

Creative Industries in Shetland Today

Summary Report

for

Shetland Creative Industries
Unit

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economic development & regeneration

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1. Introduction

- 1.1 Recent years have seen growing interest and investment in the creative industries (CI) across virtually all developed (and many developing) economies. The economic importance of the CI was first recognised by the UK Government with the establishment of the Creative Industries Task Force, led by the Department of Culture, Media and Sport (DCMS). The DCMS defined the CI as:

'those industries which 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'¹

- 1.2 This is the definition that has been adopted in Scotland and it identifies the following sub-sectors:

- advertising;
- architecture;
- arts & cultural industries;
- computer games;
- design;
- film production;
- music;
- new media;
- publishing; and
- television & radio.

- 1.3 In recognition of the growing importance of the creative sector to economic development in general, and to Shetland in particular, the Shetland Arts Development Agency facilitated the development of a new partnership focussed on CI development. The Shetland Creative Industries Unit (SCIU) was formed in December 2006, and comprises representatives of Shetland Arts Development Agency; Shetland Islands Council; HIE Shetland; Shetland Community Development Trust; Visit Shetland; and Shetland College UHI.

- 1.4 In 2007, the SCIU commissioned an independent study into the CI in Shetland to develop a more detailed understanding of the sector and gain insights into the issues facing the development of Shetland's creative economy.

- 1.5 The study combined analysis of existing economic data (official economic statistics and the 2007 Shetland Employers' Survey) with surveys of CI businesses and practitioners in Shetland (72 responses) and consultations with the main stakeholders in the region (12 organisations). This document provides a summary of the main findings of the study, with initial recommendations for the development of Shetland's creative sector.

¹ *Creative Industries Mapping Document*, Department of Culture Media and Sport, 1998.

2. Context

Strategic Context

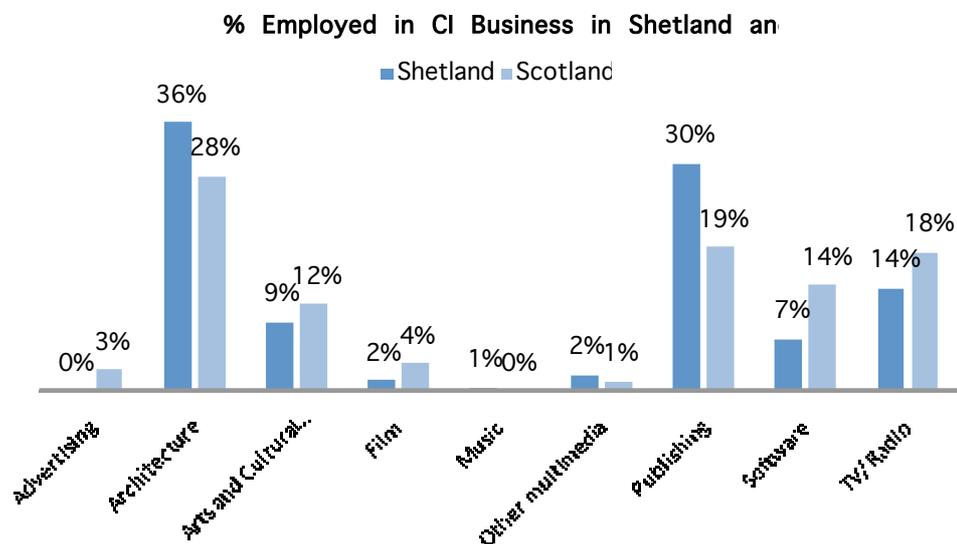
- 2.1 The importance of the CI to the economic and social well-being of Scotland and the Highlands and Islands is well documented. The CI are one of the six key sectors highlighted in the *Government Economic Strategy for Scotland*. HIE has recently reinforced this through the identification of the sector as a priority industry for future support. Therefore, at national and regional levels, there is a clear strategic context for the development of the CI.
- 2.2 It is also important to note that the role of the arts and culture in supporting the tourism proposition across the Highlands and Islands and in promoting community cohesion and development has long been recognised by the regional partners, providing a broader base for working with the CI across the region.
- 2.3 The guiding framework for economic development in Shetland is laid out by the Shetland Local Economic Forum in the regional economic strategy, *Shetland 2012*. Although broadly focussed, the document draws attention to the role of the creative and cultural sector in enhancing the region's tourist offering and as a source for wealth and employment creation in its own right. Similarly, the *Shetland Cultural Strategy* emphasises the strong cultural tradition in the region, and points to the potential of the creative sector to contribute to the economic regeneration of Shetland.

Economic Context

- 2.4 In general, the Shetland economy performs well. Employment has increased in recent years and employment and economic activity rates are comparatively high. However, employment is dominated by the public sector, and there is also high dependency on the energy and water industry (including oil), with the oil industry in particular representing a substantial source of revenue for the region.
- 2.5 Agriculture and fishing remain key sectors, with significant employment in aquaculture and fish processing. Distribution, hotels and restaurants also accounts for a large proportion of employment, reflecting the importance of tourism in the area.
- 2.6 However, the region faces challenges with projected population decline and low business start-up rates, and its reliance on (often declining) traditional industries creates a degree of economic vulnerability. It is against this challenging backdrop, that the opportunities offered by new and emergent sectors such as the CI must be viewed.

3. The Creative Industries in Shetland

- 3.1 We estimate that the CI in Shetland account for **367-460 jobs²**, (probably around 400) with annual **turnover of up to £25m** (upper estimate), and **£13-14m in GVA³**. As such, they currently account for 2-3% of the Shetland economy, and may be close in employment terms to industries such as fishing, fish processing and aquaculture, at least at the upper end of the estimated employment range. According to the official data, there are **64 CI businesses** in Shetland, with a substantial number of self-employed sole traders not captured in this figure.
- 3.2 The CI are proportionately less important to the economy of Shetland than to Scotland as whole, although this is unsurprising given the strong metropolitan focus of large parts of the wider CI.
- 3.3 Architecture and publishing are strong sources of employment in Shetland’s CI, and the occupational data (**Table 1**) also suggest relative concentrations in design and arts-related activities. In the former, this will include technical design in oil-related activities as well as textiles design, and in the latter, this is dominated by newspaper publishing and retail activity (newsagents and similar). Arts-related employment will include both visual artists and musicians, two areas that were identified as important in discussions with local partners.



² This estimate is based on official economic data relating to CI employment by industry (Annual Business Inquiry) and number of people employed in CI occupations (Census of Population).

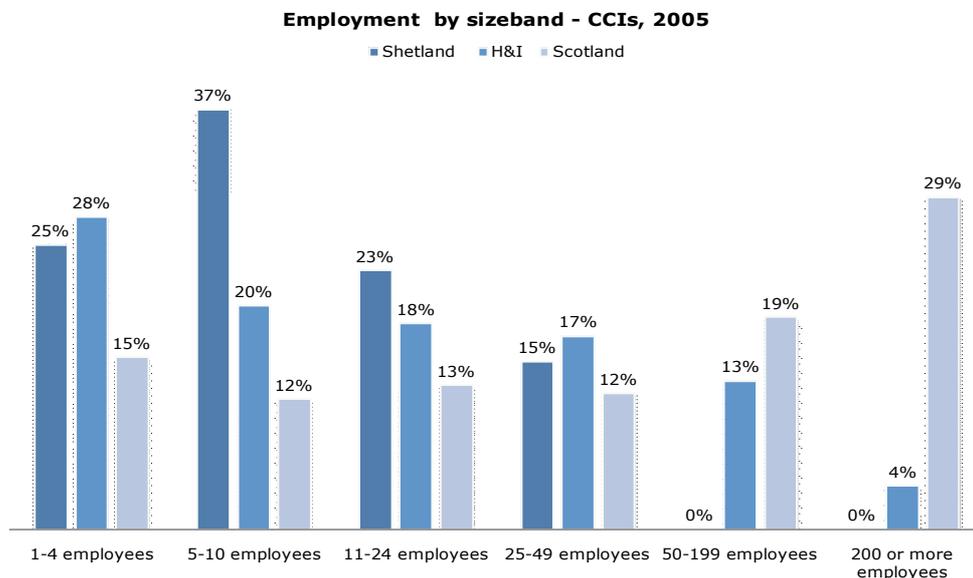
³ The GVA and turnover estimates were derived from data collected in surveys of CI businesses, combined with official economic data on employment.

Table 1: People Employed in Creative Occupations (all industries) (Census of Population, 2001)

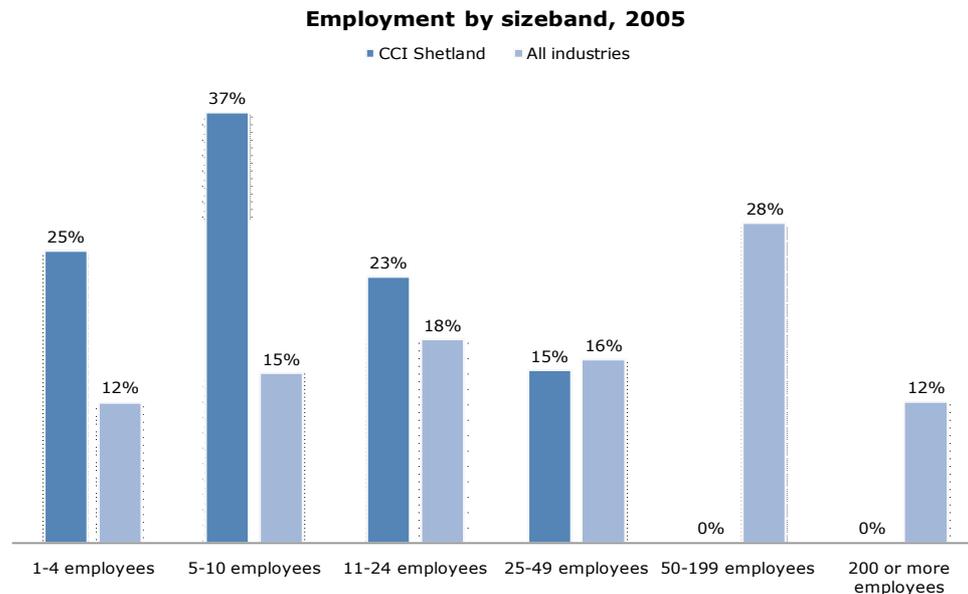
	Shetland		Scotland	
Advertising	3	0.7%	1,612	1.1%
Architecture	10	2.2%	3,824	2.7%
Arts & Cultural Industries	127	27.7%	27,298	19.5%
Crafts and Related	18	3.9%	4,680	3.3%
Design	142	30.9%	22,460	16.0%
Music	3	0.7%	254	0.2%
Other Multimedia	130	28.3%	66,466	47.4%
Publishing	20	4.4%	10,288	7.3%
Software	3	0.7%	2,142	1.5%
TV/ Radio	3	0.7%	1,163	0.8%
Total CI	459	100.0%	140,187	100.0%
All Industries	11,110	-	2,163,035	-
CI as % of All industries	4.1%	-	6.5%	-

Source: Census 2001

- 3.4 In common with creative economies everywhere, businesses tend to be small, and in Shetland this tendency is even more pronounced, with a high proportion of micro-businesses and very few businesses of scale.



- 3.5 Small businesses are also more prominent in the CI in Shetland in comparison to industry as a whole. 62% of CI employees in Shetland are employed in businesses with less than 10 employees in comparison to only 28% of employees in all industries. This is a clear indication of the dominance of micro-businesses in the CI sector in Shetland.



- 3.6 In addition, the sector is strongly concentrated on production activities (i.e. on the 'creative' end of the supply chain). Although good in relation to creative talent, the cluster lacks key supply chain functions such as specific sub-sector infrastructure (e.g. recording studios, record labels, artist workspace) and distribution.
- 3.7 The evidence also suggests a degree of fragmentation across the sector, with practitioners often working in relative isolation. The concept of the CI as a cohesive grouping is relatively undeveloped in Shetland, and while some representative organisations exist in sub-sectors such as crafts, architecture and visual arts, there is little to suggest a wider sense of a creative community.
- 3.8 The sector is largely, but not exclusively focused on local markets, and struggles to reach wider market opportunities beyond Shetland and the Highlands and Islands (69% of CI businesses surveyed make more than 70% of their sales in Shetland). There are exceptions to this, and in areas such as knitwear and music, Shetland has an international reputation on which it can capitalise.
- 3.9 The consultation and industry feedback indicates a significant hobbyist/amateur and voluntary component to the CI sector in Shetland, ranging from those seeking to develop skills and experience in areas like sound engineering and film making to part-time knitting and weaving as a source of additional (often quite limited) income. While it is difficult to place a value or scale on the extent of these kinds of secondary jobs and amateur activities, it is important to recognise their contribution to creative activity across Shetland's communities. In small creative clusters such as this, the boundaries between professional and amateur and commercial and cultural are often hard to draw.

- 3.10 Similarly, the network of community halls in Shetland plays an important role as venues for rehearsal, exhibition and community-based creative activities. These facilities provide an essential resource for the creative sector as well as for communities across the region.
- 3.11 In addition to the economic impacts, it is important to recognise the important role played by community-based activities in the CI in Shetland. Through the consultation and survey work, there was evidence of community activity across the CI, but particularly in areas relating to music, visual arts and textiles.
- 3.12 These activities not only create benefit for participants and communities, they also help to identify and develop new talent (often the basis for new enterprises), develop the skills of existing practitioners and provide sources of income for professional artists and CI professionals.

4. Strategic Issues and Considerations

- 4.1 Confidence in the creative sector in Shetland is relatively strong, with less than 25% of CI businesses predicting future decline in income or employment. In addition, the industry and consultation feedback indicates that the sector has a number of clear and distinctive strengths:
- the unique natural environment and geographical location of Shetland attracts creative people seeking inspiration;
 - strong heritage in weaving, knitting, textiles and music provides the sector with a firm platform on which to build;
 - the region is not short on creative talent, and there is growing awareness of its importance to future economic gain;
 - strength in key sectors such as textiles, music and architecture with important activity in relation to design and visual arts;
 - strong history of community-based creative work, helping to develop wider interest in creative activity; and
 - key developments in the physical infrastructure for the sector (in particular the new Museum, the Mareel and the planned Cultural Quarter in Lerwick) offer potentially significant long-term development opportunities.
- 4.2 However, there is evidence of a number of key barriers to the future development of the sector, including:

- the high costs of operating from a remote geographical location, particularly in relation to accessing markets beyond Shetland;
- lack of critical mass, creating a limited pool of talent and skills from which the sector can draw;
- fragmentation and limited brand identity for Shetland's creative outputs, leading to low profile in wider markets (UK and international);
- lack of larger players that can create wider profile for the sector and facilitate market access;
- inconsistency in relation to quality of creative outputs;
- lack of supporting infrastructure, in particular workspace, exhibition and retail outlets and rehearsal space;
- limited connectivity between the creative sector and the wider economy, despite clear opportunities (e.g. design and textiles, culture and tourism);
- lack of business skills across the sector;
- lack of higher education provision (although Shetland College is extending its provision for the sector); and
- uncertainty across the public agencies about the value of the sector and its potential for future economic growth.

4.3 Overall, it is important to remain realistic about the future potential of the CI in Shetland. There is an opportunity here, and one that relates both to the development of the CI themselves, and also to the instrumental value that they can contribute to other sectors and areas of activity. However, Shetland must play to its strengths, and not seek to develop in areas where it lacks capacity. This implies a degree of sub-sector targeting, and the following areas are most likely to offer potential:

- textiles (weaving, knitwear etc);
- design (particularly in relation to textiles);
- music;
- arts and crafts;

- architecture; and
 - cultural events and festivals (links to tourism).
- 4.4 Despite its employment profile, publishing is not included here because it is dominated by the region's newspaper and by newsagents. As a result, the potential for sector development will be more limited.
- 4.5 It is unlikely that Shetland will ever develop strength in the parts of the CI sector that tend to be more metropolitan – film and television production, software development and new media. It is also unrealistic to expect a region as small as Shetland to develop real depth across supply chains, and creative talent in Shetland will have to work beyond the region to reach wider markets.

5. Development Agenda

- 5.1 Throughout the research and consultation process, there was strong and consistent support for the development of the CI in Shetland. There were a number of reasons for this:
- a general feeling that the CI, while not yet economically significant, hold promise for future growth (they are not yet fulfilling their economic potential);
 - recognition of the ways in which creative and cultural activity can add value to other key sectors – e.g. design adding value to knitwear and textiles, cultural tourism attracting more visitors and encouraging higher visitor spend;
 - the potential of the CI to help develop and promote a modern, outward-looking image for the region;
 - the importance of new digital technologies in helping the CI to overcome disadvantages of geographical peripherality;
 - ongoing pressure on traditional industries, many of which were felt to have peaked, creating a need to develop economic activity for the future; and
 - the strong role of creative activity in developing vibrant, sustainable communities.
- 5.2 On this basis, and the analysis of the sector and its needs and issues, we have identified a broad development agenda based around four key strategic themes:

- supporting infrastructure;
- talent and skills;
- market development; and
- cluster development and linkages.

Supporting Infrastructure

- 5.3 There is a clear need to develop the infrastructure that can support the ongoing growth of the CI sector in Shetland, and there are two main aspects to this:
- physical infrastructure; and
 - business support.

Physical Infrastructure

- 5.4 A number of priorities have emerged regarding the need to develop the physical infrastructure supporting the creative sector in Shetland. At the top of this list is the potential offered by two key planned developments: the Mareel; and the Lerwick Cultural Quarter.
- 5.5 **The Mareel** is a flagship development for the creative sector in Shetland and its symbolic value cannot be underestimated. It will provide invaluable resources for the sector (rehearsal space, workspace etc) and will be a critical focal point for creative people across the region and beyond. It will be "a centre for creative industry to meet, work and develop."⁴
- 5.6 Plans for the Mareel are well advanced, and it is essential that the facility is developed in line with the needs of creative practitioners and businesses across Shetland. In particular, it can address some of the key infrastructure gaps identified (space to create) and can support the essential networking on which small creative clusters thrive. At the same time, the Mareel should not sit in isolation, but should connect with the wider plans for the **Cultural Quarter in Lerwick**.

⁴ *A Hansel for Art: our plan for a creative future, Shetland Arts 2007 (DRAFT).*

- 5.7 Together these two developments have the potential to significantly boost the confidence of the creative community in Shetland. However, there may also be potential for further development of creative workspaces (perhaps as part of the Cultural Quarter plans). Here there is scope for real innovation, and the SCIU should consider further work to scope out the need for additional workspace, and the potential opportunities offered by existing buildings in the region.
- 5.8 Finally, **digital connectivity** is a key part of the physical infrastructure supporting the CI. A new fibre-optic cable came ashore in Shetland this year on its way from the US to the Scottish mainland. Once connected to the existing fibre network, this will provide the islands with high speed broadband access, providing further opportunities for creative businesses to connect to wider markets.

Business Support

- 5.9 Throughout the study, it was clear that the creative community is not well connected to sources of available support and/or advice. There is a need for **business development support** to provide a ladder of support from pre-start and start-up, through to business growth and market development. Across the board, the CI need to develop stronger business skills and management capacity.
- 5.10 Much of this support may already be available (we have not audited existing provision) and it is for the partners to identify the extent to which this is the case. However, the CI often perceive generic business support mechanisms to be insufficiently industry-specific to meet their needs. The feedback from the study suggests a lack of awareness of available sources of support, uncertainty around eligibility criteria, and/or a perception that support is not well suited to their needs. These issues are common to the CI everywhere, and mainstream support often needs to be packaged and presented in a different way to encourage uptake.
- 5.11 In many cases, this requires little more than the identification of a **key point of contact**, signposting to existing support. There may also be a need to 'package' support in a way that has clear appeal. For example, information on the issues facing specific sub-sectors (textiles, music etc) may be useful and can be quickly and easily developed.
- 5.12 In all of this, the formation of the **SCIU** is a positive and important step towards the development of a more coherent support infrastructure for the creative community in Shetland. The key public agencies are represented, and the SCIU provides an appropriate forum for co-ordinating activities at strategic and operational levels.

- 5.13 However, it is important also to remain mindful of wider development and sources of potential support. In particular, HIE has long been active in supporting the CI, and has developed a number of industry groups to provide mentoring and business support to key sectors – music, writing and publishing, screen industries and fashion. It is important that the CI in Shetland are properly connected to these networks and sources of existing support.
- 5.14 The following actions could help to develop appropriate business support mechanisms for the CI in Shetland:
- **audit of existing sources of support**, identifying key gaps and take up by the CI. For example, brief analysis found strong take-up of start-up grants by CI businesses suggesting both a degree of entrepreneurship and a need for follow-on support;
 - development of **promotional materials** explaining the range of business support currently available in the region and at Highlands and Island level. These materials could package mainstream support in a way that will appeal to the creative sector;
 - series of **workshops/seminars on key business issues** – for example addressing issues such as marketing, access to retail opportunities and how to make a living from creativity; and
 - identification of a **CI champion** within the existing support network in Shetland. Shetland Arts may be an obvious choice, but would need to be sure that resources were available to support an individual as a point of contact for the sector.
- 5.15 Specific areas in which business support will be required will include: how to make a living from creativity (e.g. guide to sustaining creative practice as a business); business planning and financial management; market development and promotion; access to finance; and product/service development (including issues of quality).

Talent and Skills

- 5.16 Creative clusters stand or fall on the quality of their people, and require a combination of creative talent, entrepreneurship and business skills and technical capability. The research identified a number of issues relating to talent and skills:
- lack of critical mass means that appropriately skilled people are in short supply;
 - traditional patterns of out-migration, particularly relating to educational opportunities, mean loss of talent to the region; and

- the prevalence of voluntary working in the sector risks diluting quality and may 'crowd out' professional opportunities.
- 5.17 On the other hand, it was recognised that the region is rich in creative talent and that the location of Shetland 'on the edge' is inherently attractive to many creative people. Therefore, the talent and skills agenda should be based on three main strands:
- support for the development of creative talent;
 - provision of suitable education and training opportunities; and
 - attraction of talent to the region.
- 5.18 **Support for creative people** is largely the responsibility of Shetland Arts and is at the heart of their new (Draft) Corporate Plan. Through the network of arts development officers and the Shetland Arts Fund, support is available to individual practitioners. However, there may be future potential to extend this provision, perhaps through wider partnership, to encourage develop support for creative product development, in particular for work that crosses sector boundaries and shows strong commercial potential. This could be a new **Shetland Creative Product Development Fund**.
- 5.19 The provision of **education and training opportunities** is the responsibility of Shetland College, and it has been extending its provision into areas of creative activity for some time. This is positive, and should continue to evolve in response to identified market needs. In addition to more formal course provision, the partners may wish to consider more focussed and specific, **short-form training provision** that provides CI businesses with training on specific technologies or business practices and assists continuing professional development. This would need to be developed in line with clear evidence of needs, and one area of possible future research could be a **skills audit of the sector**, detailed analysis of which was beyond the scope of the current study.
- 5.20 Finally, the talent and skills strategy should seek to promote the creative environment in Shetland to **attract creative talent** to the region. Shetland must be and be seen to be a place that values creativity and supports creative people and businesses. Combined with the pull of the natural environment and the location, this would be a powerful message to attract new talent, and bring talent back to the islands.

Market Development

- 5.21 Access to markets was one of the most consistent and strong messages to emerge from the study, and Shetland's CI must start to compete beyond the local market if they are to thrive in the future. Action is required on a number of fronts.

- 5.22 CI businesses need **information about wider markets**, and support and advice to help them access these new opportunities. This should be linked to support around product development such that businesses are developing the right kinds of products for new markets.
- 5.23 Consideration should be given to a strategy for **marketing Shetland's CI on an international stage**. Together, Shetland's CI must offer a strong market proposition, harnessing the natural assets of the region and its rich heritage, updating it with the key creative strengths of the region in music, arts and textiles. Marketing the CI will relate also to the wider Shetland brand, and the consultation suggested interest in this, but issues with quality. This is an area that requires further thinking and development.
- 5.24 CI businesses and practitioners consistently mentioned the high costs of attending trade fairs and industry events, and the partners should consider ways of supporting a **market access programme for key CI businesses** with the potential to realise such opportunities. A programme might include:
- support for business to attend key trade fairs and events;
 - promotional campaigns at key trade events (e.g. a Shetland CI stand); and
 - small 'go-and-see' fund to support attendance at key conferences etc to allow businesses and practitioners to maintain external networks and keep up to date with industry developments.
- 5.25 There is a need to ensure that Shetland's CI are properly linked to the opportunities provided by HIE's industry groups, in particularly in relation to music (which already has very good international links) and fashion (for the knitwear and textiles industries).

Developing the Cluster and its Wider Linkages

- 5.26 As reported, the creative community in Shetland is somewhat fragmented and lacks a real sense of community. However, at the launch event for this study, there was a palpable sense of excitement and a real enthusiasm amongst the attendees for more opportunities to come together and to debate issues of shared concern across the creative sector.

- 5.27 Therefore, the SCIU should now consider ways of building and facilitating **networking activity across the creative community**. In the long term, key focal points such as Mareel (and existing facilities such as the Centre for Creative Industries on Yell) can serve as creative hubs where the sector can assemble. However, regardless of venue, this kind of networking should be supported by programming of some kind – interesting speakers, exhibition openings etc – and should always make reference to the Shetland CI to build a sense of community. For example, a series of networking events could be developed under a consistent heading (Creative Shetland?) and held across the islands.
- 5.28 As part of the process of developing the network and creative cluster, there is a need to develop a **CI Directory** of the businesses and creative practitioners active in the region. Shetland Arts has begun this process and the resulting Directory should be made publicly available as a key tool for the creative cluster.
- 5.29 Similarly, the flow of information and news across the sector should be supported, perhaps via online means, to ensure that there is **regular communication** between the SCIU and the sector. It is critical that there is ongoing and productive dialogue between the CI and the key agencies.
- 5.30 It is also important that the wider linkages between the CI and the economy are fully exploited, and there are four key issues to consider.
- 5.31 First, **cultural tourism** is an obvious opportunity, and there is work to be done to develop the region's cultural tourism offering through an ambitious events programme targeted at attracting overseas visitors while also providing for the community. In particular, the islands' strengths in music offer real potential here, both for events based tourism and for wider marketing of the region as a place to visit. Cultural provision can also augment the visitor experience for those coming to the islands for other reasons (e.g. for the natural environment) and with careful marketing and development can help encourage longer stays and increased spend in the local economy.
- 5.32 Another key area of linkage is to **wider industry**. Most obviously, design has a strong role to play in ensuring the ongoing competitiveness of the textiles and knitwear industries. Design adds value to products and good design can help Shetland's knitwear sell into world markets at a price that provides good returns to makers. The task for the public agencies is to ensure that industry is fully aware of the benefits of creative input and to connect industry to creative practitioners with the required skills. In this respect, the CI Directory should prove valuable.

- 5.32 The third key opportunity here relates to **public sector procurement** practice. The importance of the public sector in Shetland means that it is a very significant buyer of creative services (design, architecture etc). The new procurement policy recently approved by Shetland Islands Council is aimed at opening up opportunities for social enterprises and small local businesses. This is a welcome development, and should provide greater opportunity for local creative companies.
- 5.34 Finally, creative activity has a critical and ongoing role to play in **community development**. The arts and CI are already strongly embedded in Shetland's communities, and it is the responsibility of all of the public agencies to ensure that this continues to be the case. Strong community-based initiatives promote the arts and CI as valid career choices, as well as helping to build cohesion and pride in local communities. It is essential to the future success of the CI in Shetland that support for grass roots activity continues and that the creative sector is able to reach out to communities across the region.

Making it Happen

- 5.35 With the formation of the SCIU, Shetland has a real opportunity to develop a consistent and co-ordinated approach to the development of its CI. The constituent agencies cover a broad range of services from support for arts and cultural activity at community level through to business development support and education and training provision. Therefore, the Unit is the key vehicle for co-ordinating plans for the sector.
- 5.36 Partnership will be key to successful implementation, and the SCIU should seek to engage proactively beyond the boundaries of the region. In particular, the HIE network will be a key partner and early discussion with national agencies such as the Scottish Arts Council, NESTA, Scottish Screen and Creative and Cultural Skills should also be pursued. National partners can bring profile as well as resources, and can help to position Shetland's CI within a wider market context.

EKOS
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