gateshead expressed a complex relationship with the capital seen as the centre of the creative economy. In Birmingham this issue was present but less strong because of the geographical proximity with London.

For example, one of the major advantages of being located in Birmingham or Newcastle-Gateshead related to their lower overhead costs compared to London.

> *We moved from London to Birmingham because the overheads were too high in London. We retrenched in Birmingham. (Director, Publishing Company, B)*
>
> *I have found it easy to be creative here than in London because in London there is much more economic pressure on you to just survive (Jewellery Maker, NG)*

Advantages would be the running costs, just simple basic costs are cheaper than anywhere. even the costs for being this close to the centre of town is relatively nothing (Director, Music Company, NG)

At the same time both cities draw a necessary amount of activities and have specific markets. Being outside London allows companies and individuals to appear distinctive. They may face less competition locally or regionally.

London is the centre of Publishing activities in England and Edinburgh for Scotland. I will go to London quite a lot. There is a sense that if we will be based in London, our networking will be better. […] However, by being in Birmingham we stay distinctive. (Publisher, B)

Advantages are that you kind of stand out a bit in our industry because you are not in a sea of similar companies that are based in the main music scene (Marketing manager, Record label, NG)

One of the advantages of being in the Midlands is there aren't that many other games companies. So we don't have that many local competitors. (Software Game Company, B.)

However, relationships with the capital are often necessary to the development of their activities in terms of funding, critical mass, facilities, keeping up to date, image... Creative practitioners/firms sometimes have difficulty to obtain work due to the image of being located in 'region' or because the critical mass of activities in some sectors are located in London and the South East. London is also perceived as a gatekeeper in many of these sectors and competition remains strong. Therefore, not being visible in London means remaining out of many career opportunities and ultimately the creative market. In terms of the creative production system (Pratt, 1997) some facilities and specialised companies are present in Newcastle-Gateshead, but it is still not possible to rely purely on local facilities or networks for some more specialised services; the links with London thus remain fundamental to deliver final products. In the case of Newcastle-Gateshead, the distance from the main creative hub is considered a disadvantage, specifically for those sectors which might need a strong initial investment in developing products such as films.

The industry, traditionally, has been London-centric and Manchester-centric, and Newcastle tends to be out in the sticks […] as a result we're the poor cousins when it comes to the cultural sector. […] it's all about money. (Film Maker, NG)

The disadvantages are than you are not as involved with mass music scene […], because the centre of everything is London […] it is hard to keep up with the newest acts that are coming out now, you might not heard about them until a little afterwards. We have used studios in the North-East […] recorded all their music in Newcastle, and gave it to somebody else in London to remix it, because the facilities down there are better and you get more experienced engineers. (Marketing Manager, Record Label, NG)

50-60 % of design work is based in London, and Birmingham as a design centre does not punch its weight. [..] Birmingham has an image problem in this field. (Director, Design Company, B)

Both cities also display specific operational advantages or disadvantages. Birmingham has an important Black and Minority Ethnic (BME) community; a third of the population was non-white in 2001 and this has an impact in terms of creative industries with the development of BME creative products and services including Papers, Dance and Music.

Yes I do live here, (…) because Birmingham is the second biggest city in Britain and there are more Sikh people here than anywhere else.. (BME Newspaper Publisher, B.)

The business is located in Birmingham because I live here. The city is based in a culturally diverse region and there is recognition and sympathy for our organisation. (BME Dance Company, B.)

Other operational advantages relate to the specific creative sub-sectors where the interviewee is working. Birmingham has had a long tradition of jewellery makers with the presence of a national "Jewellery quarter" where many jewellery companies have clustered.

The Jewellery Quarter is an ideal location, close to the Jewellery Innovation Centre, the Birmingham customer base and with affordable rental levels. I would not wish to move to another location (Jeweler, B.)

In the case of Newcastle-Gateshead drama and film companies find a certain operational advantage in the kind of settings the region can offer. Glass artists also see advantages in the regional glass tradition, particularly around Sunderland and the National Glass Centre.

And looking at drama, it offers every location that you ever want. (...) within half an hour we have the castles, the dungeons, the caves, the coasts..." (Director, Film Company, NG)

I came here in the National Glass Centre because the support they were offering […] (Glass Artist, NG)

The geographical and transportation positions of both city-regions can create some operational advantages. For example, the fact that Birmingham is located in the Centre of England and has a very good transportation system contributes to the operational advantage of the City.

It is easy in terms of communication: we have rail network, airport and motorway network. (Publisher, B.)

While in the case of Newcastle-Gateshead the closeness to other centres of cultural production, such as Edinburgh or Manchester, is considered meaningful for the operational activities of certain companies

if you also count Glasgow, Edinburgh and Liverpool and Manchester. If you draw a circle of two hours around Newcastle I think are still quite central. (Freelance designer, NG)

However, NG presents some operational disadvantages in terms of access to markets and in the way the local demand fails to stimulate a sophisticated and high-value production.

If I was working in London a copyrighter is regarded as an important part of the creative process, up here is not, because it is just words, clients are not sophisticated in the North-East […]as far as they are concerned it just words (Freelance Copywriter, NG)

I sell to few people in the North-east but there isn't really much out there, not the kind of outlet where I would like to sell my work (Jewellery Maker, NG)

6.3 Networking and collaborations

CCIs are mainly small and medium sized enterprises, therefore establishing connections with companies and public support agencies is fundamental. Networking can be associated with clustering but is also about building platforms, which can have a wider geography than the region.

When addressing the importance of networks and collaboration, there is certainly the idea that co-location plays a role in facilitating networks and communications; this is specifically true in the case of the Jewellery Quarter in Birmingham or the Ouserbun Valley in Newcastle-Gateshead

The Birmingham location provides me with an extensive local network of expertise in the Jewellery trade – and a good local customer base via the attraction of consumers to the Quarter. (Jeweler, B)

I think it open all sort of doors […] the process of starting up a business would have been completely different had I not been in this building, [...] it is vitally important to be surrounded by other people in the same sector (Design and Maker, NG)

In both cities, support agencies have tried to develop forms of networking and exchanges between practitioners in the same sector.

Birmingham City Council involved informal attempt to bring creative sectors together. I attend the Birmingham Creative Partnership Board. (Manager, TV Company, B.)

The key network we use is the Birmingham Music Network and the "Creative Launch pad", as an organisation that arranges networking. I feel that there are lots of networking opportunities around (Founder, Music Company, B)

Networks are crucial in terms of work opportunities made available by local companies. They are a strong mean through which work is passed on and commissioned. Consequently, networking is seen as fundamental skill to access the local market and to allow the company to establish itself locally.

Business is secured largely by 'word of mouth', through local connections in the Jewellery Quarter, via longstanding traditional customers and via family connections. (Jeweler, B)

Generally in terms of the work that I get, one of the main sources of work, is through New Writing North, they broker a lot of work for me. (Poet, Writer, NG)

We take on contract staff, who mainly come from word of mouth, and there are many well known people in Birmingham. (Architecture cie, B)

Commissions are passed on to me from the National Glass Centre or from other artists […] it is really about being in the right place at the right time and the same when I cannot do a job I try to pass it on to other colleagues. (Glass Artist, NG)

Formal networks are usually institutionalized and sector-based. Informal networks are linked with social dynamics such as friendship and exchange of information in social environments such as cafes, pubs... The social dimension seems to be fundamental and knowing the people you work with and establishing long term relationships is functional to the creative production process

Lots of work is done informally and this is encouraged by a dining club of like minds. (Director, Dance Company, B)

Networking is not done formally, it's all done you know as you pass somebody in the corridor, have a coffee, you chat in the bar after a gig, […] if you sit down and formally network, culturally that doesn't fit comfortably with the kind of people that tend to be doing the job. (Director, New Media Company, NG)

In the case of Newcastle-Gateshead many of the respondents stressed how the people working in the sector tend to all know each other. The local creative – cultural economy seems like a large family, a community or a village dimension with strong and frequent interactions.

It is on a social level, in the cultural and creative sector I think everyone probably knows each, everyone knows of everyone somehow, I think a lot of it is social. (Small Publisher, NG)

Local networks are important, but practitioners and companies are usually embedded in multi-scale networks (Coe, 2000). Interviewees recognise the importance of local networks and the difference between collaborating with local people and in a large long-distance network.

I work for an agency in Leamington which works for an agency in Tokyo, which works for Subaru (Freelance, Advertising, B)

Our company works locally, regionally, nationally, especially in its artists consultancy role, and internationally (Director, Dance Company, B)

The things about regional network that's important is that you have more continuity, you can get to know them as friend […], while long-distance networks are useful in terms of PR, getting yourself out there and getting known but it is not the same kind of supportive network (Jewellery Maker, NG)

There is also a strong commitment to being part of multiple networks, as different kind of networks can prove important under different perspectives

I suppose previously I was more involved in that infrastructure type networks, but now I am much more in organic networks but within that I do still link in those infrastructure one, you need both (Freelance Designer, NG)

I make some use of formal industry events to build up the business networks and profile. (Director, Design Company, B)

Although these strong social and working connections seem to provide a positive environment, they may also create some lock-in effects (specifically in the case of Newcastle-Gateshead) where the system tends to be less open to outside influences and new inputs.

There is not that many jobs in the North East and lots of people goes to people they already know, it is an insular community. (Freelance Cartoonist, NG)

Sometimes you're talking to all of the same people all of the time, and that's not necessarily the most conducive way to developing the best practice, so there's a sort of constant recycling of the same people's ideas. (Manager, Performing Arts Venue, NG)

6.4 The regional infrastructure: image and investments

This section explores the role of the regional infrastructure in the development of creative activities. This refers to infrastructures like universities, research and technological centres, cultural facilities, transportation systems and architecture as well as to softer measures like public and private support and regeneration schemes and to more intangible elements like image of the city and regional identity.

In both Birmingham and Newcastle-Gateshead, the large investment in infrastructure and regeneration in the last decade are said to have played a major role in enabling the development of creative industries. This has usually been associated with the construction of cultural facilities or flagship developments and has created a buzz and has changed the image of both cities. This has had an impact at a personal level, as expressed previously in the paper, but it seems also to impact at professional level. For example, the new infrastructures and facilities have played an important role as incubators or drivers of change in terms of mindset.

Things like the Sage have been a very positive influence on feeling that I am in a creative community, just seeing the different and diverse music […] Tyneside Cinema is my lifeline, without that I really couldn't stay in the region (Film Maker, NG)

I love what is going here with the regeneration, which started with the NEC, then moved on with the Custard factory and then the Bullring. It is vibrant. (Director, Advertising, B)

The airport has created new links to new countries so its easier to bring people in now – there are lots of people who want to make things happen and lots of energy and talent there are opportunities to take risks and a mindset amongst certain people to take risks. (Director, Screen Media Company, B)

Combined with the critical presence of colleges and universities training programs, this has created a critical mass in some sectors like classical music/dance and TV and Radio in Birmingham

We collaborate with a vast range of city arts organisations e.g. Ex-cathedra, SAMPAD, BCMG, CBSO, and Birmingham Opera Company. After Performing, our second most important activity is education – we delivered 400 educational sessions in Birmingham to 10 000 people. We have links with University of Birmingham via its MA course (…). (Director, Dance Company, B)

We have a major commitment to shift our business out of London- we are a networked organisation and Birmingham is a key production hub with University of Central England, the University of Birmingham and Matthew Boulton. (Manager, TV Company, B)

In addition, influenced by the "creative cluster" and "creative city" paradigms, local and regional actors have put more emphasis on providing business support to creative individuals and companies in recent years. Local and regional public procurement has also been an important source of revenue for some companies, sometimes sustaining the more creative part of the work.

In the last 10 years there has been a huge expansion in the creative industries which has facilitated organizations and establishing networks and a lot of innovative thinking from people in the funding agencies (Freelance, Writer consultant, NG)

The amount of support that was available in essence was incredible […] we achieved funding through Princes Trust, through Tyne and Wear development through Newcastle Council, through the Arts Council itself. We had help with brands and developments from BusinessLink etc, in essence it was a big amount of help we achieved. (Director Music Company and label, NG).

Our client split is about 65% corporate/public organisations (Regeneration West Midlands, Advantage West Midlands, other businesses) and 35% creative - street wear/fashion clothing, skateboard companies, graffiti art magazines. The creative work is fun, the organizational clients pay the bills. (Designer, B.)

We always have had public money from the Arts Council of England and from the Birmingham City Council. (Editor, Publishing Company, B.)

More generally, some creative people have the feeling that this is Birmingham's and Newcastle-Gateshead's turn in terms of creative and economic development.

We feel it is Birmingham's turn – they do the right things here, such as the Custard Factory complex. But there remain gaps, especially in the hosting of major industry events (Designer, B.)

I think the other reason why we are in the Birmingham area is because it is slightly backward. But in reality that is why Birmingham in the first time round did very well. It grew so fast was because it was so far behind. (Director, Software Company, B.)

People are very supportive and enthusiastic because it's all new, so you are at the start, you know it's going to take a little while, but if you look at the Ouseburn, you know it's going to boom. (Freelance Designer, NG)

However, there are still challenges to overcome like a certain lack of understanding of the sector by public actors in terms of its social versus economic contribution or its dynamic.

Within the region people and organisations want things for free but this is a creative paradox – these same agencies and people expect to see a healthy commercial creative sector grow – how can you do this if creative people don't get paid? Birmingham has been a brilliant place to be and the company has received support but at the moment the city is stuck and needs to listen to people on the grounds. (Director, Screen Media, B.)

The problem is they see a disperse group of people fragmented working in small places they do not see a big company like Nissan, they think economically the sector is insignificant, they cannot understand the dynamic of it (Director, TV company, NG)

Sometimes, practitioners felt that the support is available but inadequate and not responding to their specific needs. For example, one major issue was the fact that there is plenty of money for start-ups but less for future growth of more mature companies.

> *there appeared to be plenty of money for start-ups in the city but this was accompanied by a difficulty in moving on to the growth stage where businesses could establish themselves and get onto a stable stage where they could generate a reasonable income to support owners and employees. (Founder, Music Company, B.)*
>
> *they should be putting the main focus actually educating people or helping people understand (the importance of design), so highlighting, showcasing, showing the business benefits, that would do more that any grant that they give out to design businesses (Director, Design Company, NG)*

Both in Newcastle-Gateshead and Birmingham, some creative practitioners mentioned the concentration of financial resources on a small group of organisations. This emerged clearly in Birmingham.

> *Birmingham City Council is a very important source of support to cultural organisations but the majority of its funding goes to the very big flagship companies (Director, Dance Company, B.)*

In both cities, there is a problem of image. In Newcastle-Gateshead, people still perceive a sort of stigma about the region and its remoteness, compared with the South of England. This affects the way they operate and their ability to attract clients and productions. In Birmingham, companies have to fight against the perception that creative quality is in London and against some aspects of local image.

> *There is still this perception from our folks in London, that Newcastle is hundreds of miles away, you know, do you really want to go there? (Director, Film Company, NG)*
>
> *When you reveal where you are, they are absolutely amazed that the sort of things we are doing could be done in a place so provincial on the edge and so far north, it is a very strange attitude of people from London. (Freelance writer consultant, NG)*
>
> *The challenge simply put is: "We don't know how to find clients and they don't know how to find us. A lot probably use London consultancies because they perceive that this is where the quality is." (Designer, B.)*

Issues specific to Birmingham are "cheesy" image and the accent, which puts people off. (Founder, Music Company, B.)

Consequently, some companies try to mask their geographical location to counterbalance this effect.

Some companies tend to take 0800 telephone number to mask their geographical location. (Designer, B.)

7. Conclusion

The paper contributes to the understanding of the role of the local and regional dimensions in the development of CCIs by looking at the experiences of creative practitioners in two city-regions in UK: Birmingham and Newcastle-Gateshead. Although the local and regional dimensions need to be understand as one of the multi-scale levels in which creative people work, practitioners in Birmingham and Newcastle-Gateshead stress the importance of place and its complex impact on their activities.

Recent regeneration policies and public investment in infrastructures have been strong enablers for the development of creative industries in both Birmingham and Newcastle-Gateshead. This is true for cultural facilities but also transportation and other types of investment. Lower overhead and running costs characteristic of a location outside London and the South-East have been crucial in the development of local and regional CCIs. Affordable working space needs to be well balanced with the availability of a lively cultural environment but also with a good connectivity to national and international markets through airports as well as road and rail networks.

Local and regional universities, research centres and sector's formal and informal networks play an important part in connecting creative practitioners with each other and with their local and regional markets. In addition, the mix of institutional and informal networks is important to guarantee the free flow of ideas as well as the need for structural advices and business support. Some of the results suggest that the city-region is a place for cooperation, not just competition. In this respect, the characteristics of local and regional networks play a crucial role in linking people to a specific place and its activities. Associated with this social dimension is the fact that personal and emotive dimensions are key factors in the decision of creative practitioners to be located in both city-regions. This personal dimension is often underplayed in the development of creative industries and relates more broadly to the importance of soft location factors.

On the other hand, our case studies have also stressed important limits or inhibiting factors to the development of creative industries in regions outside London. The current relationship with the capital seems to impoverish the regional landscape rather than generating positive synergies that could reinforce a national and interconnected creative system.

The image of cities and regions outside the capital seems to be an inhibiting factor. In particular, being located in London is considered as a warranty of quality creative work, making it difficult for companies outside the capital to be recognised for their work. Consequently, local and regional talents based outside London may not be sufficiently exploited. This represents a limit both for the city-regions concerned but also for national policy which should enable the recognition and export of English creative productions nationwide.

The complex system of interactions underlying the local and regional creative economy is often misunderstood by local and regional policy-makers. They may only target specific stages of the creative process (in particular the start-up phase) without addressing related factors and, consequently become ineffective over the longer term.

Birmingham and Newcastle-Gateshead are only two examples of how the local and regional dimensions interplay with the development of the creative economy in UK. Different local and regional contexts may reveal different features and issues. That is why further comparable research should be encouraged. Nevertheless, the present paper has highlighted potential local and regional enabling and inhibiting factors that could be addressed by national policies.

Furthermore, the paper calls for a wider approach in the study of the creative economy which would take into consideration not only the business/clustering dimension but also the role of other local and regional socio-economic factors as well as national and international networks in the development of creative industries, factors often underplayed in the cluster approach. When looking at our specific case studies, the knowledge pool model developed by CURDS (2001) has been valuable in highlighting the complex set of relations between creative industries and place. In particular, both the role of the personal dimension and the wider local and regional infrastructures seem important factors shaping the local and regional creative economy. In addition, some of our findings highlighted the key importance of links outside the region. Often this framework is ignored in favour of a supply-chain argument, but as Pratt (2004a) has mentioned, it is not only important to consider the relationship between the locality and the activities which take place there and which add-value within the local production process. It is also important to consider the leakages which take place within the regional system or knowledge pool and at the frontiers of that regional system where it connects with other geographical systems of production. This has emerged strongly in the love and hate relationships between our two city-regions and London.

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Endnotes

[1] Although Newcastle and Gateshead are two distinct municipalities, the joint bid for the European Capital of Culture title and the joint cultural strategy adopted suggests the need to consider then as one single metropolitan area, especially when looking at culture and creative economy in the North-East region.

[2] For an overview on the regional documents addressing CCIs see JAYNE, 2005 and OAKLEY, 2006.

[3] The research used the DCMS (1998) definition of creative industries and was composed of four main components: a review of the academic and policy literature, an analysis of local secondary statistical data, a survey of 349 creative industry firms in Birmingham, and a programme of 31 detailed company/organization case studies. The research was phased within the overall CKCC programme and conducted between 2002 and 2005.

[4] The definition adopted was based on DCMS, but aimed at addressing the importance of networks and relations. Therefore, the public sector (both in terms of publicly subsidised cultural institutions and in terms of policy makers and support agencies) has been included in order to understand its wider connection with the creative practitioners. The interviews have been addressing the qualitative dynamics of the practitioner/creative business relation within the region. The social network analysis questionnaire instead aimed to collect data on the relation of the person with external companies and other practitioners.

[5] The material (31 for Birmingham and 33 from Newcastle-Gateshead) has been analysed using NVivo7 and by coding common and specific themes related to our broader research questions.

[6] Newsweek Atlantic Edition on 2nd September 2002 wrote “Newcastle-Gateshead listed as one of the world’s eight most creative city”.

7 The first research commissioned from the University of Newcastle (CURDS, 2001) aimed to map the strengths and weaknesses of the sector but specific strategies have been developed since then. In 2007 new research has been

commissioned by the RDA, One North East, to specifically investigate the 'Commercial Creative Sector' : "ONE North East wishes to commission consultants to work with the Agency to identify strategic market failures within key components of the creative industries sector in the North East" (www.onenortheast.bravosolution.com, last accessed 30 May 2007)

[8] The information are present on-line and include a map of the city cultural quarters http://www.visitnewcastlegateshead.com/cultureQuarters.php# (accessed on 4th June 2007)

[9] The role of the creative practitioner as well as his/her sector is identified along each quote. The initial B is used for interviewees from Birmingham whereas the initials NG are used for people interviewed in Newcastle-Gateshead.