

**cultural
heart
of london**

A Home for Tomorrow's Creative Innovation

Creative Innovation Discussion Paper
for London's West End

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**HEART
OF LONDON
BUSINESS
ALLIANCE**

Introduction

by Ros Morgan, Chief Executive,
Heart of London Business Alliance

For 250 years, the West End has been an unparalleled place of creativity and innovation, renowned globally as a hub for world-class institutions, galleries, music, theatres, film premieres, festivals and cultural events attracting millions of visitors every year.

The West End's importance to the cultural landscape of London and the wider UK cannot be overstated, with a GVA estimated at £4.8 billion annually. Locally, the vibrant cultural tapestry and the broader creative economy supports a diverse ecosystem of businesses, including hotels, restaurants, bars, clubs, cafes, and shops, enriching the West End as a dynamic and thriving place to work, live, visit and invest.

Yet, there is a growing threat to culture and creativity, which has long flourished within the West End, as it competes for valuable floor space, whilst being simultaneously lured by investment from other locations, as others seek to replicate what the West End has so successfully achieved. This is evidenced by Westminster's declining share of the creative economy over the past decade. More broadly, the emerging confluence of the creative and technology sectors, into what is termed, CreaTech, is only going to accelerate change and further disrupt the creative industries.

The West End's creative and cultural ecosystem provides an excellent foundation for the CreaTech sector; however, it requires a vision, infrastructure and investment to fully capitalise on this emerging multi-billion pound industry.

We believe, the answer lies in the establishment of a Creative Innovation Hub, a place that will bring together the leading thinkers and doers in this sector, working alongside the creative, cultural and music powerhouses on its very own doorstep.

HOLBA's mission is to secure the long-term commercial and cultural prosperity of the West End. This report sets out our approach to ensuring we continue to be the undisputed destination of innovation, culture and creativity across the globe.



Image: Sysco's Immersive AV simulator

Executive Summary

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This document describes both a challenge and an opportunity.

In 2022, HOLBA set out its strategy for an Arts Quarter to be developed within its business district. One goal was to stimulate new creative industries, businesses and organisations to move to and participate in the area - helping us to fulfil our vision of a gallery without walls, driven by inclusive co-creation and new creative technologies.

18 months on from the publication of that strategy, we now want to begin a dialogue about how we make that happen.

We do that against a background of three major changes in our strategic environment:

1. The Creative Industries are in a period of growth, with over 20% of London's workforce, over 1.1m people working in this sector - up nearly 300,000 jobs in just three years, and with a potential 1.2m new jobs to come in the next decade
2. However, Westminster's share of London's Creative Industries sector is in decline, with nearly a 20% reduction in the total volume over the last decade
3. Multi-billion pound investment in dedicated locations for innovative new businesses are happening elsewhere - in Stratford, the Thames Estuary, Hayes and Harlington, and more. These ventures are delivering not just rich socio-economic benefits, but also benefits to property and land-owner value, and those who invest in them.

We believe there is a risk of hollowing out and an ongoing diminishment of our local area's role in the future of the UK's creative success story - a story with so much vital history and present within the Heart of London.

The Arts Quarter however, presents us with an opportunity and a strategic context to help correct that narrative.

If we can begin a dialogue now on how the Arts Quarter can stimulate a new wave of creative businesses to come to the Heart of London, we can benefit from the wave of new creative industries jobs to come, and help to correct the reduction of Westminster's stake in the sector. Crucially, we can have a long-term impact on both the property sector and communities of the Heart of London, delivering growth and inclusive growth for all.

Below we set out the opportunity the Arts Quarter presents, a view of the changing picture of the Creative Industries in the West End, and the innovation landscape in London. We then set out an initial approach for how we can plan together for a future initiative to bring a new wave of creative innovation to the West End.



Images: Volvid XR 360 degree volumetric video capture and display

HOLBA, The Arts Quarter and the Opportunity for Innovation

In 2022, the Heart of London Business Alliance (“HOLBA”) set out its strategic vision for an Arts Quarter.

The Arts Quarter is one of six bold proposals by HOLBA to reinvigorate the West End, ensuring it maintains its status as a world-class destination.

Connecting the surrounding destinations of Trafalgar Square, Leicester Square, Piccadilly and Haymarket, the Arts Quarter will become a new cultural destination, knitting together 250+ years of heritage across theatre, fashion, craft, film and the visual arts and create an exciting, new and accessible destination for all.

As we implement the Arts Quarter strategy we believe there is an opportunity to build upon this legacy of innovation and bring a new wave of digital creative innovators to the West End.

The Arts Quarter can help to stimulate the clustering of more specialist creative businesses in the district, increasing the usage of under-utilised commercial and public realm workspaces and helping to create new rehearsal spaces, film and television studios, recording studios and more. These new spaces can service not only businesses but our communities, driving social integration and inclusion, and promoting new skills development.

By taking the opportunity the Arts Quarter provides for harnessing a new wave of creative technology innovation, we believe we can deliver on our strategic goals - bringing in new investment opportunities to drive creativity and cross-sector collaboration; generating economic and social value and supporting homegrown talent to create inclusive growth.



Image (Left): Using VR headset at Art In Flux

Image (Opposite): Outernet AI Challenge



London's Changing Innovation Landscape

There is a growing imperative for renewal of creative innovators in the West End.

London is changing, and its key sites and spaces for creativity and innovation are evolving. Huge waves of investment, crossing the public and private sectors, are redefining the city.

We, in the West End cannot afford to be complacent - whilst nowhere else has the strength of cultural assets we do, changes in technology and the dynamics of global industry can very quickly redefine local geographies.

To see an example of this, we only have to look to Soho, for so long the historic heart of the British film industry. Studio production has always taken place on London's edges, in Pinewood, Ealing or Elstree. But Soho was the home of both the production companies and to the burgeoning visual FX business.

Over the last two decades, the UK's post-production visual FX businesses have become a global success story, small companies such as Framestore becoming employers of many thousands. The industry outgrew Soho's tight streets and began moving out of the centre. Thanks to new technologies such as Virtual Production, production and visual FX increasingly take place close to the West End. Amidst a current multi-billion dollar wave of investment in new production capacity around London's outer ring, the transition of the film industry to one based around the M25 will not be reversed.

This is only one example amongst many of how London's innovation ecosystem is evolving - and evolving at speed.

To help understand this we commissioned a study in the summer of 2023 of the state of play in innovation across the city. We looked at Innovation Hubs - dedicated

spaces that help the growth of new and established businesses by bringing talent together and supporting it through programming, training and access to investment.

Our study identified 15 significant hubs in London, covering topics as diverse as Life Sciences, Advanced Manufacturing, the Space Sector, Military Defence, Financial Services and more. Dedicated Hubs exist both in traditional London sites - in Westminster and the City - and in "new" London being defined by new transport infrastructure in White City or Hayes to the West, or Stratford to the East.

Image: False Witness by Flo Yuting Zhu simulates a 3-D digital environment



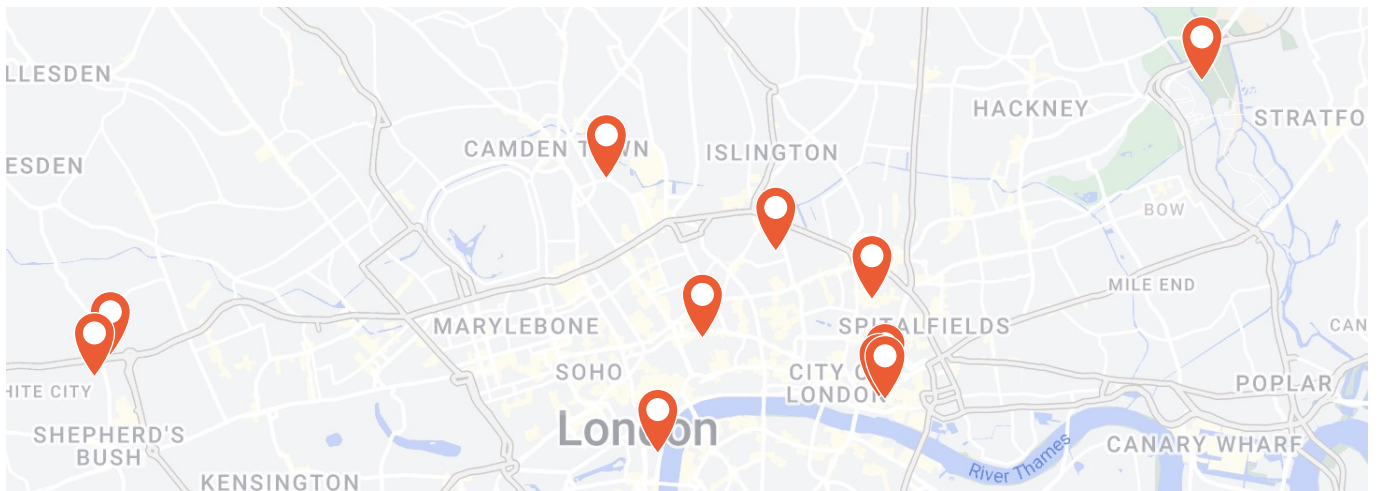


Illustration: The Geography of London Innovation Hubs

Perhaps the most significant innovation hub in London however is focused on exactly the industrial areas - the creative industries and the technology sector - which the Arts Quarter presupposes can be strengthened in the West End.

Here East is based in the Olympic Park in Stratford, East London. It reuses the Broadcast Centre buildings designed for the Olympic games in 2012. During the London 2012 Olympics, the Broadcast and Press Centres provided studio space for some 30,000 journalists.

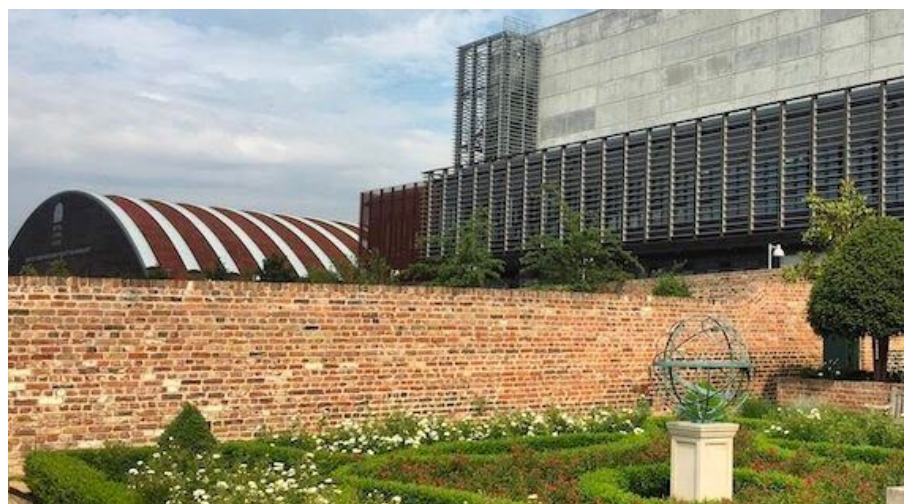
Today Here East offers working space for over 6000 people, bringing together world-class artists like dancer Wayne MacGregor's company; universities, the V&A's collections research centre; Plexal, a dedicated hub for start-ups with a primary focus on cybersecurity and more.

In their 10 year impact report, independent data from Oxford Economics revealed that over the past decade, Here East had created over 10,300 employment opportunities, sustaining £317million in wages and contributing £700million in GVA towards GDP in 2021.

Here East is a single large-scale campus within London. Further east, another large-scale initiative for the Creative Industries is taking shape. The Creative Estuary, covering areas of both Essex and Kent, is a 60 mile corridor of land running along the River Thames, covering both Essex and Kent. With funding from DCMS, the Arts Council, Kent County Council, Medway Council and the Ebbsfleet Development Corporation, and university partnerships with

the University of Kent, University of Creative Arts and University of Essex, the Creative Estuary initiative is looking to bring hundreds of new jobs to the region in the coming years.

These examples illustrate the changing landscape of creative innovation across London and that without action, these may threaten the long-term prosperity of the West End.



The Creative Industries in the West End

Where are we now?

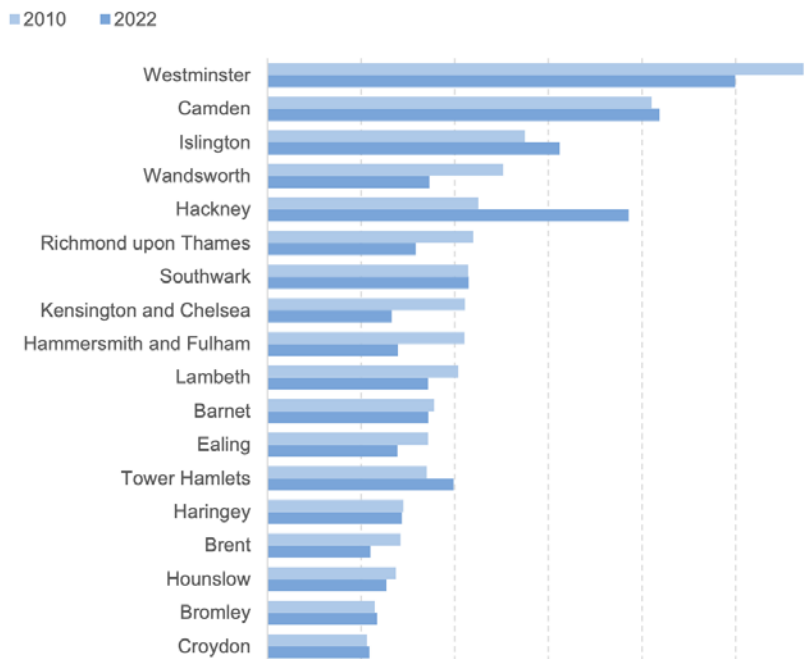
A recent report by the GLA, “London’s Creative Industries - Sector Deep Dive”, shows the strength of the Creative Industries in London. 21% of all jobs in the city are in the Creative Economy - over 1.1m jobs in total, up by almost 300,000 jobs in just three years - and with potentially another 1.2m jobs to come by 2030.

But it is also a picture of a city in transition. Westminster, has the single greatest share of Creative Industries enterprises - but that figure is down nearly 20% in a decade.

As in the example of Here East, there is a significant movement to the East, with Hackney, Tower Hamlets, Newham and Lewisham all experiencing significant growth.

If the spatial distribution of Creative Industries businesses is changing, so is their type. The birth-rate of new companies shows how many businesses of what type are created per year. Between 2015 and 2020, the largest decline was in the IT and Software Sectors, with the number of new businesses down in London from 25.2% in 2015 to 11.4% in 2020. This accounted for more than three-quarters of the overall decline in new business registrations in London’s creative industries during this period.

Figure 41: London boroughs by share of creative industries enterprises, 2010 and 2022

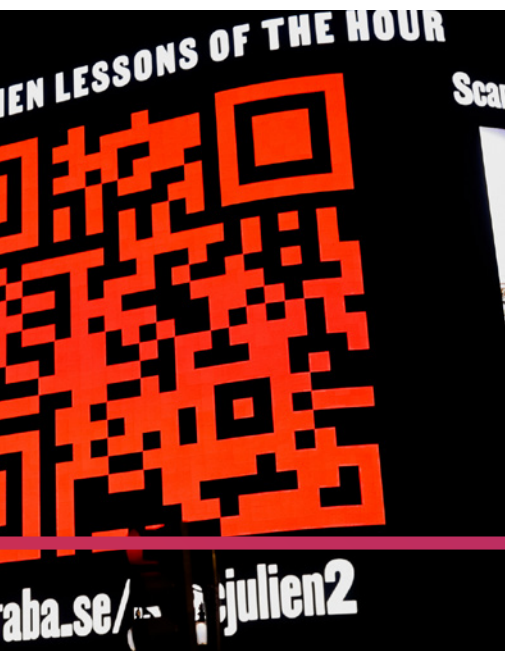


As we have emerged from the pandemic however, new opportunity in the Creative Industries have begun to emerge. A 2023 report by the House of Lords Communication and Digital Committee, “At Risk: Our Creative Future” notes that “much of the growth potential” in the Creative Industry,” lies in sub sectors that combine technology with creativity”.

A new generation of businesses is fast emerging that bring creativity and technology together. This category of business, called “CreaTech” - and they are a new UK success story.

Image: Isaac Julien - Lessons of the Hour transform Piccadilly Lights





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Much of the growth potential in the Creative Industry, lies in sub sectors that combine technology with creativity.

The Creative Industries Policy and Evidence Centre defines this sub-category as having 5 kinds of focus:

- **AI and data:** businesses using data analytics, data science, machine learning algorithms and AI in a creative industries context. Some examples in our data include SnowBall, a marketing agency that uses data analytics for consumer communication, SenSat, a company that turns complex visual and spatial data into real-time simulations, and Switch Concepts, a business that provides cloud-based services to increase publishers' online revenues.
- **Blockchain:** businesses deploying distributed ledgers in creative markets including companies such as Armacoin or TRUTH, which are seeking to increase transparency in advertising markets with blockchain technology.
- **Computing:** this includes companies active in areas such as social networks, app development and cloud computing. Some examples include Avanatta, a collaborative video making app, and Pult, developers of a platform that enables streaming of content through Internet Protocol networks.
- **Creative content:** Businesses creating interactive and immersive content and content creation tools and platforms. Golden-i makes it possible to operate wireless wearable headsets by voice command and head movement, FrameBlast enables the creation and distribution of mini-HD video and TheBookSeekers is a platform for searching and discovering children's books.
- **Creative services:** This category captures companies building technologies to enhance the delivery of creative services like advertising, design or architecture. Amongst them we find a large number of digital marketing, branding and search engine optimisation companies. Some examples include View Holographics, a company developing holographic images for use in advertising and architecture; TemplateMix, a graphic design tool for non-technical users; and Swiften, a company that develops in-video micropayment platforms and advertising solutions.

Illustration: PEC definitions of CreaTech businesses

In 2022, there were 3000 businesses of this type in the UK, and that number is growing at speed. Their innovations will shape not just the Creative Industries in the decade ahead - they will reshape society, as we are already seeing with 2023's explosion of generative AI.

Back in 2021, nearly £1bn of Venture Capital investment was put into UK businesses in this area. And in 2023, CreaTech has become the heart of the Creative Industries Sector Vision published in 2023 by HM Government.

We believe this emerging sub-sector has great potential to help shape a new generation of Creative Industries business in the West End.

Now we want to make that belief a reality.

What can we do about it?

This paper marks the first step in HOLBA's aim to bring a new wave of creative innovators into the district.

As shown above, there is both opportunity and need to do this - opportunity to harness a new generation of creative technology businesses, and the need to respond to an in-progress "hollowing out" of the Creative Industries within Westminster we want to stop.

Over the next six-months of 2024 we want to bring together the West End community and key stakeholders to shape a shared vision of how we bring a new generation of creativity into the district, and harness the benefits this will bring.

To do this we want to:

- Establish a creative innovation working group.
- Launch a series of roundtable events.

Based on what we learn, we will shape a vision for presentation later in 2024 of how we can do this - the partners it needs, the places it could go and the benefits it could unlock.

We need your help

Securing the long-term growth of creative innovation in the West End will require a broad coalition of stakeholders to make this happen.

Sign-up here to join the discussion matts@holba.london

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The Creative Industries are a driving force in London's economy

Image: VR is stimulating the future of creative production and consumption.



Image: Motion capture suits are used to provide digital production for the film and game industries





Image: Immersive experience creating using digital projections

This discussion paper was commissioned by HOLBA and authored by Chris Michaels

Chris Michaels is a consultant, advisor and author on innovation and advanced technologies in the Creative and Cultural sectors. He works on strategy and business cases for major investments in R&D and Innovation projects and programmes, with clients including UKRI, Oxford University and the Natural History Museum. He is Director of Strategy at Bolton & Quinn and an Associate at Human Economics. He is Deputy Chair of English Heritage and sits on the digital advisory boards of the National Gallery and the BFI. He writes for The Art Newspaper, and his weekly Substack, “Creative R&D” is an influential voice on new intersections in art, ideas and technology.

Heart of London Business Alliance

Heart of London Business Alliance (HOLBA) is a membership organisation representing and delivering improvements for over 600 West End businesses and property owners.

For further details and to find out more, contact:

Ros Morgan

Chief Executive,
Heart of London Business Alliance
ros@holba.london

Mark Williams

Deputy Chief Executive,
Heart of London Business Alliance
mark@holba.london

Matt Sims

Placemaking Projects Manager,
Heart of London Business Alliance
matts@holba.london

cultural heart of london



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