

Understanding the creative and cultural sector in Kensington and Chelsea



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

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1 Executive Summary

The cultural and creative sector is a major employer in Kensington & Chelsea. It accounts for around 15% of workplace employment and 30% of business units. These shares are around three times the national average, and are also high by London standards – the borough ranks joint-fifth in employment terms among the city's boroughs. Kensington & Chelsea's particular strengths include music, museums, newspaper publishing, antiques and fashion design.

However, the number of creative jobs has declined in the five years from 2002 to 2006, falling to 16,600, while business numbers have remained fairly static at around 4,000. Employment has fallen especially sharply in advertising and radio and TV activities. There has been some offsetting growth in publishing of various kinds – of newspapers, music and books.

Just over a third of creative jobs (5,900) are found in the Creative Services sub-sector, which includes advertising, architecture and interior design, and graphic design, but the number is falling. It is growing a little in the second-largest sub-sector, Creative Content, which accounted for 5,100 jobs in 2006. This category includes broadcasters, record companies, and all kinds of publishing. Creative Experiences contributed 2,500 jobs to the total, most of them in the Exhibition Road museums, while the smallest of the four sub-sectors, Creative Originals, accounted for 2,100 jobs. Here too, job numbers have declined. These decreases are part of a wider trend: total workplace employment fell in Kensington & Chelsea from 120,000 to 109,000 over the five years.

Although there are a number of large employers in the creative and cultural sector – Associated Newspapers, the Exhibition Road museums, some record companies and architects firms – most creative businesses in the borough are small. The majority have always been based in the borough and are well-established. The owner or manager of the company had often pursued a professional career for some years before deciding to start their creative business, and in many cases they have chosen to set up the company close to where they live. The borough also benefits from people consciously preferring to set up (or relocate) there to avoid commuting into central London.

However, few of the employees of creative firms live in the borough – Kensington & Chelsea is part of a wider labour market which stretches across London, and the cost of property in the borough makes it difficult for staff to live there. Nevertheless, the majority of firms find it easy to recruit employees. People like the borough, and many of the creative industries are competitive, popular fields in which to work. In addition, it seems that many local firms have good reputations within their particular industry.

Creative and cultural businesspeople see the borough as a safe, attractive, good-quality environment in which to work. This is important both for their staff and their customers. Good public transport links also matter a lot to these businesses. The 'buzz' of the borough is also valued, though not to the same degree. People see the north of the borough as having a hip, grungy, tolerant feel that is appealing to media firms – the W10 postcode was thought to have a certain cachet in those circles. The centre and south of the borough were seen as more staid, and there was a sense that Chelsea in particular had lost much of its creative spark. Despite this, the reputation of that area remains good

with some and has played an important part in attracting customers, especially foreign visitors.

Being close to customers generally mattered more to firms in the borough than being close to suppliers or to similar businesses. The borough is an important part of a wider central London market of wealthy, intellectually sophisticated, culturally diverse consumers.

Creative businesses are found all over the borough, though they seem to be a little less common on its western edge. There are small clusters of such businesses in the north-east of the borough, around Portobello Road and Westbourne Grove, and in certain building complexes such as Westbourne Studios.

A significant minority of firms were thinking about moving some or all of their operations over the next three years. The most common reason given was the need for larger premises, but other factors included rental costs and crime and security concerns. However, the majority of such firms were not looking to move far, preferring if possible to stay fairly near their current base.

The firms surveyed (in September 2008) were cautiously optimistic about the future. The majority expected their market to grow gradually or stay about the same size, while employment numbers were also not expected to change much.

BOP was asked to look in particular at the art business. Its position is less clear. Although there is still a local demand for portrait painting and portrait sculpting there was a strong sense that, despite the number of artists' studios in the borough, few young artists worked there – they headed for the East End. Artists noted that there was little 'non-commercial' exhibition space in the borough. Local commercial galleries had no particular policy of showing local artists, choosing to exhibit work from around the world. There were concerns that this sub-sector would be hit particularly hard by the recession, and indeed a couple of the galleries admitted they were already struggling.

The bigger cultural institutions, such as the Exhibition Road museums and the Royal Court theatre, draw in huge numbers of visitors and contribute to the local economy (though their spending is spread far beyond the borough). However, while their presence was valued as part of what makes the borough distinctive there were few formal or commercial links between them and small creative businesses in Kensington & Chelsea. This appears to be true even for the BBC, based nearby in Hammersmith & Fulham – there were differing views about its contribution to media activity in North Kensington.

The small non-commercial arts organisations in the borough have chosen to be in the borough for a mixture of reasons, including proximity to the manager's home and to their customers. Such organisations get their funding from a mix of sources, including RBKC council in some cases, but most struggle financially and depend on volunteers to support their work.

Kensington and Chelsea might best be thought of as a mature, 'grown-up' cultural quarter. It is not the driver of youth trends that it was in the '60s and '70s, and it is not seen as cutting-edge. Nonetheless, the professionals who have established their creative businesses here have ties to the area which go beyond the purely economic, and have built a sizeable cultural and creative sector in the borough. There are opportunities for the council to celebrate and strengthen these achievements, and harness them to pursue its own ambitions in other areas.

2 Introduction

BOP Consulting was commissioned by the Royal Borough of Kensington and Chelsea (RBKC) council to conduct research which would help them understand the creative and cultural sector in their borough better. In particular, the report is intended to provide an evidence base on which the arts strategy can draw. This report summarises the research, consultation and surveys BOP undertook to achieve this goal.

2.1 The Creative and Cultural Sector

The creative industries as a collective entity became the focus of serious government attention in the late 1990s. They were identified as a fast-growing and productive sector of the economy, one at which Britain was thought to excel. They constitute a significant slice of employment: a recent Work Foundation report estimated that they directly accounted for 1 million jobs with a further 800,000 people working in creative occupations in 'non-creative' industries¹.

The creative and cultural sector is closely linked to the tourism and leisure sectors. It helps bring people (and their spending power) into a locality, so boosting its economy and raising its profile. It also has an important role to play in establishing and confirming the identity and character of a place. This 'place-shaping' aspect may help not just to attract tourists but to encourage more permanent residents to settle in an area and to feel more attached to their neighbourhood.

The creative and cultural sector is particularly important to London. The city is home (on many calculations) to around a third of Britain's creative industries and hosts many of the country's most prestigious cultural institutions. The sector has been estimated to be second only to financial services in terms of the number of people it employs in London. The combination of a skilled and diverse workforce, affluent consumers and the density of social and business connections found in the capital drive the sector forward and make it an important part of London's claim to be a 'world city'.

However, in recent years the creative and cultural sector has started to come under considerable competitive pressures. Globalisation has brought new rivals as well as new customers, while the digital and internet revolutions are radically changing the business models on which many of the creative industries are based. The current economic turmoil poses further challenges to the sector's prospects.

This report therefore comes at an opportune time. The economic slowdown may well affect the sector severely so RBKC council needs to think about the creative sector's role in, and value to, the local economy and the borough's character.

¹ Work Foundation (2007) *Staying ahead: the economic performance of the UK's creative industries*, London

Definitions of the sector

Chapter 3 describes in detail the methodology we used to explore the size of the sector - the Creative Business Models definition we devised for NESTA. While this conceptual model groups the creative and cultural sector together in a novel but more meaningful way, it nevertheless draws heavily on the industrial classifications used by the Department of Culture, Media and Sport (DCMS). The DCMS classes the following as creative industries:

- Designer Fashion
- Print and publishing
- Music and the Visual and Performing Arts
- Video, Film and Photography
- Software, Computer Games and Electronic Publishing
- Art and Antiques
- Architecture
- Advertising
- Radio and TV

Given that this report was asked to look at the cultural sector as well, we included three more areas of activities, again in accordance with DCMS definitions.

- Museums
- Libraries
- Botanical gardens and zoos

2.2 The research brief

The overall aim of this project was to help RBKC council understand the cultural and creative sector in their borough better. BOP was asked to consider a number of questions and topics in pursuit of this goal.

What are the levels of creative and cultural activity in the borough? Although the primary focus was on creative industries, RBKC was keen that it also cover both organisations (including non-profits) and individuals. The project sought to address this by finding out how many creative and cultural businesses there are; how many people they employ; and where are they located within the borough. RBKC also wanted to examine the relationship between the creative sector and the borough itself. Why is the sector in the borough at all, and what keeps it there? Do creative businesses employ local residents or do their staff come from further afield? How do the larger institutions contribute to the borough's economy?

RBKC council was particularly interested to learn more about artists, art colleges and small, private art galleries, as they have historically played a significant part in the borough's cultural life. A series of face-to-face interviews were carried out to this end.

Another set of concerns revolved around who uses the cultural sector. Does it serve local residents or are its consumers primarily from outside the area?

A final area of interest was the perception of the borough. The council wanted to know whether Kensington & Chelsea is seen as an 'edgy', creative place. What effect do cultural institutions have on the borough's reputation?

The research process was guided and informed by these questions. We were also conscious of the strategies and policies outlined in the Arts Strategy 2004-08 and the draft Core Strategy and North Kensington Plan of July 2008.

Although this report is concerned with Kensington & Chelsea, it must be acknowledged that borough boundaries are artificial, and that the borough cannot be seen in isolation. It is part of a wider central London creative economy in which borough residents participate as consumers, employees and producers of culture. There is for instance a belt of creative businesses running from Paddington and Bayswater in Westminster through Notting Hill and North Kensington into White City in Hammersmith & Fulham. Companies such as Virgin Records and the Leo Burnett advertising agency are just across the borough boundary to the west of Kensington & Chelsea while immediately to the east, Westminster is the heart of much of London's cultural life, from the West End's theatres and cinemas to the Albert Hall. The quality and easy accessibility of much of this activity clearly has a bearing on what RBKC council should do for arts and culture.

3 Methodology

This chapter of the report describes the methodology BOP used to conduct its data analysis.

3.1 Creative Business Models

BOP was asked by RBKC to use its Creative Business Models framework to assess the size and range of the creative industries in the borough. This conceptual framework was developed three years ago when BOP Consulting, in conjunction with the Manchester Institute of Popular Culture (MIPC), was commissioned by NESTA to produce a model of the creative industries which recognised the differences in market structures, distribution mechanisms and consumption patterns across the sector.² In doing so, it arguably provides a truer reflection of the different types of creative industry than does the sub-sectoral approach based on the DCMS' Data Evidence Toolkit, which classes the industries into the more conventional categories of Books & Press, Audio-Visual, Performance and Visual Art & Design.

The Creative Business Models approach divides the creative sector into four thematic groups, bringing together those sub-sectors that have business models, value chains and market structures in common (see figure 1). The four are:

Creative Services

Enterprises based around providing creative services for clients, earning revenues in exchange for giving up their time and intellectual property (IP). Examples include architects, advertising agencies, graphic design, new media design and post-production.

Creative Content

Enterprises that exploit intellectual property, usually copyright protected, which is distributed to customers or audiences through sales, advertising or subscription to earn revenues. Among these are broadcasters, record companies, and all kinds of publishers including software, computer games and electronic publishing.

Creative Experiences

The core of this business model is based around selling the right for consumers to witness or experience specific activities, performances or locations such as theatre, music, opera, dance and cinema. These are consumed 'live' at the time and place of performance.

² BOP, MIPC and NESTA (2006) *Creating growth: how the UK can develop world class creative businesses*

Creative Originals

Creative Originals are based on the manufacture, production or sale of physical artefacts, the value of which derives from their perceived creative or cultural value and exclusivity (in other words, they are produced not in bulk but as one-offs or in limited runs). Examples include designer fashion, crafts, and arts and antiques.

There are also two smaller classes which support this four-part model. They are:

Dissemination Inputs

This embraces the sale or rental of creative products. This category is relatively small in the borough although it includes libraries as well as some specialist retail.

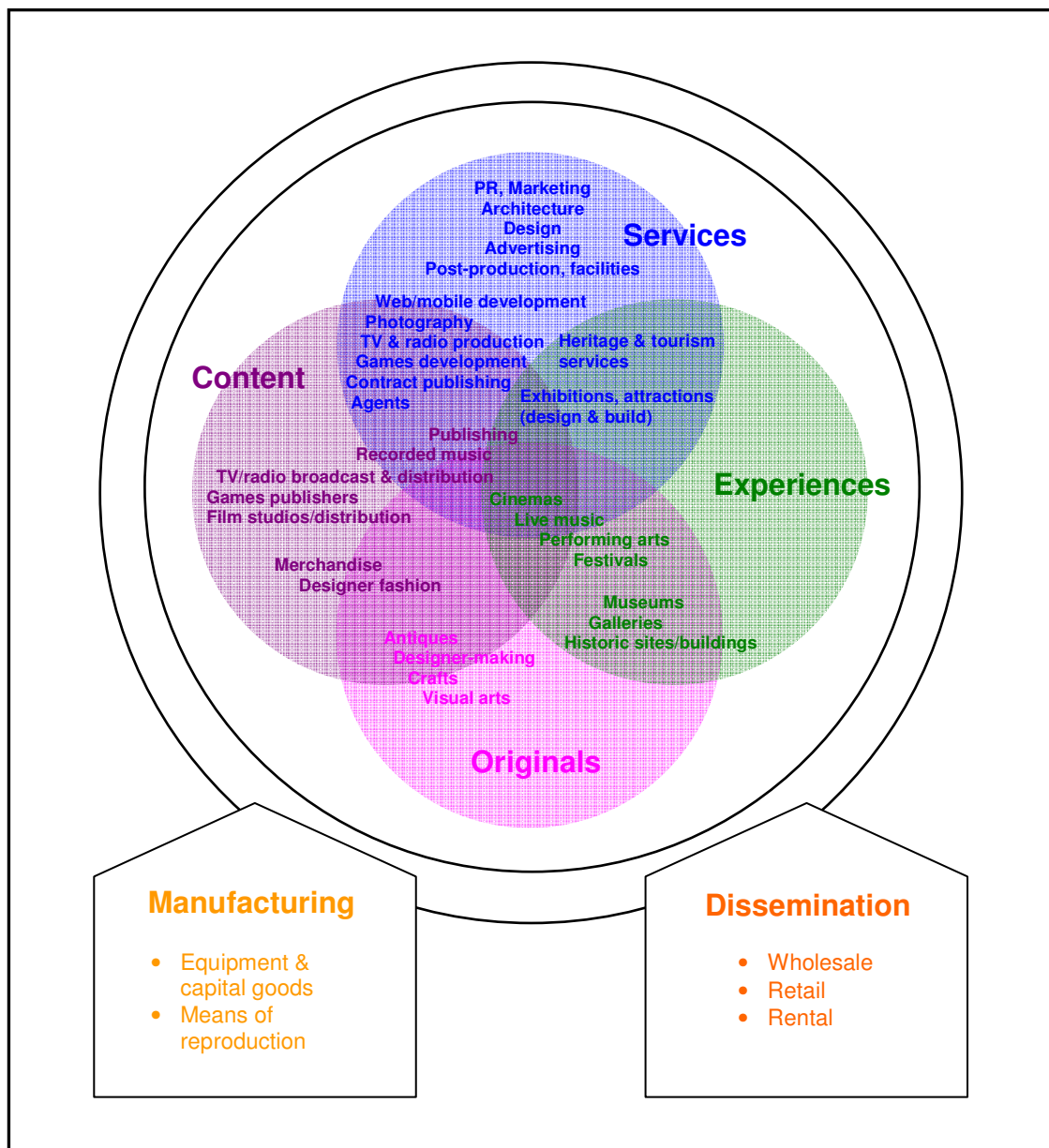
Manufacturing Inputs

These cover specialist manufacturing activities on which the sector as a whole depends. They essentially fall into two categories: capital equipment used in production (such as TV cameras) or distribution (such as DVD or CD replication). Again, this is a relatively small category in Kensington & Chelsea.

Because of their small size and their relative lack of importance to the model, these last two classes will not be discussed further in the analysis.

The list of Standard Industrial Classification (SIC) codes that make up each of these sub-sectors is shown in Appendix 2.

Figure 1: The Creative and Cultural Sector by Business Models



Source: *Creating Growth*, Nesta (2006). Model developed by BOP/Pembridge (2006)

The diagram above (fig. 1) helps us to see how different creative sub-sectors fit within the four thematic groups. Visualising the creative industries in this way can help policy-makers to design appropriate interventions that are geared towards the business needs of different parts of the sector. The model also enables us to see the different groups as part of a wider 'ecosystem' of creativity, consisting of a range of interrelated and overlapping activities.

3.2 Business Size Bands

We have adopted the size bands used by Department for Business, Enterprise and Regulatory Reform (BERR, previously the DTI). They are:

- micro (ten or fewer employees)
- small (11-49 employees)
- medium (50-199 employees)
- large businesses (200 or more employees).

3.3 Sources of Data

The data for this report has been obtained from the Office for National Statistics' (ONS) *Annual Business Inquiry* (ABI).

The ABI is an annual survey of approximately 78,000 businesses representative of all sectors in the UK. The sample captures all large businesses (those with 200 or more employees) together with a random stratified sample of businesses from the smaller size bands. It is also designed to be regionally representative. ABI data for number of jobs and businesses is released in December each year. The latest dataset issued is for 2006³. The ABI only includes VAT or PAYE registered businesses and, as a result, may miss a proportion of freelancers, sole traders and very small companies.

BOP defines the creative industries in terms of 57 Standard Industrial Classification (SIC) codes (at 4-digit level) in this model. (Before 2003 there were 56 codes: code 7220 was split into two, 7221 and 7222, in the 2003 revision of SIC). However, 25 of these SIC codes include both creative and non-creative industrial activity. In order to accurately calculate the size of the creative industries, it is therefore necessary to devise weightings to apply to these 25 codes. Experian data was used to devise weightings for these.

This second set of data comes from Experian's National Business Database (NBD). The NBD is a commercially licensed database containing 4.2m records from a range of sources including Yellow Pages, Thomson and Companies House. Business records are classified according to SIC codes, but also by other classification frameworks that allow a more detailed, finer-grained analysis. By cross-referring between these two different classification systems it is possible to calculate the proportions of 'creative' and 'non-creative' businesses represented by each SIC code in a particular geographic area. The NBD also includes employment data for each company listed, so different weightings can be calculated for a range of employment size bands.

This approach was adopted on the grounds that it provides one of the most accurate methods of mapping the creative industries at local authority level. It can also be repeated each year as new ABI data is released, using the weightings calculated from the Experian data. However, there is no perfect method of measuring the size of the

³ The ONS has warned of discontinuities in the 2006 ABI data caused by initial preparations for the introduction of the Business Register Employment Survey in 2009. These discontinuities are expected to depress the figures produced by between 0.6 per cent and 1.3 per cent compared with 2005.

creative industries, and it is necessary to highlight some 'health warnings' about the data presented in this report.

Firstly, this model provides a relatively broad definition of the creative and cultural sectors, designed to represent the whole range of relevant industries. This means that it measures not only core cultural production, but also activities such as elements of manufacturing, distribution, retail and consumption, and 'inputs' into the creative economy, such as the sale of specialist equipment used in cultural production. This model also includes computer software, on the grounds that this sector is knowledge-based and contains activities such as web design and computer games. Central government counts this as part of the creative industries. However, the sector also includes a high proportion of companies involved in conventional business software activities.

Secondly, the Experian NBD dataset is not a complete record of all relevant businesses in an area. Some business records are suppressed if the companies have asked to be removed from the NBD, as is their right under data protection laws (NBD data is more commonly used for marketing). Levels of suppression are generally even across all creative sub-sectors, minimising the risk of distortion in weightings. Note also that the Experian data used to calculate the weightings was issued in spring 2008, but that these weightings were applied to ABI data from 2002 to 2006.

Thirdly, the ABI is based on a survey of businesses which are registered for PAYE or VAT. This excludes the smallest companies with low revenues, and means that sole traders and micro-businesses are under-represented in the analysis. Since the large majority of firms in the creative industries sector are small, this may create distortions.

Finally, ABI data is provided by a national survey, and the margin of potential error increases as the area of focus becomes narrower (e.g. in terms of geography or industrial sub-sectors). It is most accurate at national and regional level, but becomes less so when examining smaller geographic areas, and those where the overall stock of businesses is relatively low (though this is less of a problem in Kensington & Chelsea).

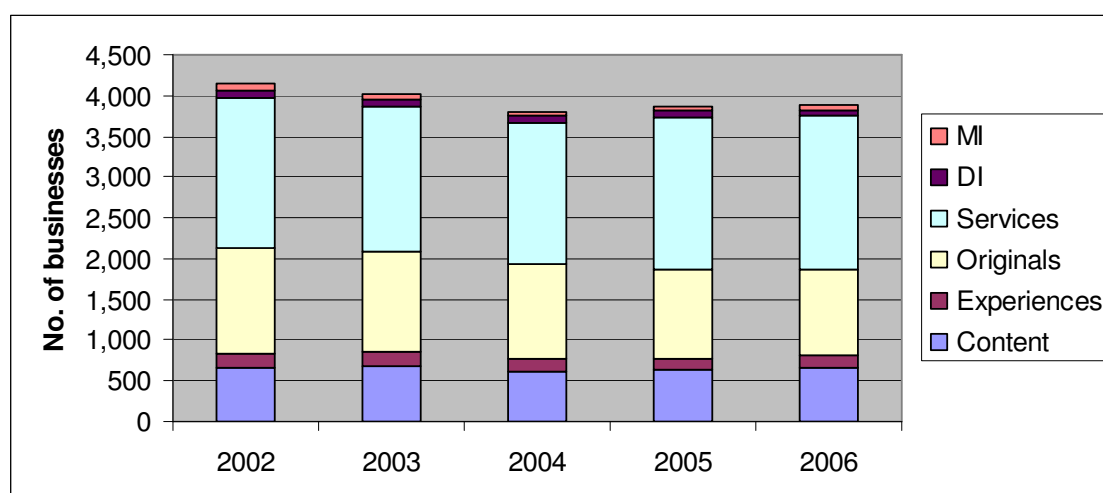
4 Data analysis of the creative and cultural sector

The overall numbers of creative and cultural businesses and employment in Kensington and Chelsea are strikingly high. The creative and cultural sector accounts for around 30% of business unit numbers and 15% of employment in the borough. These figures are around three times the national average and suggest the sector is a central part of the local economy. However, business numbers have been relatively static over the years from 2002-06, and employment levels have declined somewhat (though there seems to be a technical explanation for some of that, which is discussed in section 4.2).

4.1 Business unit numbers

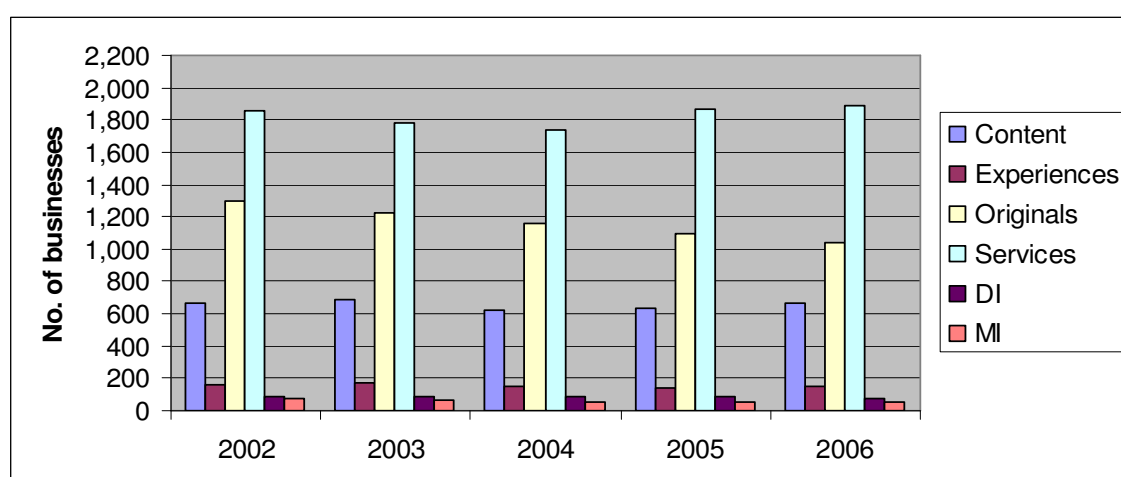
Business unit numbers have declined slightly in Kensington and Chelsea across the five-year period, to just under the 4,000 mark. Creative Services account for just under half of this total. Originals is the second-largest category, followed by Content. Creative Experiences make up only a small share of the overall number.

Figure 2: Number of creative businesses by sub-sector in Kensington & Chelsea, 2002-06



Source: ONS ABI/BOP Consulting, 2008

Figure 3 shows the changes in business numbers over time more clearly. Creative Services business numbers dipped a little in 2003 and 2004 before recovering to their previous level of around 1,900. Originals have seen a slow but steady decline in numbers over the five years. Content business numbers have fluctuated, but have ended up at roughly the same level in 2006 that they were in 2002.

Figure 3: Number of creative businesses in Kensington & Chelsea by sub-sector, 2002-06

Source: ONS ABI/BOP Consulting, 2008

The numbers of businesses are shown in the following table (fig. 4). The figures in the table and in the commentary have been rounded to the nearest 100 in accordance with the Office for National Statistics' guidelines. However, the original unrounded figures have been used in the graphs.

Figure 4: Number of creative businesses by sub-sector, 2002-06

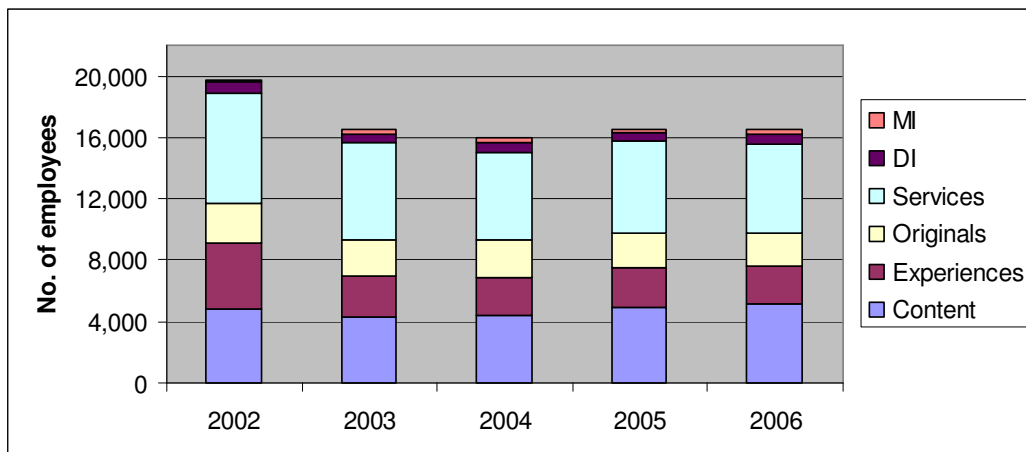
Creative Business Model	2002	2003	2004	2005	2006	% change 2002-06
Content	700	700	600	600	700	0
DI	100	100	100	100	100	0
Experiences	200	200	200	100	100	-50
MI	100	100	100	100	100	0
Originals	1,300	1,200	1,100	1,100	1,000	-23
Services	1,800	1,800	1,700	1,900	1,900	+6
Total	4,200	4,100	3,800	3,900	3,900	-7

Source: ONS ABI/BOP Consulting, 2008

4.2 Number of employees

Employment patterns are different from those for businesses. The numbers of people working in the sector stood at almost 20,000 in 2002. There was a sharp drop in 2003, to just over 16,000, a level at which it since seems to have stabilised. Some of this fall is explained by a technical issue around the museum statistics. The ABI records six large museums in the borough in 2002, employing around 3,400 people between them, but in 2003 the number drops to four, with 1,500 people. In 2004 the number falls again to three, but the numbers employed rises to 1,800. These errors arose due to duplicate filings from the same institution which were not picked up when the statistics were compiled and cannot now be revised. Although the numbers are now correct – the borough has three large museums (the V&A, the Science Museum and the Natural History Museum) – the mistake means that the creative and cultural employment total in 2002 is, in effect, overstated by some 1,600 people. The decline seen in Experiences is thus much less sharp in reality than the figures make it appear.

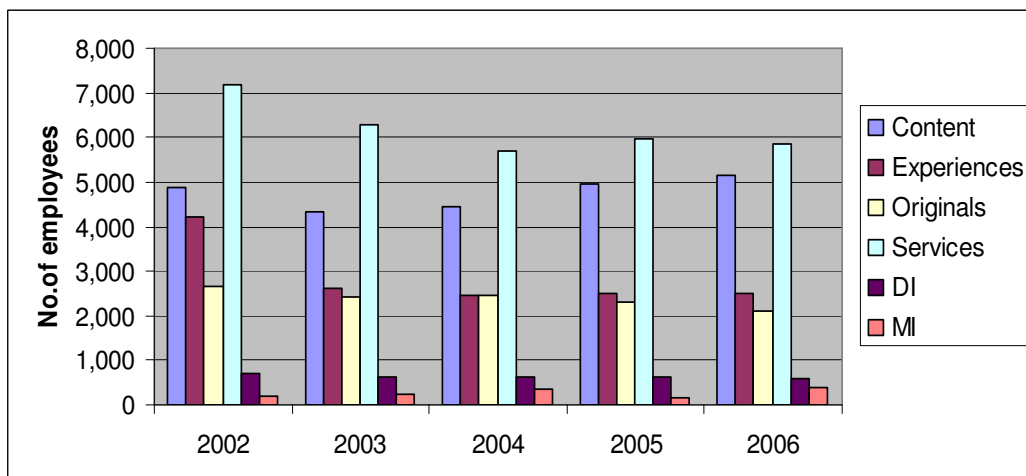
Figure 5: Number of people employed by creative sub-sector, Kensington & Chelsea, 2002-06



Source: ONS ABI/BOP Consulting, 2008

Figure 6 shows the number of people working in each of the sub-sectors over the time period.

Figure 6: Number of people employed by creative sub-sector, Kensington & Chelsea, 2002-06



Source: ONS ABI/BOP Consulting, 2008

Creative Services

The number of jobs in Creative Services declined by some 1,500 from 2002 to 2004 but has since stabilised at just under 6,000. The industries which contributed most to this total were design and related activities (2,600), architecture (1,300) and software consultancy (800).

The activities most responsible for the decline seen in this sub-sector were Advertising, where employment numbers halved over the five years to 800, and design and related activities, which fell by around 400.

Creative Content

Employment in Content, by contrast, has fluctuated over the time period but has ended up slightly higher in 2006, at 5,100, than in 2002 (4,800).

Publishing of newspapers is much the largest component of this total. It accounted for 2,400 jobs in 2006. Motion picture and video production contributed 700 jobs, while publishing of books and sound recordings provided around 500 each.

Newspaper publishing employment increased by 350 jobs over the five-year period, almost entirely due to growth at Associated Newspapers, while publishing of books added 200 jobs. Publishing of sound recordings also saw strong growth of 300. However, radio and TV activities shed around 500 jobs to fall to just 300 in 2006.

Creative Originals

Of the 2,100 people working in Originals in 2006 just over half worked in 'artistic and literary creation and interpretation'. This category includes individuals and companies working as writers, artists, sculptors and illustrators, as well as theatre production companies. However, it has shed 400 jobs since 2002. The other significant contributor to this sub-sector is the antiques trade, which employed around 800 in 2006. It too has seen jobs fall since 2002, by around 100.

Creative Experiences

Creative Experiences employment has seen a significant fall, but this is almost entirely accounted for by the technical error in the ABI 'large museums' data discussed earlier.

Figure 7: Number of people employed by creative sub-sector, 2002-06

<i>Creative Business Model</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>% change 2002-06</i>
Content	4,800	4,300	4,400	4,900	5,100	+6
DI	700	600	600	600	600	-17
Experiences	4,200	2,600	2,500	2,500	2,500	-40
MI	200	200	300	200	400	+100
Originals	2,700	2,400	2,500	2,300	2,100	-22
Services	7,200	6,300	5,700	6,000	5,900	-18
Total	19,800	16,400	16,000	16,500	16,600	-16

Source: ONS ABI/BOP Consulting, 2008

4.3 Share of total employment

As a share of total employment in Kensington and Chelsea, these are significant figures. Creative business units account for around 30% of all business units in the borough, and 15% of all employment. These figures are around three times the level typically seen in local authority districts outside London. It is perhaps worth noting that total employment in Kensington and Chelsea is itself falling a little, from 120,000 in 2002 to 109,000 by 2006.

Figure 8: Creative and cultural share (%) of all businesses and employment, 2002-06

<i>Year</i>	<i>% total business units in borough</i>	<i>% of total employment in borough</i>
2002	30.4%	16.5%
2003	30.3%	14.6%
2004	29.6%	14.6%
2005	29.7%	14.7%
2006	29.6%	15.2%

Source: ONS ABI/BOP Consulting, 2008

4.4 Location Quotients

It is also possible to use London borough data (see section 5.2) to calculate location quotients (LQs) for the creative industry SIC codes in Kensington & Chelsea compared with London. A location quotient indicates the relative importance of a particular industry within an area (in this case Kensington & Chelsea) by comparing the relative strength of the borough's employment share of the SIC code under investigation with the borough's share of total employment. Again, it should be noted that ABI data is less accurate at borough level than at regional level, and that we have applied the Kensington & Chelsea weightings to all boroughs to get a comparison for London as a whole, which may lead to some distortions in particular results. Nonetheless, the LQs do give a guide to the borough's creative strengths.

The research in section 5.2 shows that Kensington & Chelsea creative and cultural industries make up a larger share of total employment in the borough than is typical in London. Figure 9 shows those SIC codes in which Kensington & Chelsea has at least 50% more employment (an LQ of above 1.50) than would be seen if that code's employment was evenly spread across London's boroughs.

Figure 9: Location quotients for SIC codes in Kensington & Chelsea, 2006

<i>SIC code</i>	<i>Creative Business Model</i>	<i>LQ</i>
2231 : Reproduction of sound recording	MI	8.99
9252 : Museum activities and preservation of historical sites and buildings	Experiences	8.55
2214 : Publishing of sound recordings	Content	8.15
2212 : Publishing of newspapers	Content	6.99
5250 : Retail sale of second-hand goods in stores	Originals	5.97
9211 : Motion picture and video production	Content	2.05
9231 : Artistic and literary creation and interpretation	Originals	2.01
9213 : Motion picture projection	Experiences	1.90
1822 : Manufacture of other outerwear	Originals	1.87
3230 : Manufacture of television and radio receivers, sound or video recording or reproducing apparatus and associated goods	MI	1.75
5248 : Other retail sale in specialised stores	DI	1.72
5247 : Retail sale of books, newspapers and stationery	DI	1.71
2211 : Publishing of books	Content	1.53
9232 : Operation of arts facilities	Experiences	1.51

Source: ONS ABI/BOP Consulting, 2008

In sound recording and museum activities the borough has more than eight times a typical concentration for London. Publishing of newspapers is another great strength, thanks almost entirely to the presence of Associated Newspapers, while the borough also has almost six times the concentration of 'Retail sale of second-hand goods in stores' – a weighted code dominated by the antiques trade. It has around double the numbers in film/video production and artistic and literary creation and interpretation (which includes many artists and writers) than is typical. A fashion activity, 'Manufacture of other outerwear', is also relatively strong.

It is interesting to note that there is no Creative Services code listed in figure 9. Although Services is the largest sub-sector in the borough, the activities that it includes are major sources of employment across London. As a result, the location quotients of, say, advertising and architecture in Kensington & Chelsea are less than 1.0 (in other words, they are slightly underrepresented in the borough compared with the London average). 'Radio and TV activities' (in Creative Content) is also a relative weakness according to its location quotient.

It is also worth noting that 'new media' does not appear to be a particular strength of the borough's either. Computer and digital technology is, of course, ubiquitous in most parts of the creative sector these days, from publishing to music. However, software consultancy and publishing themselves employ fewer than 1,000 people in the borough and have location quotients of 0.45 and 1.06 respectively.

4.5 Analysis of Experian's National Business Database

So far, BOP has used Experian's National Business Database as part of the process of analysing ONS *Annual Business Inquiry* data, but the NBD is a useful source of information in its own right. The ABI and the NBD are not directly comparable; each data source measures slightly different things, in different ways, and so the overall figures for creative industries jobs obtained from each do not match. In addition, the NBD records used for this study date from the spring of 2008, while the latest ABI figures are for 2006.

In all, there were 14,400 people employed in creative businesses in Kensington and Chelsea in spring 2008 according to the NBD. This figure did not include the Natural History Museum, which employs around 800 people, or the Royal Court theatre. Figure 10 shows the 24 Yellow Pages categories which employ more than 100 people each in the borough. The values have been rounded to the nearest 50.

Figure 10: Number of employees in Yellow Pages class, 2008

<i>Yellow Pages classification</i>	<i>Number of employees</i>
Newspapers & Magazines	2,150
Museums	1,700
Architects	1,100
Publishers & Publications	1,100
Record Labels	800
Marketing & Advertising Consultants	600
Broadcasting Services	550
Antique Dealers	500
Advertising Agencies	500
TV, Film & Video Production Services	500
Interior Designers	400
Public Relations Consultants	400
Fashion Designers	350
Cinemas	300
Designers-Advertising & Graphic	250
Design Consultants	250
Auctioneers & Valuers	200
Computer Software Development	200
Book shops	200
Art Dealers & Publishers	200
Libraries	150
Music Management and Promotion	150
Computer Consultancy	150
Literary Agents	100

Source: Experian/BOP Consulting, 2008

Associated Newspapers, the publisher of the Daily Mail, the Evening Standard and Metro, based at Derry Street, makes up much the largest share of the 'Newspapers and magazines' YP class, and is the biggest creative employer in the borough. The national museums based around Exhibition Road are significant employers, too (remembering again that the Natural History Museum is not included). Major employers of architects include Hamilton Architects, Haskoll and GMW. 'Publishers and publications' includes the likes of the John Brown group and Egmont Children's Books.

4.6 Future prospects

BOP Consulting does not carry out formal trend forecasting and in any case the current economic turmoil makes such work hazardous. We can, however, say a few things about the probable effects of the recession on the creative sector. Although the majority of businesses spoken to in September 2008 were cautiously optimistic about their prospects, the economic mood has darkened since then. Kensington & Chelsea has attracted many financial professionals as residents in recent years, who are being hit hard. This in turn will have knock-on effects on the local economy as their spending power declines - Creative Originals businesses such as the art and antiques trades are likely to be particularly affected by this

Creative Experiences may be more resilient. Theatre and cinema audiences tend to be less affected by economic downturns than other parts of the economy, while the public funding parts of the sector receive will act as a stabiliser. Free entry for the Exhibition Road museums, for instance, will help to keep visitors coming to the borough.

Creative Services depend on other business sectors for much of their revenue and are likely to suffer. The decline in private sector house- and office-building will hurt architects, although this may be partially offset by government pledges to accelerate infrastructure spending. Advertising too is already being hit by the problems in the financial and motor sectors (both big advertisers).

Creative Content firms may do better but their interrelationships with other sectors are complex and hard to predict: newspapers depend heavily on classified advertising to sustain their business model, for instance.

The tighter credit conditions for small businesses are also likely to have negative effects on the sector's prospects. Although the picture is not entirely gloomy – the fall in the pound's value should make exporting easier, while the pressure on rents may ease – it seems probable that the creative sector in the borough will struggle over the next few years.

5 Comparisons with other areas

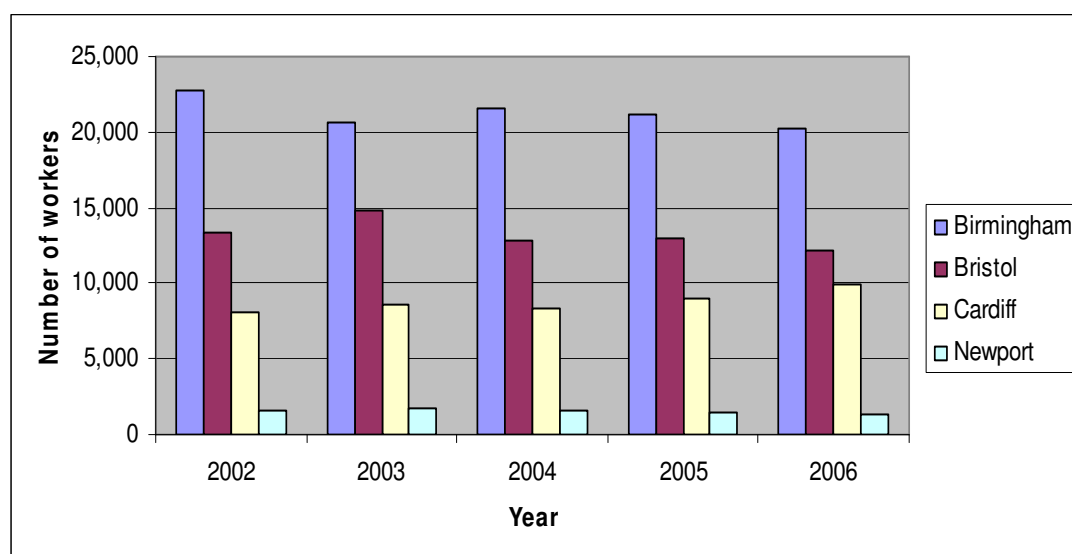
5.1 Cities outside London

In order to put this research into some kind of perspective, we can compare the results seen in Kensington and Chelsea with those in other parts of the country. A recent BOP report for a Welsh client looked at the creative and cultural industries in four cities and towns: Birmingham, Bristol, Cardiff and Newport. The definition of the sector used in that report is a little narrower than the one adopted for Kensington and Chelsea, but not dramatically so – the main difference is that the Welsh report did not include designer fashion SIC codes.

Figure 11 shows that Birmingham had the largest creative workforce, with just over 20,000 jobs in 2006. Bristol had 12,200 jobs, and Cardiff 9,900. Newport's total was much lower at just 1,400. Kensington & Chelsea thus has more creative jobs than either Bristol or Cardiff.

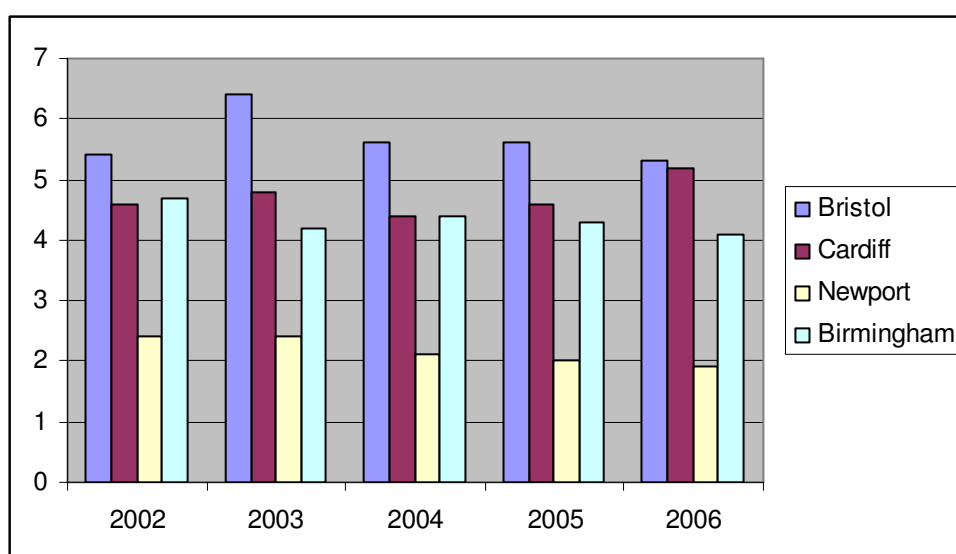
The trends over time are also interesting. In Birmingham, Bristol and Newport, creative employment seems to have peaked and now be edging downwards. Cardiff is the exception to this pattern: the number of jobs there has grown steadily.

Figure 11: Number of creative workers, 2002-06



Source: ONS ABI/BOP Consulting, 2008

The percentage of creative workers as a proportion of all employment is much lower in these four areas than in Kensington & Chelsea. The share in both Bristol and Cardiff is just over 5% in 2006, only a third of the level in the royal borough, while the share in Birmingham is even lower.

Figure 12: Percentage of total employment taken up by creative workers, 2002-06

Source:ABI/BOP Consulting, 2008

5.2 London boroughs

While Kensington & Chelsea's creative and cultural sector has very high shares of job and business numbers by national standards, it is known that many creative industries are heavily concentrated in London. Clearly, some of this difference is down to the presence of national cultural institutions or businesses – in Kensington & Chelsea these range from the Victoria & Albert Museum to Associated Newspapers.

It is possible to produce comparisons across the London boroughs. We have taken the weightings devised for this project for Kensington & Chelsea and applied them to ABI workplace data for 2006 for all the London boroughs and for London as a whole. Clearly, this methodology can only provide an approximate indication of the size of the creative sector in the other boroughs – it doesn't give bespoke figures for each local authority. Nevertheless, it is a useful indication of Kensington & Chelsea's relative position within London. The tables below show rankings which are broadly in line with those seen in GVA Grimley/BOP's report on Westminster's creative industries, published in 2006.

For London as a whole, creative and cultural employment categories covered 440,000 jobs, 11.0% of total workplace employment in 2006, roughly twice the national average. Eleven boroughs had scores above the average for London. They were led by Hammersmith & Fulham, where more than a quarter of jobs fell into this category. The presence of the BBC in the borough accounts for a significant slice of this, though there are also some large record companies in the area. Kensington & Chelsea ranks joint-fifth in London, alongside Westminster, and behind Camden, Islington and Richmond. Westminster, however, had by far the largest absolute numbers of creative jobs – just over 85,000.

Figure 13: Creative and cultural employment as a share of total workplace employment in leading London boroughs, 2006

<i>London Borough</i>	<i>Creative and Cultural Employment</i>	<i>% share of total</i>
Hammersmith and Fulham	29,800	25.9%
Camden	49,600	19.7%
Islington	27,200	16.3%
Richmond-upon-Thames	10,700	16.0%
Kensington and Chelsea	16,600	15.2%
Westminster, City of	85,200	15.2%
Southwark	21,600	13.8%
Hackney	9,800	12.6%
Lambeth	14,300	12.2%
Tower Hamlets	21,300	11.1%
Hounslow	12,600	11.1%
London	440,700	11.0%

Source:ONS ABI/BOP Consulting, 2008

The patterns for business numbers are broadly similar. Figure 14 shows that Westminster has much the largest number of creative firms and organisations: 11,300. However, several boroughs have higher percentage shares of such businesses. Of the 15 local authorities with shares above London's overall average of 23.5%, Islington ranks highest, with 32.6%. Kensington & Chelsea lies seventh with 29.6%.

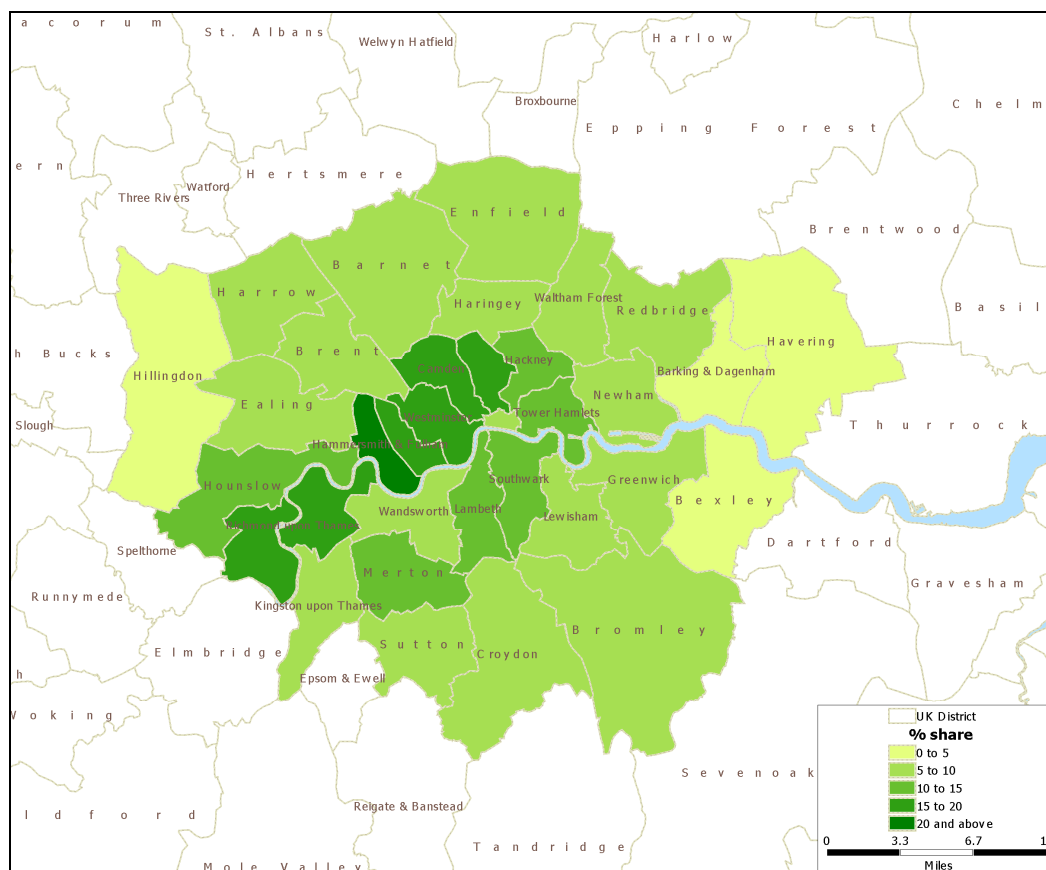
Figure 14: Creative and cultural businesses as a share of total business units, 2006

<i>London Borough</i>	<i>Creative and Cultural businesses</i>	<i>% share of total</i>
Islington	4,300	32.6%
Hammersmith and Fulham	3,600	32.4%
Richmond-upon-Thames	3,600	32.3%
Hackney	3,100	32.0%
Lambeth	3,100	30.3%
Wandsworth	4,200	29.8%
Kensington and Chelsea	3,900	29.6%
Southwark	3,500	28.8%
Camden	6,500	28.1%
Haringey	2,300	26.8%
Westminster, City of	11,300	24.3%
Tower Hamlets	2,600	24.3%
Kingston-upon-Thames	1,800	24.0%
Merton	1,900	23.7%
Ealing	3,200	23.6%
London	89,700	23.5%

Source:ONS ABI/BOP Consulting, 2008

These results can be plotted on a map. They show that the greatest concentrations of creative and cultural businesses in London are seen in inner and west London.

Figure 15: Creative employment as % of total by London borough, 2006

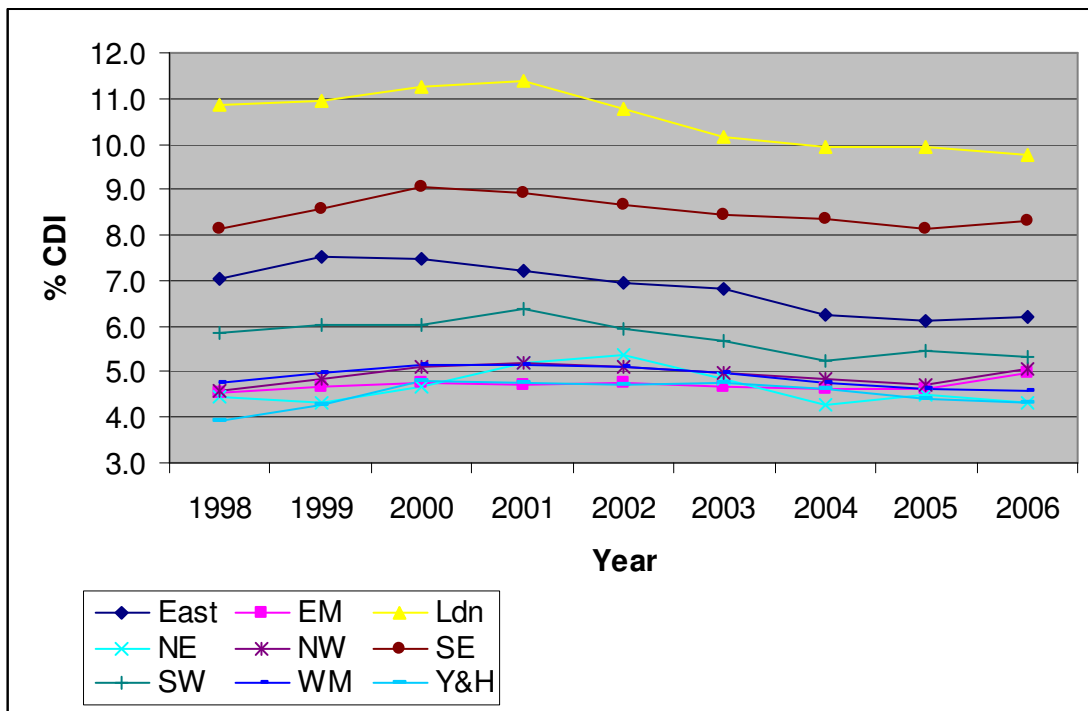


Source:ONS ABI/BOP Consulting, 2008

5.3 Comparisons over time

Other BOP research, this time for a Yorkshire client, allows us to place the results seen in Kensington & Chelsea in a wider national context. The definition of creative and digital industries asked for was again slightly different from that used in this report – it does not include museums and libraries, for instance – and the net result is a slightly smaller share of employment for London than that seen in section 5.2. Nevertheless, it is a useful guide to trends in creative employment. It shows the dominance of London among the English regions but also suggests that the creative share of total employment in the capital peaked in 2001 (fig.16). The trends seen in Kensington & Chelsea over the years from 2002 to 2006 are therefore broadly consistent with those seen in the London region as a whole.

Figure 16: Creative and digital industry employment as a percentage of all employment, English regions, 1998-2006



Source:ONS ABI/BOP Consulting, 2008

6 Summary of phone survey interviews

The phone survey suggests that creative businesses in the borough of Kensington & Chelsea are small but well-established. Most have always been based in the borough. Finding suitable premises at an affordable rent is a top priority, but other factors also affect location decisions. Being close to the owner's home is important for many, especially in Services and Content, while being close to customers is also important to Experiences and Originals businesses. A significant minority (around 20-30%) are thinking of moving, most often to find bigger premises. However, most of them are not looking far – staying close to their current base or in Kensington & Chelsea are the most frequent preferences. The majority of firms are based in offices or shops, with a minority operating from the owner's home. Only seven of the 365 firms surveyed were based in light industrial premises.

Most firms value a safe, good-quality environment with high-quality public spaces and good public transport links. These were important both to their staff and their customers. Being in a creative, 'buzzy' place also mattered, though not quite to the same degree.

Most found it easy enough to recruit staff. The perception was that the market for their products was only likely to grow slowly, and the majority did not intend to increase their staffing levels. Good public transport links make most of the borough easily accessible to people from across London, and the creative industries are popular ones in which to work. Most employees in these firms do not live locally. This may have implications for local skills initiatives. The small size of most creative firms means that they will have only limited in-house training capacity and the competitive labour market for these jobs in any case means that they can choose from well-qualified candidates.

6.1 Phone survey methodology

As part of this project, BOP commissioned a survey of creative and cultural businesses and organisations. The initial aim was to complete up to 400 interviews – 100 interviews from each of the four sub-sectors – depending on the number of local firms on the Experian database. This task was sub-contracted to Research and Marketing Plus (R&M+), an experienced market research firm BOP has used before on similar projects.

For Creative Services, the Experian database supplied 528 company names. R&M+ was able to complete its 100 interviews in this sub-sector (in fact, 110 companies agreed to answer the survey).

The number of firms available for interview was much smaller in other categories. For Creative Content there were 190 companies in the Experian data. R&M+ was able to get responses from 75 of these, a response rate of 39% (20% is a typical response rate to phone surveys).

The Experian database included 316 firms that fell into the Creative Originals class. R&M+ was able to complete 100 interviews from this list. However, on examination of their results, it became clear that half of these were with antiques businesses. Given that RBKC had said it was less interested in the antiques sector, R&M+ were asked to do

further interviews with any non-antiques businesses remaining in the database. A further 19 interviews were completed, giving a total of 119.

For Creative Experiences, the Experian data supplied 94 names. BOP took a further 54 names from a database of artistic organisations supplied by RBKC itself, which included charitable and voluntary institutions. From these two sources, R&M+ was able to obtain 61 interviews – a 52% response rate.

Response rates for the survey were therefore good. In all, 365 businesses or organisations were interviewed by phone. In total 1,238 companies or organisations were available to be contacted (1,182 from the Experian database, 54 from RBKC's database). From a dataset of this size, you would need to have at least 291 responses to achieve reasonable statistical reliability (95% confidence intervals, 5% margin of error). This was achieved.

6.2 Creative Services

The 110 firms that took part in the phone survey in this sub-sector came from a number of fields including architecture, advertising, photography, interior design, graphic design and fashion (some industries spill across more than one sub-sector).

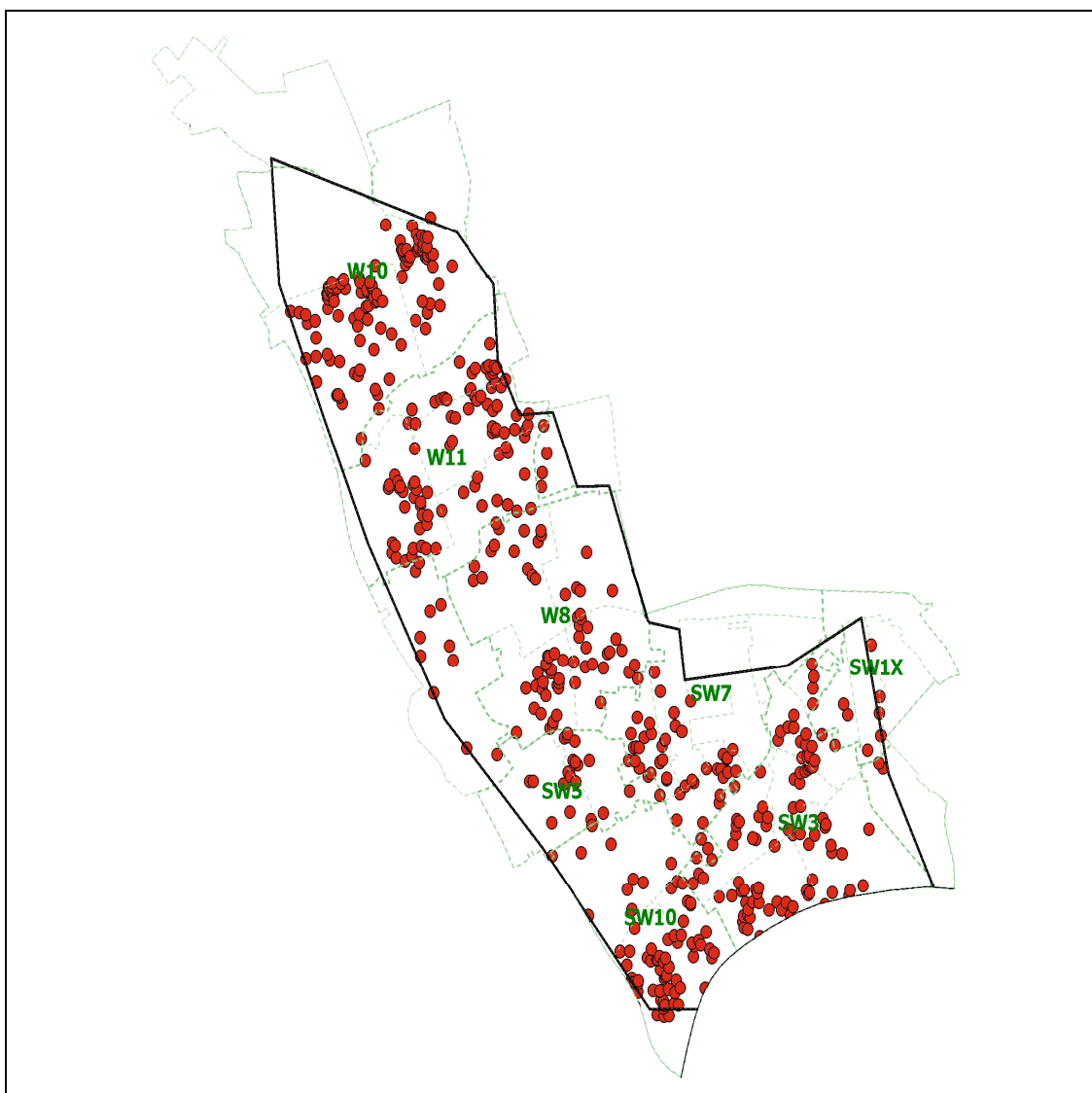
The main findings from the phone survey were that:

- Services firms tend to be fairly small – 53% had fewer than five employees, while 16% had ten or more. Most of them are well-established: 78% have been trading for more than five years. For 41%, private individuals were their main clients, for 50% it was companies. 83% only have premises in Kensington & Chelsea.
- 48% operate from offices, 23% from a studio and 18% from a small business at home. Just over half (52%) rented their premises, while 16% leased them.
- 69% thought cheap rent was important or very important. The availability of good quality premises was very important to 28% and important to 55%.
- 15% had a turnover of £100,000 or less, 25% a turnover of £100,000 to £500,000, and 19% had a turnover between £500,000 and £2 million. (31% either declined to answer or didn't know.) Just four Services businesses in the survey had turnovers of more than £5 million.
- Almost half (49%) had always been at their current site. Of those who moved from somewhere else, 46% had previously been in Kensington & Chelsea, while 32% came from central London.
- Services firms were cautiously optimistic about the future. 32% thought their market would grow gradually over the next three years, 39% thought it would stay about the same, and 11% expected it to contract slowly.
- Over half of the firms (54%) thought their workforce would stay about the same size over the next three years. 29% expected gradual growth, while just 3% thought numbers would contract slowly.
- 13% were planning to relocate some or all of their business operations in the next three years. A further 11% may do so. Almost half of those considering a move (46%) wanted larger premises. A further 12% were having difficulty recruiting staff, while 12% wanted to move to a better-quality environment.

- Of those thinking of moving, 50% were looking for premises close to their current location or within Kensington & Chelsea.
- In deciding where to locate, being close to customers was very important to 16% and important to 38% of those contacted. However, being near to similar businesses was important or very important to just 27%, being close to suppliers to 20%, and to 'non-creative' specialist suppliers to 11%.
- Being near to the owner/manager's home was very important to 24% and important to 46%.
- 44% found it easy or very easy to recruit staff (for another 24% this question was not applicable).
- Factors constraining Services businesses include the price of premises, mentioned by 25%; lack of space (22%); and crime/security concerns (22%). For 44%, however, there were no pressing issues.
- Being in a safe environment was very important to 45%, and important to another 45%. A good quality environment was very important to 34% and important to 61%. Having good transport links was very important to 29% and important to 59%.
- Having premises with a creative feel to them was very important to 20%, and important to 49%. Being located in a creative environment was very important to 7%, and important to 62%.
- High-quality public spaces were very important to 14% and important to 56%. The presence of bars, cafes and restaurants was very important to 5% and important to 52%. This suggests that 'buzz' matters a little less than safety to Creative Services firms.
- Being able to network in an informal way in Kensington & Chelsea was important or very important to 61% of those surveyed. Formal networking also mattered to the majority: 20% attended networking events once a month or more, 43% 2-6 times a year (the most common response), but 16% did so less than once a year.
- Just over half (52%) of Services firms had had some contact with RBKC council in the last five years. Planning and waste disposal were the two dominant issues.

For Creative Services firms, the factors driving the decision to locate in Kensington & Chelsea are varied, including closeness to the owner/manager's home and the safety and quality of the local environment. The survey suggests that other factors matter less – proximity to other similar businesses or suppliers was seen generally as unimportant. In part, this reflects the fact that Kensington & Chelsea is not at the heart of any existing Creative Services clusters, such as advertising's in Soho.

Figure 17: Creative Services businesses by postcode for Kensington & Chelsea, 2008



Source: Experian/BOP Consulting, 2008

Services businesses are the most numerous and are spread widely throughout the borough, without any major concentrations apart from a small cluster in the Lots Road area.

6.3 Creative Content

The Creative Content database derived from the NBD was too small to allow for a full 100 interviews. In all, 75 firms were surveyed by phone. Businesses in this category come primarily from print & publishing, film and video, TV and radio, the music industry and software.

The main findings from the phone survey were:

- 49% of Content firms had fewer than five employees, while 28% of them have ten or more. Again, most are well-established: 79% have been trading for more than

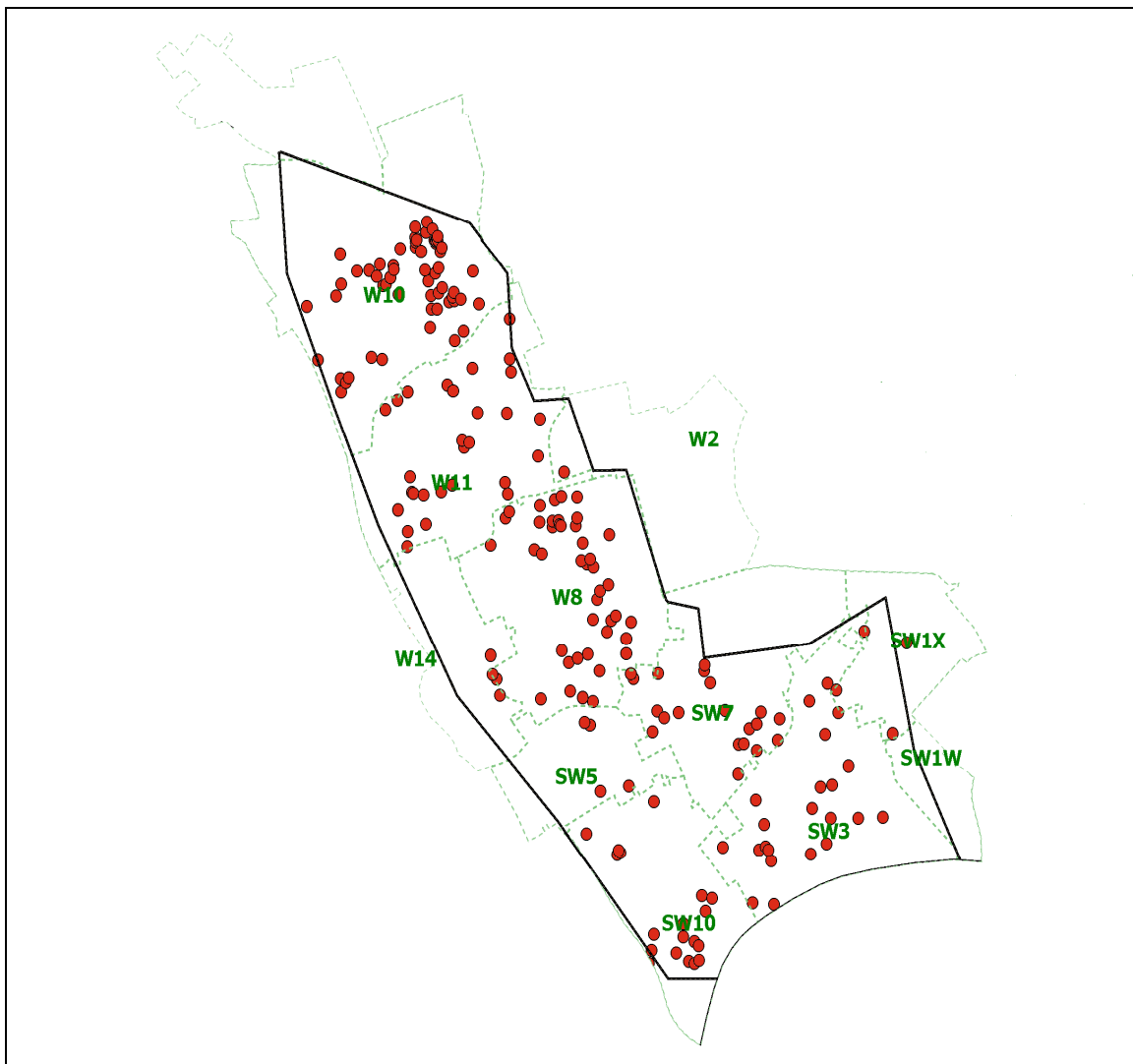
five years. 24% have individuals as their main clients, 64% have companies. 67% of firms operate only in Kensington & Chelsea, the lowest share of the four sub-sectors, and 16% have international operations.

- 61% operate from offices, 17% from a small business at home and 8% from a studio. Just under half (43%) rented their premises, while 31% owned the freehold.
- Having cheap rent was very important or important to 68%. The availability of good-quality premises was very important to 28% and important to 53%.
- 11% had a turnover of under £100,000; 15% a turnover of £100,000 to £500,000, 15% had a turnover between £500,000 and £2 million. (44% either declined to answer or didn't know). Eight of the 75 companies had a turnover in excess of £5 million.
- 52% had always been at their current site. Of those who moved from somewhere else, 28% did so from within Kensington & Chelsea but 50% did so from elsewhere in central London – the highest share in the sub-sectors.
- Content firms were cautiously optimistic about the future. 31% thought their market would grow over the next three years, 29% thought it would stay the same, while 9% expected it to contract slowly.
- Patterns were similar when firms were asked what they thought about their own company's prospects – 36% expected their workforce to grow gradually, 40% thought it would stay about the same, and 5% thought it would contract slowly.
- 16% intend to relocate some or all of their business operations in the next three years, while 23% may do so. This combined share of 39% is the highest among the sub-sectors. Almost half of these (48%) wanted larger premises, but 17% thought the price of their premises was too expensive.
- Of those thinking of moving, 48% were looking for premises close to their current location or within Kensington & Chelsea
- Being close to customers was very important to 13% and important to 29% of those contacted. However, being near to similar businesses was important or very important to just 24%, being close to suppliers to 19%, and being close to 'non-creative' specialist suppliers to 12%.
- For 25% being near to the owner/manager's home was very important, and it was important for another 39%.
- 48% found it easy or very easy to recruit staff (for another 21% this question was not applicable).
- Having access to very fast data connections was very important to 51% and important to 45%.
- Factors constraining Content businesses include crime/security concerns, mentioned by 27%; being in a poor-quality environment (20%) and the price of premises (15%). Difficulties with loading and unloading goods was also a constraint for 15%. For 45%, however, there were no pressing issues.
- Being in a safe environment was very important to 44% and important to 52% of those contacted. Good public transport links were very important to 39% and important to 45%. Having high-quality public spaces and street environment was very important to 11% and important to 45%. Being in a good-quality environment was very important to 24% and important to 65%.

- Being able to network in an informal way in Kensington & Chelsea was important or very important to 36% of those surveyed - the lowest figure in the four sub-sectors. Attendance at formal networking events was more in line with those seen elsewhere: 27% attended such events once a month or more, 29% attended 2-6 times a year, but 29% did so less than once a year.
- Being located close to bars, cafes and restaurants was very important for 11% of businesses and important for 39%. Being in a creative environment was very important to 8% and important to 40% (the lowest of the sub-sectors). Having premises with a creative feel was very important to 16% and important to 43%.
- Only 37% of Content firms had been in contact with RBKC council in the last five years. Business rates was the most likely issue, followed by refuse/recycling.

Creative Content firms tend to be a little bigger than Services or Originals firms. They are cautiously optimistic about their future. The majority have always been in the borough and are well-established. Their highest priorities are practical ones: affordable rent, good-quality premises, good public transport links. Being close to the owner's home is also significant. As with Creative Services firms, fast data connections are important. Content firms also resemble Services firms in that they value a safe environment. Perhaps surprisingly, given that this sub-sector includes some core creative activities, networking and 'buzz' are a little less important than in other sub-sectors.

Figure 18: Creative Content businesses by postcode for Kensington & Chelsea, 2008



Source: Experian/BOP Consulting, 2008

Content businesses are generally fairly widely distributed throughout the borough, though there is a small cluster in the north-east.

6.4 Creative Originals

The 119 firms that took part in the phone survey were from a range of fields including antiques, art, designer fashion, and music.

The main findings from the phone survey were:

- Originals firms tend to be small – 78% had fewer than five employees (only five of the 119 had more than ten employees). However, they were well-established: 92% had been trading for more than five years. More than three-quarters (78%) only operate in Kensington & Chelsea. For 77% their main clients are private individuals.
- 50% operate from a shop or retail premises, 13% from an office, and 9% from home. A further 10% operated from 'High Street offices with a shop front serving the public'.
- 43% were renting their property, 27% had a leasehold. Cheap rent was important or very important to 69% of those surveyed.
- 15% of Originals businesses had a turnover of £100,000 or less; 18% a turnover of £100,000 to £500,000; and 21% had a turnover between £500,000 and £2 million (39% either declined to answer or didn't know). Only three firms had a turnover of more than £5 million.
- 57% had always been at their current site. Of those who had moved to their present site from somewhere else, 61% had previously been in Kensington & Chelsea while 31% had been within central London.
- Some 40% of firms expected the market for their products to stay much the same size over the next three years. Just under a fifth (19%) thought it would gradually grow; another 19% thought it would gradually contract.
- The majority of firms expected the size of their workforce to stay the same, too (67%). 14% predicted gradual growth, while 3% expected their job numbers to contract slowly.
- 13% were planning to re-locate some or all of their business operations in the next three years. A further 18% may move in that time. The largest factors driving these trends were the price of premises being too expensive (24%), a need for larger premises (19%) and coming to the end of their lease (11%).
- Of those thinking of moving, 48% were looking for premises close to their current location or within Kensington & Chelsea. Only a handful were looking for premises outside inner London.
- When choosing their location, being close to similar businesses was very important to 26% and important to 35% of those contacted. This was the highest combined share for this question of any of the sub-sectors. It was heavily influenced by the antiques business, 88% of whom rated it important or very important.
- Being close to customers was very important to 28% or important to 39%.
- However, being near to suppliers was important or very important to just 10%, and being close to 'non-creative' specialist providers to 8%.

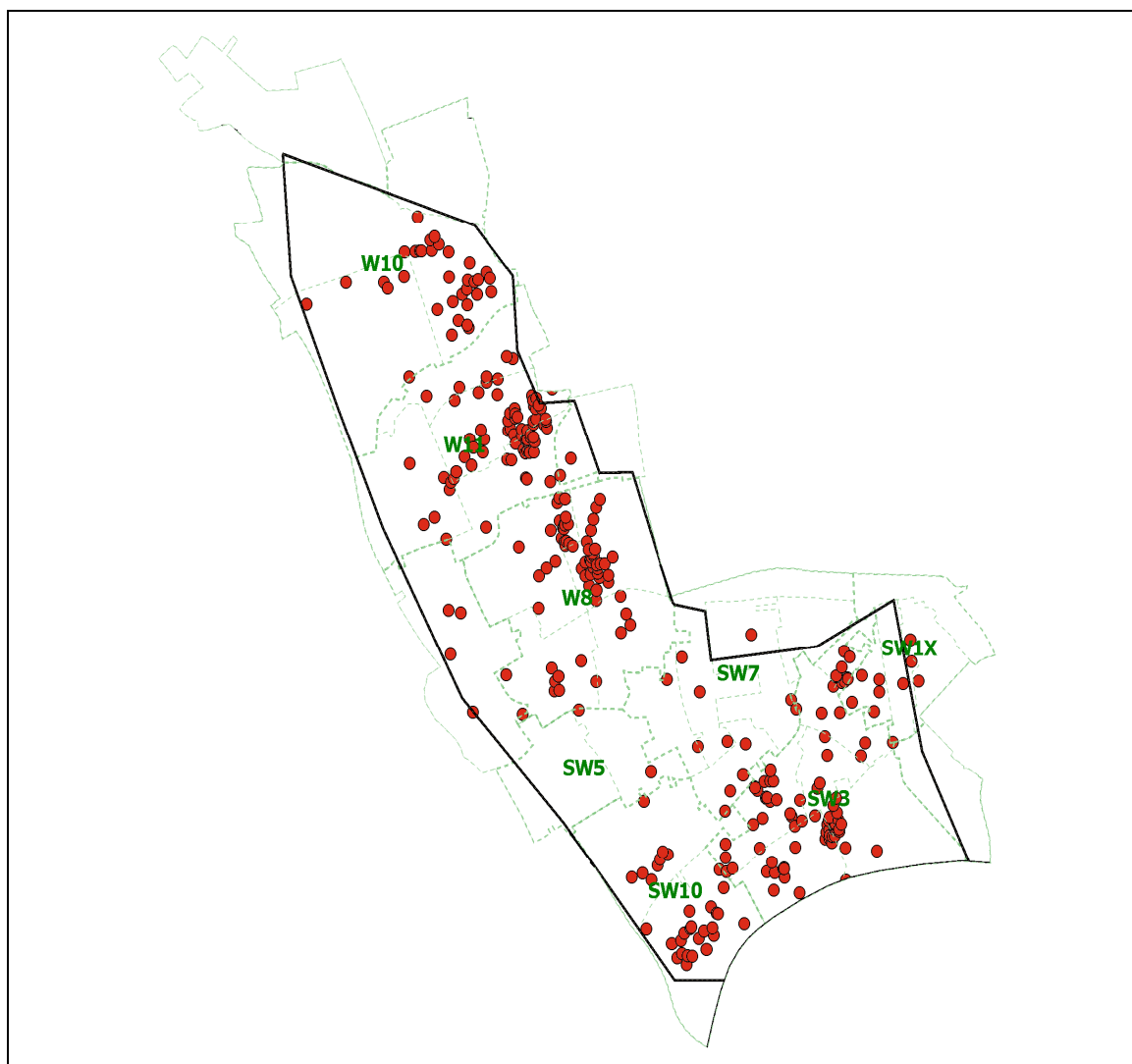
- Being near to the owner/manager's home was important to 47% or very important to 7% in choosing their location.
- 38% found it easy or very easy to recruit staff (for another 36% this question was not applicable).
- For 77% the possibility of being able to load or unload goods was either very important or important. This is the highest score for this question of any of the sub-sectors, ahead of Experiences.
- Factors constraining Originals businesses include 'Difficulties with loading/unloading goods', mentioned by 30%; the price of premises (28%); and crime/security concerns (28%). Just over a quarter of businesses (26%) felt there were no constraints.
- The availability of good-quality premises was very important to 36% and important to 53%. Good public transport links were very important to 25% and important to 57%.
- Having premises with a creative feel was very important to 14% and important to 45% of firms. Being located in a creative environment was very important to 6%, and important to 59%. Having high quality public spaces and street environment was very important to 18% and important to 57%, while being located close to bars, pubs and restaurants was very important to 6% and important to 44%.
- Being able to network in an informal way in Kensington & Chelsea was important or very important to 62% of those surveyed. Again, formal networking showed varied patterns. Some 16% attended a business networking event or trade show once a month or more. Just under a third (31%) attended such events 2-6 times a year (the most common response), but 29% did so less than once a year.
- 52% of these businesses had had contact with RBKC council in the last five years, mostly around rates, refuse collection and parking issues.

The evidence suggests that Originals businesses' location decisions are more influenced by their customers and, in the case of antiques, a need to be close to similar businesses than are Services or Content firms'. This also helps to explain the importance of transport links and a good quality environment to these businesses.

Originals firms seem to be small but well-established. The majority have always been in the borough and there seems to be little desire to move much further away. The quality of the environment matters to such firms – that it is both safe and lively. Nevertheless there are cost pressures pushing such firms away, though they rarely look outside inner London for alternative accommodation.

Problems with the loading and unloading of goods are a serious issue in this sub-sector.

Figure 19: Creative Originals businesses by postcode for Kensington & Chelsea, 2008



Source: Experian/BOP Consulting, 2008

The map suggests a degree of clustering of Originals businesses in the south of the borough, mostly around the King's Road and in the north-east of the borough, where there seem to be clusters in the vicinity of Kensington Church Street, Portobello Road/Westbourne Grove and Golborne Road.

6.5 Creative Experiences

The Creative Experiences database derived from the NBD was too small to allow for a full 100 interviews. We were able to supplement it to some extent with information drawn from a database supplied by RBKC, but the number of completed interviews only reached 61. Businesses in this category come primarily from performing arts and music, and art.

The Exhibition Road museums are much the largest employers in this sub-sector. Because of this, the three museums (Natural History, Science and V&A) were excluded from the phone survey as they are untypical of the sub-sector.

The main findings of the phone survey:

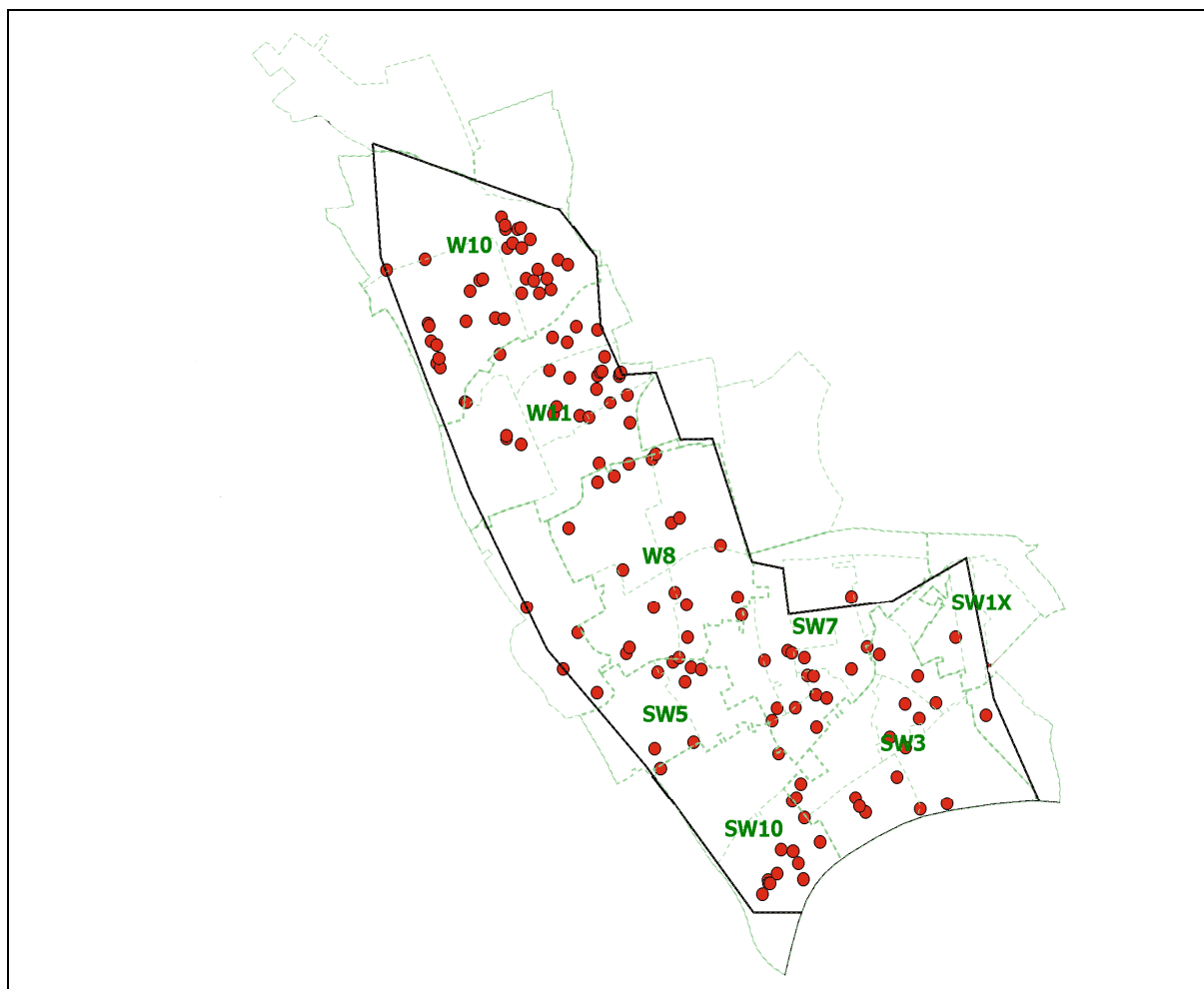
- Experiences firms – 61% had fewer than five employees but 20% had ten or more. Most of them are well-established, though a little less so than in the other sub-sectors: 75% have been trading for more than five years. Two-thirds of them (66%) have individuals as their main clients, but 13% have the public, voluntary or education sectors as their chief clients. Almost three-quarters (74%) have no other base outside the borough, but 12% have premises elsewhere in London.
- 28% operate from offices and 12% from a studio, but there is an unusually wide range of premises for such organisations, including cinemas and galleries. Just under half (46%) rented their premises while 27% owned the freehold.
- Cheap rent was very important or important to 75% of respondents, the highest share among the four sub-sectors.
- 16% had a turnover of under £100,000, 21% a turnover of £100,000 to £500,000 and 10% a turnover of between £500,000 and £2 million. None had a turnover in excess of £5 million (39% either declined to answer or didn't know).
- 60% had always been at their current site. Of those who moved from somewhere else, 54% did so from within Kensington & Chelsea.
- Experiences organisations were cautiously optimistic about the future. 31% thought their market would grow gradually over the next three years, while 16% thought it would stay the same. 15% thought it would contract a little, and 30% didn't know.
- Organisations expected to see some growth in jobs over the next three years. 31% thought jobs would gradually grow while 39% thought numbers would stay the same.
- Only 8% were expecting to relocate some or all of their business operations in the next three years, while 13% may do so – the lowest shares among the sub-sectors. Almost half of those planning a move (46%) wanted larger premises
- Of those thinking of moving, 38% were looking for premises close to their current location or within Kensington & Chelsea
- Being close to customers was very important to 30% and important to 38% of those contacted. However, being near to similar businesses was important or very important to just 38%, being close to suppliers to 21%, and to 'non-creative' specialist suppliers to 15%
- For 44%, being near to the owner/manager's home was important (36%) or very important (8%). However, for 43% it was unimportant or very unimportant, a higher percentage than in the other categories.
- 64% found it easy or very easy to recruit staff (for another 12% this question was not applicable).
- Factors constraining Experiences businesses include the price of premises, mentioned by 20%, and a lack of space, mentioned by 18%. For 25%, however, there were no pressing issues.

- Being close to bars, restaurants and cafes was very important to 10% and important to 43%. Being located in a creative environment was very important to 18% and important to 46%. Having premises with a creative feel was very important to 23% and important to 51%.
- Having high-quality public spaces was very important to 16% and important to 64%. Having good transport links was very important to 44% and important to 51%. Being in a good-quality environment was very important to 41% and important to 53%.
- Being able to network in an informal way in Kensington & Chelsea was important or very important to 56% of those surveyed. Again, attendance at formal networking events varied: 21% attended such events once a month or more, but 33% did so less than once a year.
- Experiences firms had had the most contact with the council in the last five years. Funding/support/grants matters were the most common reason for this.

Creative Experiences firms are varied in size, and a little less well-established than in some of the other sub-sectors. They operate from an unusually wide range of premises and place a particularly high value on those premises having a creative feel. Being close to customers is, perhaps unsurprisingly, important in this sub-sector.

Most of the organisations have always been based in Kensington & Chelsea and only a few are contemplating moving.

Figure 20: Creative Experiences businesses by postcode for Kensington & Chelsea, 2008



Source: Experian/BOP Consulting, 2008

Experiences businesses are widely spread across the borough, with no obvious pattern to their location apart from a small cluster in the north-east again.

6.6 Comparisons with Westminster

The GVA Grimley/BOP report *Westminster's Creative industries* used a similar methodology so it possible to make some comparisons between the two boroughs. It should be remembered, though, that the two are also likely to have significant differences in their economic profiles. Westminster is, alongside the City of London, the heart of London's central business district; Kensington & Chelsea is much more residential.

The GVA Grimley report found that in 2005 Creative Content was much the largest sub-sector in Westminster in employment terms. Services was the second-largest, just ahead of Experiences. Originals was the smallest of the four categories.

Westminster has the main cluster of Creative Content firms in Britain, centred on Soho and the West End. However, the sub-sector was facing cost pressures which were leading parts of it to move out of the borough. Good public transport and good-quality public spaces were the most important requirements when choosing a location. Interestingly, being close to the owner/manager's home was much less important than in Kensington & Chelsea. The majority of Westminster firms had not always been at their current base. Some 45% were considering moving, with the need for larger premises being the most common reason.

Creative Services firms in Westminster are concentrated in Soho and Paddington/Bayswater. The average size of such firms is bigger than in Kensington & Chelsea, where there are more small interior design and fashion businesses. The Westminster firms valued a good environment and good transport access, partly because they have many face-to-face meetings with clients. The majority of these firms started life outside Westminster and have moved there in part because it signals 'serious player' status in their industries. High property prices were the main pressure on them, but only a third were planning to move in the five years following the study.

Creative Originals businesses in Westminster were once again larger on average than their Kensington & Chelsea counterparts. There were clusters of fashion and art and antiques in Soho and, to a lesser extent, near Victoria station. For half these businesses being close to similar ones was important. Networking was less important for this sub-sector than for Services and Content firms in Westminster. Good-quality public space was the single most important locational factor, just ahead of good public transport links and being near to customers. In all, 28% of these firms were considering a move, driven equally by a need for more space and the cost of premises.

Creative Experiences businesses are much more numerous in Westminster, reflecting its central role in London's theatre, music (including opera), and cinema scenes. This is the one sub-sector in which Kensington & Chelsea businesses are bigger, on average, but this is largely due to the distorting effect of the three museums on Exhibition Road. In Westminster good transport links are the most important locational factor, followed by good quality public space and a creative environment. Almost half of Experiences businesses had not always been at their current base. A third were thinking of moving, either for more space or because of cost pressures.

The environment clearly plays a significant part in location decisions. Many creative business owners in Westminster thought the borough was congested, dirty and difficult to travel around quickly. Here, Kensington & Chelsea seems to do rather better.

The creative sectors in the two boroughs are thus rather different. Kensington & Chelsea's seems more settled and perhaps less ambitious – many of its businesses seem to be 'lifestyle' ones. However, many of the factors driving location decisions are similar, with the obvious exception of closeness to the owner's home, which is much more pertinent in Kensington & Chelsea. The proportions of businesses thinking of moving was a little higher in Westminster, in part because cost pressures are even greater there. The report noted that much of the music industry had left Westminster for Kensington and Hammersmith for this reason.

7 Summary of face-to-face interviews

The phone survey was supplemented with 30 face-to-face interviews with creative organisations and individuals to give a more rounded picture of the sector (in all, 35 people participated in these interviews). In addition, BOP also spoke to a number of RBKC officers and councillors. For the face-to-face interviews, we were asked to look in particular at artists and the art industry, given their contribution to the borough's cultural history. This section of the report looks at the interviews from a number of angles.

One interesting point to emerge from these interviews was that business owners had often had successful careers in other fields before starting their current business. Sometimes these earlier careers were closely related to their current work, sometimes they were not. Progressions included law to music and IP, advertising to photography, photographer to gallery owner, arts consultant to gallery owner and financier to artist. In many cases, it was these earlier careers that brought them initially to this part of London. Given that few current employees of creative firms now live in the borough, it is unclear whether this pattern will be sustained to the same extent in the future.

7.1 The borough's neighbourhoods

This section of the report considers the sense of place and character of Kensington & Chelsea's neighbourhoods. In London people (and businesses) often feel more connection with their neighbourhood than with their borough.

Chelsea

Chelsea is generally seen as a safe and pleasant area, though most interviewees did report some crime or anti-social behaviour affecting their business. The area appeals to international customers – being close to Harrods and Harvey Nichols, for instance, and fairly central – and was attractive to potential staff. However, the changes in the area – a more international population, more rented property – were thought to be affecting the sense of community in the area. As one person put it, the 'village' feel of Chelsea is fading.

There were somewhat mixed views on the area's character. One interviewee thought that it still had a posh, establishment creative image. This had its pluses – the company could charge more for its products – but also meant that it wasn't seen as cutting-edge. Others were more pessimistic. One commented that punk had been the last real spasm of creative energy in Chelsea. Another, a member of Chelsea Arts Club, guessed that only 1% of the club's members live in the borough these days. Artists in particular were thought to have been driven out by higher rents, with one interviewee commenting that the same thing was starting to happen to some creative industries too. Only wealthy, established artists were thought to be able to afford to live in Chelsea nowadays.

There were concerns about the changes to the King's Road. It is becoming increasingly dominated by chain stores (the high number of Starbucks branches on the street was mentioned more than once), and interviewees felt it was losing its distinctiveness. One suggested that the Cadogan estate's policies had forced out small, independent 'mom and pop' retailers and this was detrimental to the road's overall character. The arrival of

the Saatchi gallery was generally welcomed, though with some reservations about the number of late-night events it has been licensed to hold.

Concern was also expressed about the increasingly glitzy nature of Sloane Street, with its high-end designer retail. One interviewee felt it was turning into another Bond Street and was at odds with the 'charming backwater' character of Chelsea in times past.

Another Chelsea business owner felt that the council favoured residents over businesses somewhat. This ties in with a larger concern expressed by more than one interviewee in this area: that the council lacks a vision for the borough. As one put it there is 'a lack of understanding of what makes a city work on a human scale'. Another agreed, saying that the council doesn't have a proper planning vision nor does it have the will to enforce its own rules.

South Kensington

South Kensington was liked, but interviewees felt the area lacked a real central focus. One interviewee who knew the area well said it had become quieter over recent years due to wealthy foreigners living only part of the time in their South Kensington homes. Despite this, he still thought the area had a sense of community. Another interviewee remarked that his female students felt safe at night there.

Exhibition Road was widely valued, although few of the businesses had commercial links with the museums. The proposed redevelopment of the road was welcomed – if anything interviewees wanted it to go further, though Westminster council's opposition was acknowledged. Interestingly, participants in the road scheme and the Exhibition Road Cultural Group believed that it had made them more aware of their identity within Kensington & Chelsea. However, one interviewee who knew the area very well commented that the institutions still felt to him like islands surrounded by traffic – he thought more needed to be done to bring them together. The area was not seen as 'cool', having instead a more formal, academic character.

Central Kensington and Holland Park

Central Kensington, around Kensington High Street, was popular. The businesses we spoke to there felt the area was safe and attractive, and that its character hadn't really changed that much over the last twenty years. Employees were quite happy to work there. The work that has been done to the Kensington High Street streetscape was welcomed but the street itself was seen as a 'chain store' high street. There were some fears about the effect of the new Westfield shopping mall in Shepherd's Bush on the High Street. The area was seen as sedate rather than buzzy, certainly when compared with the West End, but people didn't seem to mind that. However, the area's transitory (if wealthy) population was thought to contribute to a lack of community and a weaker sense of place.

The Commonwealth Institute was a cause of concern. This site is a dead space on the Street and one interviewee commented that the street to the west of it was cut off from the main commercial area as a result with, he thought, a high turnover of shops.

Notting Hill and North Kensington

These parts of the borough have changed radically in the last two decades. In Notting Hill there has been widespread gentrification and, as one interviewee put it, an influx of galleries, fashion designers and coffee shops and a loss of 'useful' shops. The multi-cultural, multi-national mix was valued and was thought to be a commercial asset, as was the funkiness of the Portobello Road. The area was thought to have become safer over time too. However, there were still concerns about crime and personal safety, especially after dark. Notting Hill has many drug users and the police presence, particularly at weekends, was felt to be low.

North Kensington has also changed dramatically, though one interviewee observed that the Westway acts as a psychological barrier blocking full-scale gentrification. Greater commercial activity and more private housing have changed the social and economic mix of the area. North Kensington was seen as a tolerant, hip, grungy district on its way up. An interviewee commented that she would never have considered basing her business there ten years ago and felt that the area was much safer than it had been even five years before. Bars, restaurants and cafes around the Golborne Road help give the area a media-friendly but edgy feel. One video production company based in Canalot Studios believed that both the Studios and the W10 postcode had a certain cachet in media circles that was commercially useful. The area was thought to have a creative buzz lacking in the south of the borough.

The Latimer Road area in the north-west of the borough, although close to Notting Hill had a different feel. It was less accessible by public transport, being dependent on the Hammersmith & City tube line. An interviewee in the area commented that this made it hard to attract staff, which was compounded by the largely residential nature of the area. He noted that employees had to walk for ten minutes to reach the nearest cash point, for example. His company was likely to move soon, partly as a consequence of these issues.

There were a number of other concerns about the physical environment in North Kensington. The Grand Union canal was thought to be rather dirty and neglected, and not the safest of places to walk at night. This was partly due to poor lighting, which was an issue in other parts of this area, especially around the Westway itself. Poor signage was also an irritation.

7.2 Borough-wide issues

A number of topics recurred in conversations in different parts of the borough.

Networking and forums for creative industries

A number of interviewees said (unprompted) that they would welcome more chances to network with other local creative businesses. A local forum for creative industries was also proposed. Some interviewees felt that the creative industries have particular problems or issues which could be aired with the council, around, say, its rating policies.

Others said they would consider working with the council on, say, education initiatives but do not have the time to set up such schemes themselves. They felt a point of contact with the council would be useful, as it would allow them to find out about such things. The manager of Westbourne Studios, which includes many creative businesses,

observed that she couldn't remember a council officer visiting the building since she started there.

Festivals

The subject of festivals came up several times in the discussions. A couple of interviewees in Chelsea said that the Chelsea Festival had a very low profile considering the quality of the events it puts on. More generally, respondents thought that there should be more local business involvement in festivals or that events could be built around local business strengths. Suggestions for remedying this included an Art Week, a Christmas event, or a Festival of Creativity for Exhibition Road to tie in with the RCA's annual show. This linked up with a related issue: many businesses felt that the borough did not promote itself and its assets very well. Even the Exhibition Road museums reckoned that RBKC could promote their presence in the borough more.

Parking and unloading goods

Parking and the congestion charge were often mentioned. People had mixed views on the charge. While most were not strongly opposed to it, a number felt that it hadn't really made much difference to traffic flows in the area (though a couple felt flows had improved). The residents' parking scheme was liked, but some businesses had serious difficulties with loading and unloading goods. Suggestions included a parking permit for businesses, or a temporary permit that businesses could give to suppliers or workmen for a few hours as necessary.

Exhibition space

Local artists and cultural organisations generally did not focus just on Kensington & Chelsea – most of them worked much more widely. One reason for this, mentioned a number of times, was the lack of exhibition space in the borough. Policy changes may affect this; for example, the Leighton House gallery has previously been available for hire by local groups, but is now concentrating on hosting exhibitions more connected to the museum's themes.

One interviewee commented that the borough's emphasis on outdoor public art reflected this lack of indoor space.

8 Visitor data

Museums, galleries and theatres make up a significant part of the borough's creative and cultural sector. Kensington & Chelsea shares 'Albertopolis', the collection of world-class arts and science institutions along Exhibition Road, with the city of Westminster. It is home to a number of smaller museums, such as the Leighton House Museum, and one of London's most important theatres, the Royal Court. It also has a number of major festivals and events, including the Notting Hill Carnival and the Chelsea Flower Show.

The museums make an enormous contribution to the academic and scholastic life of Britain (and indeed the wider world). However, their most public face is as major attractions to visitors. A recent report on behalf of the Exhibition Road Cultural Group⁴ quoted figures showing that in 2006/07 the Natural History Museum received 3.8 million visitors, the Science Museum 2.6 million, and the Victoria & Albert 2.5 million. These visitors are drawn from across the world. For the Natural History Museum 34% came from London, 37% from the rest of the UK and 29% from the rest of the world. The percentages for the V&A and the Science Museum are broadly similar.

These institutions also contribute significantly to the borough's economy. In 2005/06 the Natural History Museum's income amounted to £73m, the V&A's, £64m and the Science Museum's, £36m. The money they spend has multiplier effects throughout the wider economy. A report in 2003⁵ estimated the full effect of the Natural History Museum and the expenditure it generates from visitors at between £161m and £190m.

The Exhibition Road museums are some of the most significant cultural employers in the borough. Their total staffing of approximately 1,800 amounts to just over 10% of the borough's creative and cultural jobs. However, the economic benefits of the museums are spread widely. Travers *et al* noted that employees were drawn from all over London and the South East, with the largest numbers living in boroughs to the south and west of Kensington & Chelsea, such as Wandsworth and Lambeth. The museum's spending was even more widely spread, across much of Britain.

Other museums in the borough have far smaller visitor numbers. According to its annual accounts, the National Army Museum in Chelsea had 107,000 visitors in 2005-06. The Leighton House museum currently receives around 16,000 visitors a year, although even it receives foreign tourists, reflecting its small but powerful niche appeal.

The Royal Court theatre is one of the most important venues for new plays in the whole of London (most famously, it premiered *Look Back In Anger* in 1956). It was re-developed with lottery money in the mid-1990s and now has a 380-seat auditorium downstairs and a 85-seat studio theatre upstairs. It plays to houses of around 85% capacity at present, and draws its audiences from across the capital. Indeed, many of its customers apparently come to the borough just for the theatre, not lingering before or after the performance.

⁴ Travers, T. and Brown, R. (2007) *Exhibition Road – A national project for South Kensington* London School of Economics

⁵ Travers, T., Glaister, S. and Wakefield, J. (2003) *Treasurehouse and Powerhouse: An assessment of the scientific, cultural and economic value of the Natural History Museum* London School of Economics/Imperial College, London

The Chelsea Theatre in World's End is a smaller venue – it has a 110-seat auditorium. Its specialism, live arts, draws a predominantly youthful crowd in their late teens and twenties from across London (80%) and beyond (20%) despite the relatively poor public transport links to the area.

There is also a range of semi-professional and amateur arts activity in the borough. Perhaps the most notable example is Opera Holland Park. In 2006 it attracted an audience of 40,000, of whom 32% were borough residents⁶.

These figures suggest that the larger cultural institutions in the borough are part of wider London (and sometimes national and international) networks. Although local residents undoubtedly value and use such cultural assets, the ebb and flow of residents and visitors across borough boundaries in the capital means that, if a project is good enough to compete with the quality of work done in neighbouring authority areas, it is likely to attract a significant slice of its audience from outside its own borough.

⁶ Figures from RBKC Arts Strategy 2004-08, p5

9 Art and Artists

BOP was asked by RBKC to pay particular attention to the art scene. Chelsea in particular has a long history of artistic activity and the borough has been home to many distinguished artists. In the second half of the nineteenth century Kensington and Chelsea were semi-rural, relatively cheap districts close to the centre of London, and began to see a boom in the building of studio houses for artists, including such eminent names as James McNeil Whistler and John Singer Sargent. The boom continued until the First World War and has helped to shape the architectural character of the south and centre of the borough. However, few of the studio houses are now used by artists – one estimate put the current number in Chelsea at around half-a-dozen⁷. Council-built or -administered units are now more important. They include studios at Chelsea Farm House (six studios), Stanley Bridge (4), Stamford Bridge (3), Fleming Close (10), Knights House (3), Curran Studios (3), Little Chelsea House (1) and Blechynden Street (20).

A number of artistic organisations were included in the phone survey, but our main 'entry' into this question was through the face-to-face interviews. BOP spoke to practising artists, to gallery owners and a dealer, to the manager of an important collection of studios (Great Western Studios) and to a number of institutions which train artists (the Royal College of Art, the Heatherley School of Fine Art and Kensington and Chelsea College) or which commission or exhibit work (Royal Brompton and Harefield Hospital Arts Trust).

The evidence from the interviews suggests that Kensington & Chelsea is not seen as a particularly significant location for the production of contemporary art. One interviewee said that she didn't regard visual art as a particular strength of the borough's (performing arts, music and museums were, in her view). Chelsea in particular has seen its reputation decline, largely as a result of high property prices forcing artists out. While there is still a strong local market for portrait painting and portrait sculpture, more fashionable art is produced elsewhere, notably in the East End. Local gallery owners find their artists from across the world; indeed, they spend much time travelling internationally. Their reasons for locating in the borough are related more to the needs of their customers than their artists. One gallery owner described her clientele as international, though mostly based in London, working in financial and creative industries and aged in their forties or fifties – this was a typical profile for other galleries too.

Both artists we spoke to had had other careers before becoming artists. They did not operate out of conventional artists' studios. One had bought a small office unit and converted it into a studio, which he shared with other artists, while the other worked from home.

It was also suggested by interviewees in training institutions that some of their students had support of some kind – private money or a wealthy spouse – that enabled them to work as artists in the area.

⁷ Findaproperty.com *What's A Studio House?*

<http://www.findaproperty.com/displaystory.aspx?edid=00&salerent=0&storyid=20635>

Accessed 28/11/08

Those artists who work in Great Western Studios (which is just across the road from Kensington & Chelsea in Westminster) are still mostly drawn from the local area but are less likely to be so than before. According to the manager a few years ago 70% lived within one mile of the Studios, now 70% live within two miles of them. Increasingly, its artists tend to live north of Kensington & Chelsea, say in Kensal Rise or Harlesden. Artists tend to hold on to their studio spaces for a long time – very few of them move out to more commercial premises. Fine artists tend not to need more space if they become successful. The manager could recall only two cases of artists or designers moving out to larger premises (one locally, one to Holborn).

In the Kensington & Chelsea College interview too the examples given of students setting up local businesses were also in more applied fields, such as millinery and fashion design. It was felt there was steady demand (rather than huge demand) for these skills. Interestingly, the millinery course at KCC was one of the few educational programmes which had strong links with a local business – in its case, the Peter Jones department store.

There were fears that the credit crunch is likely to hit the art sector particularly hard. One commented that it tends to be 'feast or famine' in the art world: it rises with the economic good times and suffers badly in recessions. A number of the art-related businesses we spoke to admitted they were already struggling.

Given this economic fragility and the fact that the contemporary art scene has largely shifted to east London, RBKC council needs to think carefully about the role of the art business in the borough. The numbers of people employed in the SIC code which includes artists (artistic and literary creation and interpretation) has fallen in Kensington & Chelsea in recent years. While it may be possible to increase exhibition space for new art in the borough, increasing the production of art will be harder. Students from, say, the RCA do not set up in the borough after graduating as it is simply too expensive for them to do so. RBKC may be better advised to think of art as just one part of a wider creative 'ecosystem' in the borough.

10 Conclusions

The borough's creative and cultural sector is large and various. Its strengths are in music, publishing, museums and antiques, but it seems to be losing ground in advertising, radio and TV and some aspects of design.

Most creative businesses in the borough are small but well-established. They are usually based at a single site and have been in Kensington & Chelsea for all their trading existence. While finding suitable space at a reasonable rent is the top priority, it is clear that a number of other factors come into play when location decisions are made. One is that the premises should be near the owner/manager's home. Others include good public transport links and being in a safe environment. These issues tend to outweigh the importance of a creative, buzzy environment, though this still matters. Businesspeople seem to be looking for a safe but lively environment in which to work.

The face-to-face interviews suggested that those who set up creative businesses often have other careers first, some of which were related to their current business, some of which weren't. In a sense Kensington & Chelsea might be thought of as a cultural quarter for grown-ups. It doesn't have the cutting-edge young artists of the East End or the larger, high-end creative businesses of Westminster. Instead it has a creative ecosystem of mid- and late-career professionals running lifestyle businesses. This more mature style often values personal safety and a good environment above edginess.

The need to be close to customers is more important than the need to be close to similar businesses or suppliers, although the antiques trade is something of an exception to this. The environment also plays a part in the borough's success. The borough is seen as a pleasant part of London in which people, especially international visitors, can happily spend some time. This attractiveness seems to have genuine commercial value to local creatives.

It is clear, however, that the picture is not entirely positive. Employment numbers have fallen over the five years to 2006 while business unit numbers have remained largely static. The coming economic slowdown will add to these difficulties, especially if lending to small businesses is hit. There are also concerns about changes to the borough's social and economic mix. The south and centre of Kensington & Chelsea are increasingly seen as sedate; only the north is thought to have a creative energy. RBKC council therefore needs to find ways of addressing some of these issues while working with the grain of the sector's strengths.

11 Appendix 1: Face-to-face interviewees

Barbara Haus Schwepcke, Owner, Haus Publishing

Francis Alexander, Artistic Director, Chelsea Theatre

Jake Taylor, Principal, London School of Dramatic Art (private acting school)

George Hall, Project Co-ordinator, Associated Newspapers

Kevin Sugrue, Senior Planning Partner, John Brown Group (contract publishers)

Pat White, Director, Rogers, Coleridge and White (literary agents)

Jeremy Haines, Creative Partner, Haines McGregor (brand strategy and consultancy)

Daniel Robbins, Senior Curator, Leighton House museum and Linley Sambourne House

Andrew Herring, Owner, Mediapool (television and video production)

Beverley Knowles, Owner, Beverley Knowles Fine Art (art gallery)

Richard Thorneycroft, Administrator, Heatherley School of Fine Art

Tom Fleming, Owner, Noble Macmillan (leather goods design and retail)

Michael Hoppen, Owner, Michael Hoppen Gallery (photography gallery)

Terry Brown, Senior Partner, GMW (architects)

Adam Withington, Studio Manager, Great Western Studios

Miles Watson, Artistic Director, Urban Eye (art and regeneration charity)

Dan Dimmock, Director, Pollen Design (brand and design consultancy)

David Roe, Owner, Felix Rosenstiel's Widow & Son (art dealer)

Alison King, Director, Turtle Key Arts

Victoria Hume, Arts Manager, Royal Brompton and Harefield Hospital Arts Trust

Richard Burn, Sculptor and chair of Heatherley's Board of Trustees

Sharon Ament, Chair, Exhibition Road Cultural Group (and Director of Public Engagement at the Natural History Museum)

Alan Cummings, Pro-Rector, Royal College of Art

Clare Antoniou, Centre Manager, Westbourne Studios, with Yolande DaSouza, Owner, Nomuso (music)

Neil Johnston, Chief Executive, Paddington Development Trust

Tim Wainwright, Photographer

Gill Ingham, Head of Visual and Performing Arts, Kensington and Chelsea College, with Kirsten Scott (fashion and textiles), Maria Rosenthal (3D design) and Matthew Kolakowski (fine art)

Yvonna Demczynska, Owner, Flow Gallery (crafts gallery)

Wendy Dagworthy, Professor of Fashion, Royal College of Art

Kate Horton, Executive Director, Royal Court theatre

Royal Borough of Kensington and Chelsea members and officers interviewed:

Amanda Smethurst, Arts Service Manager

Councillor Thomas Fairhead

Councillor Daniel Moylan

Councillor Nicholas Paget-Brown

12 Appendix 2: SIC codes by sub-sector

The following tables show the SIC codes which make up the sub-sectors used in our Creative Business Model. The Experian data was used to devise weightings for those codes which have a mix of creative and 'non-creative' activity. The weightings were calculated for each of the four size bands: micro (ten or fewer employees), small (11-49), medium (50-199) and large (200 or more). There are two sets of weightings for each sub-sector: one for business units, one for employment.

It should be pointed out that in 2003 the SIC codes were revised. These tables show the revised SIC codes. There were two changes of relevance to this work. Code 7484 was replaced by code 7487, though it covered the same activities – both were classed as Services. Code 7220 was divided into two new codes: 7221, publishing of software, treated as Content, and 7222, software consultancy, regarded as Services. As 7222 is the larger of these codes, it was decided to classify 7220 as Services as well in the 2002 analysis.

Figure 21: SIC codes and % weightings for Creative Services, business units

Four-digit SIC code	Micro	Small	Medium	Large
7222 : Other software consultancy and supply	100	100	100	100
7413 : Market research and public opinion polling	100	100	0	0
7420 : Architectural and engineering activities and related technical consultancy	78	86	83	100
7440 : Advertising	100	100	100	100
7481 : Photographic activities	100	100	100	100
7487 : Other business activities not elsewhere classified	92	79	67	50

Figure 22: SIC codes and % weightings for Creative Services, employment

Four-digit SIC code	Micro	Small	Medium	Large
7222 : Other software consultancy and supply	100	100	100	100
7413 : Market research and public opinion polling	100	100	0	0
7420 : Architectural and engineering activities and related technical consultancy	78	79	90	100
7440 : Advertising	100	100	100	100
7481 : Photographic activities	100	100	100	100
7487 : Other business activities not elsewhere classified	87	81	51	44

Figure 23: SIC codes and % weightings for Creative Content, business units

Four-digit SIC code	Micro	Small	Medium	Large
2211 : Publishing of books	100	100	100	100
2212 : Publishing of newspapers	100	100	100	100
2213 : Publishing of journals and periodicals	100	100	100	100
2214 : Publishing of sound recordings	100	100	100	100
2215 : Other publishing	100	100	100	100
2222 : Printing not elsewhere classified	100	100	100	100
2223 : Bookbinding	100	100	100	100
2224 : Pre-press activities	100	100	100	100
2225 : Ancillary operations related to printing	100	100	100	100
7221 : Publishing of software	100	100	100	100
7240 : Data base activities	100	100	100	100
9211 : Motion picture and video production	100	100	100	100
9212 : Motion picture and video distribution	100	100	100	100
9220 : Radio and television activities	100	100	100	100
9240 : News agency activities	100	100	100	100

Figure 24: SIC codes and % weightings for Creative Content, employment

Four-digit SIC code	Micro	Small	Medium	Large
2211 : Publishing of books	100	100	100	100
2212 : Publishing of newspapers	100	100	100	100
2213 : Publishing of journals and periodicals	100	100	100	100
2214 : Publishing of sound recordings	100	100	100	100
2215 : Other publishing	100	100	100	100
2222 : Printing not elsewhere classified	100	100	100	100
2223 : Bookbinding	100	100	100	100
2224 : Pre-press activities	100	100	100	100
2225 : Ancillary operations related to printing	100	100	100	100
7221 : Publishing of software	100	100	100	100
7240 : Data base activities	100	100	100	100
9211 : Motion picture and video production	100	100	100	100
9212 : Motion picture and video distribution	100	100	100	100
9220 : Radio and television activities	100	100	100	100
9240 : News agency activities	100	100	100	100

Figure 25: SIC codes and % weightings for Creative Experiences, business units

Four-digit SIC code	Micro	Small	Medium	Large
9213 : Motion picture projection	100	100	100	100
9232 : Operation of arts facilities	100	100	100	100
9234 : Other entertainment activities not elsewhere classified	100	100	100	100
9252 : Museum activities and preservation of historical sites and buildings	100	100	100	100
9253 : Botanical and zoological gardens and nature reserve activities	100	100	100	100
9272 : Other recreational activities not elsewhere classified	39	0	0	0

Figure 26: SIC codes and % weightings for Creative Experiences, employment

Four-digit SIC code	Micro	Small	Medium	Large
9213 : Motion picture projection	100	100	100	100
9232 : Operation of arts facilities	100	100	100	100
9234 : Other entertainment activities not elsewhere classified	100	100	100	100
9252 : Museum activities and preservation of historical sites and buildings	100	100	100	100
9253 : Botanical and zoological gardens and nature reserve activities	100	100	100	100
9272 : Other recreational activities not elsewhere classified	38	0	0	0

Figure 27: SIC codes and 5 weightings for Creative Originals, business units

Four-digit SIC code	Micro	Small	Medium	Large
1771 : Manufacture of knitted and crocheted hosiery	0	0	0	0
1772 : Manufacture of knitted and crocheted pullovers etc.	0	0	0	0
1810 : Manufacture of leather clothes	0	0	0	0
1821 : Manufacture of workwear	0	0	0	0
1822 : Manufacture of other outerwear	100	0	0	0
1823 : Manufacture of underwear	0	0	0	0
1824 : Manufacture of other wearing apparel n.e.c.	100	0	0	0
1830 : Dressing and dyeing of fur; manufacture of articles of fur	0	0	0	0
1930 : Manufacture of footwear	0	0	0	0
5250 : Retail sale of second-hand goods in stores	99	100	100	0
9231 : Artistic and literary creation and interpretation	100	100	100	100

Figure 28: SIC codes and % weightings for Creative Originals, employment

Four-digit SIC code	Micro	Small	Medium	Large
1771 : Manufacture of knitted and crocheted hosiery	0	0	0	0
1772 : Manufacture of knitted and crocheted pullovers etc.	0	0	0	0
1810 : Manufacture of leather clothes	0	0	0	0
1821 : Manufacture of workwear	0	0	0	0
1822 : Manufacture of other outerwear	100	0	0	0
1823 : Manufacture of underwear	0	0	0	0
1824 : Manufacture of other wearing apparel n.e.c.	100	0	0	0
1830 : Dressing and dyeing of fur; manufacture of articles of fur	0	0	0	0
1930 : Manufacture of footwear	0	0	0	0
5250 : Retail sale of second-hand goods in stores	98	100	100	0
9231 : Artistic and literary creation and interpretation	100	100	100	100

Figure 29: SIC codes and % weightings for Dissemination Inputs, business units

Four-digit SIC code	Micro	Small	Medium	Large
5143 : Wholesale of electrical household appliances and radio and TV goods	0	0	0	0
5147 : Wholesale of other household goods	0	0	0	0
5245 : Retail sale of electrical household appliances and radio and TV goods	84	33	0	0
5247 : Retail sale of books, newspapers and stationery	29	63	0	0
5248 : Other retail sale in specialised stores	4	0	0	0
7140 : Renting of personal and household goods n.e.c.	53	0	0	0
9251 : Library and archive activities	100	100	100	100

Figure 30: SIC codes and % weightings for Dissemination Inputs, employment

Four-digit SIC code	Micro	Small	Medium	Large
5143 : Wholesale of electrical household appliances and radio and TV goods	0	0	0	0
5147 : Wholesale of other household goods	0	0	0	0
5245 : Retail sale of electrical household appliances and radio and TV goods	84	44	0	0
5247 : Retail sale of books, newspapers and stationery	33	69	0	0
5248 : Other retail sale in specialised stores	4	0	0	0
7140 : Renting of personal and household goods n.e.c.	62	0	0	0
9251 : Library and archive activities	100	100	100	100

Figure 31: SIC codes and % weightings for Manufacturing Inputs, business units

Four-digit SIC code	Micro	Small	Medium	Large
2221 : Printing of newspapers	100	100	100	100
2231 : Reproduction of sound recording	100	100	100	100
2232 : Reproduction of video recording	100	100	100	100
2233 : Reproduction of computer media	100	100	100	100
2430 : Manufacture of paints, varnishes, printing ink and mastics	0	0	0	0
2464 : Manufacture photographic chemical material	100	100	100	100
2465 : Manufacture of prepared unrecorded media	0	0	0	0
3210 : Manufacture of electronic valves and tubes etc.	0	0	0	0
3220 : Manufacture of television and radio transmitters etc.	0	0	0	0
3230 : Manufacture of television and radio receivers etc.	100	100	100	100
3340 : Manufacture of optical instruments and photographic equipment	100	0	0	0
3630 : Manufacture of musical instruments	100	100	100	100

Figure 32: SIC codes and % weightings for Manufacturing Inputs, employment

Four-digit SIC code	Micro	Small	Medium	Large
2221 : Printing of newspapers	100	100	100	100
2231 : Reproduction of sound recording	100	100	100	100
2232 : Reproduction of video recording	100	100	100	100
2233 : Reproduction of computer media	100	100	100	100
2430 : Manufacture of paints, varnishes, printing ink and mastics	0	0	0	0
2464 : Manufacture photographic chemical material	100	100	100	100
2465 : Manufacture of prepared unrecorded media	0	0	0	0
3210 : Manufacture of electronic valves and tubes etc.	0	0	0	0
3220 : Manufacture of television and radio transmitters etc.	0	0	0	0
3230 : Manufacture of television and radio receivers etc.	100	100	100	100
3340 : Manufacture of optical instruments and photographic equipment	100	0	0	0
3630 : Manufacture of musical instruments	100	100	100	100