

Perfect Moment

PRESS RELEASE – DEC 2007

COUNTING ON CREATIVITY FEATURE ARTICLE

Creative Currency

Cornwall's Creative Industries have benefited from huge amounts of investment through Europe's Objective One funding. As the county eagerly awaits confirmation this month of the next phase of investment, a recently published report examines the real impact of Objective One on Cornwall's creative economy.

Poppy Treffry makes gorgeous, contemporary tea cosies from her studio in Cornwall. She also designs and makes a range of other textiles for the kitchen, plus a great line in original handbags and purses. In the last three years, she has gone from working on her own to make bags for one gallery, to employing seven people and selling her designs in over 120 shops across four continents, with an annual turnover of £85,000 (£120,000 projected for next year). Her success is undoubtedly due to her flair, passion and incredible hard work; but she has also benefited from business support through Objective One. "Objective One has been crucial to me in terms of setting up my business and helping make it what it is," she explains.

Through an organisation called Creative Kernow (one of several support agencies for the Creative Industries in Cornwall and the Isles of Scilly funded by Objective One), Poppy received invaluable business mentoring. "Creative Kernow helped me look at what I was doing, and turn it into something that would work as a business," she says. "They looked at the products I was making, and how to make those into a range that I was then able to take to market. We also considered the pricing, structure, production method, and how to go

about outsourcing. They took me right through from the initial stages of just having a few prototypes, to having my products on the shelves in shops."

A clear Objective One success story, Poppy's business is just one of hundreds that were helped by the European funding package injected into Cornwall and the Isles of Scilly between 2000 and 2006. Set up by the European Union to reduce differences in the economic and social conditions within the member states, Objective One has the highest priority designation for aid and is assigned to regions where prosperity (measured in Gross Value Added (GVA) per head of population) is 75% or less than the European average. Cornwall and the Isles of Scilly were awarded Objective

- **THE HEADLINE FIGURES**
- **£43 million:** the amount of Objective One money invested in Cornwall's Creative Industries
- **£104 million:** the extra turnover generated by £10 million of investment in business support and skills development
- **19%:** the growth rate of employment in the sector between 2000 and 2004 – compared to a national growth rate of 3%
- **34%:** the increase in Gross Value Added (GVA) between 2000 and 2004. The national figure according to the Department of Culture, Media and Sport estimates was a 7% increase for the same period
- **10,200:** the number of people now employed in Cornwall's Creative Industries

One status between 2000 and 2006, and were allotted a total European investment package of around £350 million.

Perfect Moment

Almost £43 million (around 13%) of this was invested in the Creative Industries. As the Convergence Programme for Cornwall and the Isles of Scilly, the next phase of investment for the period 2007 to 2013, is currently awaiting approval from the European Commission (with the outcome due to be announced any day now), a report has just been published that assesses the real impact the Objective One investment has had on Cornwall's creative economy. The good news is that stories like Poppy's are quite common, and the sector is looking stronger and more prosperous than ever before.

The report, *Counting on Creativity*, captures the success story of Cornwall's Creative Industries under the Objective One programme and helps prepare the ground for future economic growth under Convergence, to ensure the next round of money is spent in the most effective way possible to secure a strong and sustainable future for the sector in Cornwall. Commissioned in 2006 by Cornwall Arts Centre Trust, the researchers, a Newlyn and London-based consultancy firm called Perfect Moment, studied all the information and records available for the sector, and also conducted interviews with strategy-level officers and stakeholders, delivery officers and over 150 beneficiaries.

From bust to boom?

With £33 million of capital investment, the Combined Universities in Cornwall (CUC) has been the flagship project for both Objective One and the Creative Industries in Cornwall. At the time of CUC's outset, around 90% of Cornwall's young people going into higher education were leaving Cornwall to study, and very few returned to use their talents locally. CUC sought to 'stem the brain drain' by providing more opportunities to study for higher education qualifications in Cornwall and by

working closely with the business community to increase the number of graduate jobs available in the county. The long-term impact of this and Objective One's other capital investments will be difficult to measure for some time, so the report focuses on the £9.88 million that was invested in business support and skills development to boost the sector.

Throughout its investment period, Objective One has had many critics, who claim that the money has not been well used and the cash has been spent on too many short-term projects, with little evidence of long-term wealth being created. However, the findings of this report into the impact Objective One has had on Cornwall's Creative Industries are very encouraging – for example, £10 million of investment in business support and skills development has resulted in £104 million extra turnover generated by the sector. This is especially impressive bearing in mind that, at the outset of Objective One, Cornwall's Creative Industries were not seriously considered in economic terms.

However, creativity and Cornwall have long gone hand in hand; the area's inspiring scenery and unique quality of light have served as a powerful magnet for artists since the late 19th Century, producing the famous Newlyn and St Ives schools, and later the prestigious Falmouth School of Art (now University College Falmouth, part of the CUC). Cornwall is well known for its artistic heritage and thriving crafts scene, but until more recently the economic significance of this could only be guessed at, and it was difficult to measure how the sector was performing and growing.

Counting on Creativity shows that, when Objective One first began, Cornwall's Creative Industries formed a disparate but energetic group barely recognisable as a sector. Six years on, there is little doubt that a coherent sector now exists, and the general

Perfect Moment

level of activity, energy and aspiration has grown enormously.

According to the report, employment in the sector grew by approximately 19% between 2000 and 2004, with an estimated 10,200 people now employed in Cornwall's Creative Industries (including freelancers and sole traders). This compares with a national growth rate of 3% for the sector for the same period. In addition, Annual Business Inquiry statistics show that GVA increased by 34% between 2000 and 2004, to £28,540. The national figure according to the Department of Culture, Media and Sport estimates was a 7% increase for the same period.

Breaking down barriers

There are a number of reasons for this impressive growth, one of which is incredibly simple: more people want to be based here. Cornwall's fresh air, proximity to the beach and laid-back lifestyle are an alluring contrast to the pollution and stresses of city life. Once upon a time, Cornwall was too distant and isolated for those wanting to pursue the majority of careers; now, broadband and improved transport links have made it a perfectly viable – and much more attractive – alternative. Moreover, many sub-sectors within the Creative Industries are particularly suited to remote working.

"It's increasingly possible to travel and work; we frequently make trips to the metropolis," says Ross Imms, creative director of graphic design house A-Side Studio, who grew up in Cornwall and studied at Falmouth. "Cornwall provides a haven to which we can come back and focus our ideas without distraction. Our surroundings also provide inspiration – I like to think our work has a loose, organic edge, which is directly influenced by our rural setting." A-Side are based in Falmouth, but have clients all over the world, including Japan and California. "Our website is our portal to the

world," Ross continues. "We update it as often as possible, and it has generated a diverse range of commissions and interest from all over the world. Last year I was flown out to Los Angeles to create a mural in a Hollywood production house; I ended up staying for a while and worked with them to develop branding concepts and aesthetic ideas for major network TV shows." Likewise, Poppy Treffry's website is an essential tool for her business: "Our online sales this Christmas have been huge," she says. "We've seen a 100% increase from this time last year, with sales all over the UK, Europe and America."

One of the pivotal schemes supported by Objective One is *actnow*, a not-for-profit partnership that aims to promote economic development in Cornwall through the use of broadband and IT. *actnow* offers financial help and support to the self-employed and businesses in Cornwall, and, in particular, promotes the uptake of broadband connections through rebates and advice. It also offers expertise on the use of IT to improve business performance and financial help of up to 40% on IT investments. "*actnow* supported us with the development of both our launch and phase two websites," says Helen Gilchrist, editor and publisher of *Stranger*, an independent creative lifestyle magazine based in Cornwall with national distribution. "Around 70% of our income now comes from outside Cornwall, much of which is attributable to broadband and a great website."

Throughout its 16 issues, *Stranger* has commissioned work from a large number of freelance writers, illustrators and photographers based in Cornwall – most of whom cite broadband as one of the key reasons for being able to live and work in the region, says Helen. Indeed, freelancers and micro-businesses below the £64,000 VAT threshold make up a huge part of the sector in Cornwall, but remain below the radar

Perfect Moment

of national and regional statistics. Many who left the region to gain experience in their respective industries are now returning, and many more are relocating for lifestyle reasons – which not only has economic value, but also increases the region’s reputation, raises its profile and creates a general buzz about its prospects and opportunities. “A dynamic creative sector has an important role in helping to revive British cities and regions – a role successfully played in Glasgow, Gateshead and Cornwall, for example – and helping them to address the income and cultural gap with London,” The Work Foundation stated in July 2007. Lucy Thom of Cornwall Pure Business, an organization which promotes and supports businesses relocating to Cornwall, agrees: “With improved IT communications and the move towards flexible working, more and more businesses are choosing Cornwall as their business location. When we ask ‘why Cornwall?’ the majority identify the county’s thriving creative business community and effective networks as well as the opportunity to work in an inspirational environment.”

Specialist support

The increased lure for creative businesses and practitioners to base themselves in Cornwall – not to mention the galvanisation and growing success of those already in the county – is also largely due to the considerable amount of specialist support available to the sector in Cornwall. Around £9.88 million of Objective One money was invested into business support and skills development to expand the sector. Cornwall Arts Marketing (CAM) supported marketing; Creative Skills addressed skills development needs; Creative Kernow dealt with strategy level work plus providing sub-sector specific work for crafts and media; University College Falmouth’s (UCF) support programme developed independently to the others, but dealt

again with skills development along with supporting business contacts and movement into the workplace; and media received specific support through Cornwall Film. Approximately 350 companies and between 2,400 to 2,500 individuals benefited directly from the sector support programmes. The support available varied hugely; from individual mentoring (like Poppy’s) and travel bursaries, to seeding the first music sessions at the Eden Project and launching a national marketing campaign via *The Guardian* newspaper.

Approximately 560 new jobs were created in the sector between 2000 and 2004 as a result of the £9.88 million support money. In addition to the increased opportunity, markets and support mentioned above, another Objective One scheme, Unlocking Cornish Potential (UCP) played a key role in this growth. UCP seeks to improve the efficiency, competitiveness and growth of SMEs in Cornwall through the placement of graduates in companies to undertake business development projects lasting from six to twelve months, and by providing up to a 30% subsidy towards the graduate’s salary. Over 70% of the 230 graduates UCP placed went on to be offered a permanent position in their companies.

Nearly 20% of the companies UCP supported were from the Creative Industries, with some benefiting from more than one intervention. “The UCP scheme has been an incredible support to the growth of *Stranger* magazine,” says Helen. “Three of my staff are UCP graduates, and *Stranger*’s turnover has increased by 250% since we started working with UCP. As a fledgling business with limited budgets and resources, *Stranger* may not have been able to make it through to the strong position we are in today without UCP.” The other UCP beneficiary companies interviewed for the report also saw UCP’s work as pivotal in accelerating

Perfect Moment

the growth of their enterprise by giving them much needed, timely support in taking on a new member of staff, either for the first time or in order to undertake a change of direction or expansion. It was UCP support that enabled Cornish clothing retailers Wildlife to take on their first designer and launch the new *Seasalt Cornwall* brand and range of organic cotton clothing, which has proved hugely successful.

Another Objective One funded project, Creative Enterprise Cornwall (CEC) was set up by UCF to both support Cornwall's Creative Industries and help attract postgraduate students onto their courses. CEC worked by providing financial support to postgraduate students by subsidising their programme places, and supporting postgraduate work placements in Cornish businesses. The scheme also took on the Hidden Art Cornwall franchise (helping designer-makers in Cornwall to reach their markets), and employed a team of Business Fellows with specific professional expertise to support graduates with their first steps into a career, building industry links between the business community and UCF. "I looked at a number of courses around the country," says Matthew Grosch, who came to Cornwall for the MA Film Studies course at UCF, and is now working at TwoFour Productions in Plymouth. "What clinched the deal with Falmouth was the help with the funding that came through Objective One, the county itself, and the reputation of the course."

A total of 436 students benefited from the scheme, and of the 84 responses returned to the destination surveys so far, 42% are now employed in Cornwall and Devon. "Objective One is the catalyst that brings people into the county. The skills are there to learn. Cornwall does the rest; it motivates people to stay in the county, and continue doing what they've already learnt to do," says Matthew.

Turning heads

The profile of Cornwall as a destination for cultural tourists has also grown considerably in recent years. In 2005, CAM undertook the *Living on The Edge* campaign – a series of glossy supplements in *The Guardian* with the purpose of publicising Cornwall's Creative Industries and raising the profile of Cornwall's cultural activity in the rest of the UK. In a follow-up survey, 70% of the 1,500 respondents said that the campaign had totally changed their view of Cornwall, the main areas of changed image being in the sheer volume and diversity of cultural activity available in the county.

Flagship projects like the brand new Exchange gallery in Penzance have also provided a huge boost to national awareness of the thriving creative scene in the region. Another of Objective One's capital investments in the creative sector, and incorporating the renovation of the existing Newlyn Art Gallery and redevelopment of Penzance's old telephone exchange into the biggest contemporary art space south west of Bristol, Newlyn and the Exchange re-opened in July 2007 to a fantastic response. "We've had a hugely successful phase, with attendance figures that have exceeded our expectations," says James Green, director of both spaces. "We've had over 30,000 visitors now, and our projections for the year were that we should have around 70,000 – at this rate we will easily reach that figure. People seem to have come from a long way away too," he continues. "We've seen a good mix of local repeat visitors and people who have travelled long distances with a specific intent to see the gallery. There is also some evidence that people have been prompted to visit the Southwest because they knew that these new venues were here." With another recent report finding that cultural tourists spend double the average spend per head of general tourists, this spells out yet more good

Perfect Moment

news for the Cornish economy.

The way forward

However, there is still a huge amount of work to be done to secure long-term prosperity. The *Counting on Creativity* report recommends that a future emphasis on export is vital to the sector's sustainability. Creative practitioners and enterprises need to be encouraged to place themselves in national and international arenas; not only to build them new customer bases and avoid the saturation of the local market, but also to raise the standards of their work. Visual artist Jesse Leroy Smith is another Objective One beneficiary; he received funding support through Creative Skills to visit the Venice Biennale. "It's great to be an artist in Cornwall, but also difficult for someone like me to have my work seen in an international context," he explains. "For Cornwall's visual arts scene to develop further, the artists need to be raising the bar and making contacts internationally. Having the Objective One funding helped me do that. It's also made me more ambitious about how I see my own work; I've connected with lots of other artists from different practices in different countries, and we'd like to develop a large-scale show and take it on tour."

Connecting local and international artists is also a key objective of Newlyn and the Exchange. "A lot of artists want to have their own practice fed by exposure to other international artists' work," says James. "Artists are responding very favourably to that contact – it's not just about showing their work, but the contact with artists who are working internationally as well. A number of artists here have maintained contact with Eloisa Cartonera, a collective of artists from Buenos Aires who exhibited at ProjectBase's launch exhibition here, and are talking about developing joint projects. Some very fruitful contacts have been made, which would not have happened previously."

The *Counting on Creativity* report found that the seeds for a strong export market are already sown: 42% of Cornish Creative Industry businesses already earn at least half their income from outside Cornwall, and 15% do not earn any of their income from Cornwall. The international market for Creative Industries products and services is predicted to triple in value by 2020, so undoubtedly the potential for further significant growth is there. The challenge now is to make the most of this opportunity, and to use Convergence to ensure the continued success of those businesses who have flourished under Objective One. A number of businesses who took part in the research identified their businesses as being at a point of transition – poised to move from one turnover or employment bracket to another – and in need of support or investment to facilitate that change. The report recommends that this group is an important target for future investment, to consolidate and harness what has already been achieved under Objective One to grow enterprises, extend markets and achieve national and international recognition.

Poppy Treffry's business is a perfect example. "The last six months have been incredibly busy, just responding to the increasing demand for our products. We haven't done any new marketing or expanded our range," she explains. "Three years on, and having grown a lot as a business, I would really value some more mentoring. I'm not quite sure where to look for that. I think it would be really useful for the Convergence funding to provide that; there's a lot of support if you're starting out, but if it goes well and you grow, then sometimes you need a different type of input to take it to the next level. I've been so busy that I haven't had time to stop, look at the developments and make a plan."

Perfect Moment

Counting on Creativity advises that the middle income bracket of £150,000 to £1.5 million turnover generates the bulk of the financial returns for Cornwall. It therefore recommends that significant investment and support is focused on helping enterprises and practices to move into the middle income bracket and beyond.

“Supporting between 30 and 40 businesses to reach this level, employing over 30 staff each and numerous supply chain opportunities, would make a major difference to the Creative Industries sector in Cornwall, and the contribution it makes to Cornwall’s economy,” it says.

“Creating more of these enterprises is not only highly desirable, but it is also highly achievable with appropriate targeted interventions. These enterprises also have the advantage of being more robust and, therefore, more able to compete in a global marketplace.” This is the vital thrust of the next phase – as Nick Capaldi, Chief Executive of Arts Council England SW says: “Cornwall’s ability now to capitalize on the Objective One opportunity is really critical... if all we see as a result of Objective One is a glorious burst of activity over a decade or more and then nothing, then Objective One will have failed. We must be looking to the longer term.”

Other improvements are also needed for the next stage. Only 5% of Creative Industry beneficiaries were under 25 years old, while 53% of them were over 36. There is also a huge geographical imbalance weighted towards the west of the county; 75% of company and individual beneficiaries were located in the area bounded by Penzance, St Ives, Truro and Falmouth. Visual Arts benefited much more than the other sub sectors, and women outnumbered men by 2:1. In addition, the ratio between growth in GVA and employment nationally (2.33) is significantly higher than it is in Cornwall (1.79), which would indicate that Cornwall is still slipping behind in terms of productivity. Cornwall’s

Creative Industries have achieved much in terms of basic growth; the future challenge is to become more competitive and more profitable.

Nonetheless, there is little doubt that overall, the impact of Objective One on Cornwall’s Creative Industries has been incredibly positive. “Without Objective One, *Stranger* wouldn’t be here in the shape and form that we are now,” says Helen. “The business has grown much bigger than I had ever envisaged; we now have national distribution, and international subscribers and advertisers. Without Objective One, we would still be a small local publication.” Poppy agrees: “Objective One was the spark that got my business going,” she says. “When Objective One found me, I sold bags in one gallery. I now sell in at least 120 shops worldwide – America, Australia, Japan and throughout the UK. I think that’s a pretty good measure of the support being very well targeted.”

For more information contact Julia Twomlow at Perfect Moment
Julia@perfect-moment.co.uk 01736 332094

A full copy of the report is available from the downloads section of the Perfect Moment website on
www.perfect-moment.co.uk