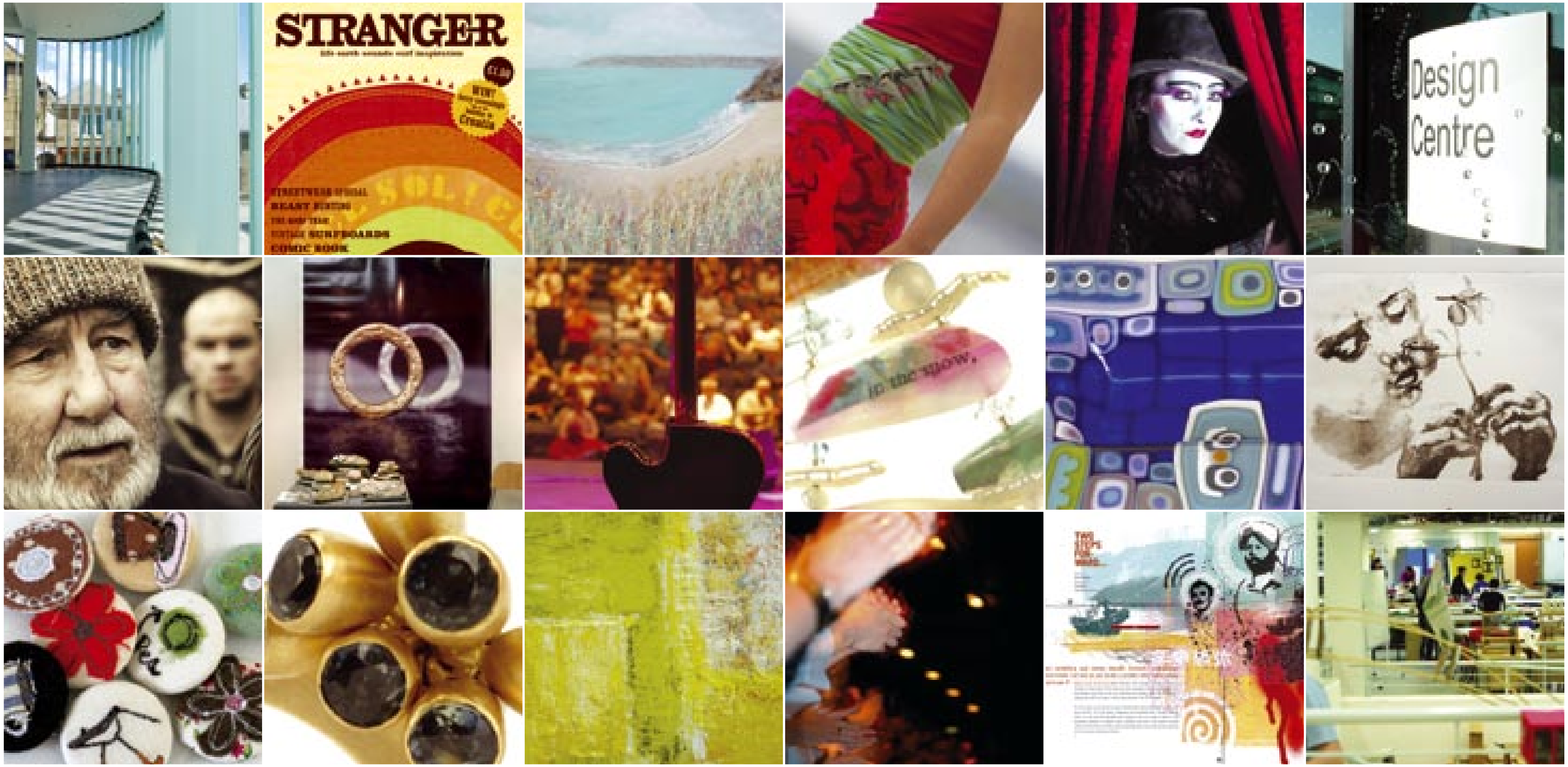
# Counting on Creativity




**An assessment of the impact of Objective One funding on Creative Industries enterprises in Cornwall 2000 – 2006**

Perfect Moment June 2007

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An assessment of the impact of Objective One funding on Creative Industries enterprises in Cornwall 2000-2006

Peter Freeman's lighting design at The Exchange Gallery, Penzance, designed by MUMA. *Photograph*: Peter Freeman

This report was commissioned by Cornwall Arts Centre Trust with funding from Arts Council England South West and the European Social Fund via Cornwall's Objective One Programme. Our conclusions and recommendations are the results of our professional experience and judgement and are based on secondary data and information provided to us by a range of agencies, plus primary research based on survey and interview information provided to us by creative sector businesses and practitioners in Cornwall.

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**Credits**
Music for CD-Rom provided by Bagas Degol

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**Julia Twomlow & Kevin Brownridge, Perfect Moment 2007**

## Foreword

*Counting on Creativity* captures the success story of Cornwall's Creative Industries under the European Union's Objective One programme and helps prepare the ground for future economic growth under the EU's Convergence programme.

We are delighted to see in this report that the sector has grown not only in size, but also in terms of real prosperity for the workforce. It is also very good to see that the investment made by the Objective One programme in the Creative Industries has been highly effective, with £10 m of investment in business support and skills development resulting in £104 m extra turnover generated by the sector.

Whilst much has been achieved, there is much still to be done if Cornwall's Creative Industries are going to make a significant mark globally. 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. To take full advantage of this, Cornwall's creative sector enterprises will need to hone their business and marketing skills still further and grasp the opportunities offered to them by the radical changes in new technology. Convergence funding gives Cornwall the opportunity to build on the achievements of Objective One and realize the step-change necessary to shift Cornwall out of its current low wage, low value economy. We believe that the findings and recommendations contained within this report will help the sector and its partners to devise and deliver another effective investment programme.

In delivering this research, the formal project lead was taken by ACT (Cornwall Arts Centre Trust), supported by an Advisory Group drawn from the sector, from further and higher education, from local authorities and from key government agencies. Following open tender, Perfect Moment were contracted to carry out the research work and to write this report. Both they and the Advisory Group would like to thank all the agencies, local authorities, businesses and individuals who gave freely of their time to assist with the study.

Cornwall has long been recognised as a hotbed of creativity, but until more recently the economic significance of this could only be guessed at. As this and previous reports such as *Creative Value* show, the importance of the sector to Cornwall, both in economic and employment terms, should not be underestimated. Cornwall's Creative Industries in 2007 have a workforce of more than 10,000 people. But in addition to their direct economic value, the reputation and quality of our Creative Industries help to raise Cornwall's profile both in the UK and internationally. This in turn contributes significantly to the overall quality of life which is one of Cornwall's greatest assets.

Part of the future challenge for Cornwall's Creative Industries is to communicate clearly to our regional and national partners the value and scale of the sector and its ambitions. *Counting on Creativity* is integral to that argument. This report shows that Cornwall's creative sector is thriving and has, we believe, the will, tenacity and wherewithal to fight for its position within the national and global marketplaces.

**Ross Williams**
Chair, Cultural Industries Task Force

**Julie Seyler**
Co-Director, Creative Unit - Cornwall County Council

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This document acts as an extended summary of the main *Counting on Creativity* report which is available from Cornwall Arts Centre Trust at www.actcornwall.org.uk or from Perfect Moment Consultancy at www.perfect-moment.co.uk

Resin necklace, designed and made by Daisy Dunlop. *Photograph*: One Pixel Squared

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*"The aspiration was to connect outside Cornwall and that has been achieved. The next thing is to harness that."*

Pauline Sheppard
*Board member, Creative Kernow & freelance writer*

# 1. Brief overview

*Counting on Creativity* takes place as Cornwall reaches the end of six years of European Objective One funding and immediately prior to the commencement of Convergence funding. This research looks at one sector - the Creative Industries - and its response to the opportunities and challenges presented by the funding. It also looks at the immediate impact on its enterprises and offers recommendations on how to engage with the next round of funding for maximum effect. Funded by Objective One and Arts Council England, the study was carried out on three main levels - strategic, delivery and beneficiary. Primary data was collected through in-depth interviews with key individuals across all three levels as well as a telephone survey of beneficiaries. Data was gathered and studied from the records of the various agencies and offices involved with the allocation, management and delivery of the funds and the funded programmes. National and regional statistics were also studied for the 2000 to 2006 period.

Under Objective One around £43m was invested in the Creative Industries in Cornwall. Mainly, this went into major capital flagships like the University College Falmouth Campus at Tremough, but nearly £10m was also invested via skills and support programmes. In total, around a quarter of the sector received direct support from one or more of the various schemes available, including Creative Skills, Cornwall Arts Marketing, Creative Kernow, Cornwall Film and Creative Enterprise Cornwall. The support available varied widely from individual mentoring and travel bursaries to seeding the first music sessions at the Eden Project and launching a national marketing campaign via *The Guardian* newspaper. National statistics for the size of the sector, in terms of Gross Value Added, employment and turnover, show that during the course of this investment the creative sector grew significantly not only in numbers employed but also in terms of real prosperity.

Our findings showed that, when Objective One first began, Cornwall's Creative Industries formed a disparate but energetic group barely recognizable as a sector. Much of the very early work on Objective One was carried out by a few key individuals and was, in truth, fairly opportunistic; crafting a respectable semblance of a sector from the networks and schemes that already existed. Six years on, there is little doubt that a coherent sector now exists where none did before. Alongside this emergence, the general level of activity, energy and aspiration has grown enormously. The profile of Cornwall as a destination has also changed greatly in recent years and there is a general belief that this has, in no small part, been influenced by the efforts of the Creative Industries. However, our findings showed that there were a few notable variations in support. For example, support tended to be concentrated in the districts of Penwith, Kerrier and Carrick. Visual Arts, as a rule, fared better than the other sub-sectors. Also, women outnumbered men as beneficiaries by 2:1. Some gaps were identified in provision at the high-end, while entry-level and early stage support was considered very strong.

For reasons of geography, or possibly lifestyle choices, Cornwall has a very distinctive creative ecology. Freelancers and micro-businesses make up a huge part of the sector in Cornwall but remain largely invisible to the radars of national and regional statistics. There are very few multi-million-pound creative enterprises while the majority earn less than £20,000 per year. The most significant turnover bracket in terms of generating economic value in Cornwall lies in the mid-scale (£200,000 to £1.5m). Interestingly, a significant number of respondents to our research identified their businesses at being at a point of *transition,* i.e., poised to move from one turnover or employment bracket to another, and in need of support or investment to facilitate that change. In order to generate maximum economic return for Cornwall, we deduce that this group is an important target for future investment. Accelerating enterprises from early-stages to mid-scale or through mid-scale would seem to be particularly desirable. Perhaps unsurprisingly, our study showed that the most successful enterprises are those that have already achieved a good balance within their operations in three key areas: great product with great marketing, leadership skills, and financial and business acumen. We suggest that the same balance needs to be achieved in order to replicate this success in other enterprises. In order to grow further, not only does the sector need more of the same support that Objective One has allowed, it also needs specific, targeted investments. This should include sub-sector-specific and high-level support to raise the standards bar. We therefore recommend that a range of pathways of support should now be designed and delivered for Cornwall's creative sector, enabling entry and pre-entry support, accelerated growth through incubation and specific and focused intervention for companies at points of transition.

Cornwall has forged a Creative Industries sector where none existed before. The sector has raised its profile significantly both within and outside Cornwall, and has contributed to the increased draw of Cornwall as a destination. The aim now should be to consolidate and harness what has already been achieved under Objective One and to invest in a level of excellence in its creative sector that will grow enterprises, extend markets, and win national and international recognition and attention both for Cornwall and its Creative Industries.

*"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."*

Lucy Thom
*Cornwall Pure Business*

## 2. Headline figures

- In total almost **£43m** was invested in the Creative Industries in Cornwall under Objective One
  - **£33m** was invested in capital projects – including nearly £30m to the Tremough Campus for University College Falmouth
  - **£9.88m** was invested in business and skills support programmes to develop the sector

- £9.88million investment of EU funds into the support structure stimulated the sector to generate an estimated **£104m** extra income

- Approximately **350** ben eficiary companies and between **2,400 to 2,500** individuals benefited directly from the sector support programmes

- Employment in the sector grew by approximately **19%** between 2000 and 2004, with an estimated **10,200** now employed in the Creative Industries in Cornwall including freelancers and sole traders. This compares with a national growth rate of 3% for the sector for the same period

- The cost of creating a job in the sector through the Objective One programme was £23,864 of EU funding. This is in line with programme targets for cost per job creation as laid out in the Programme Complement in 2005

- Between 2000 and 2004 approximately **560** jobs were created in the sector

- According to Annual Business Inquiry (ABI) statistics, Gross Value Added (GVA) in the sector increased by **34%** between 2000 and 2004. The national figure according to Department for Culture Media and Sport (DCMS) estimates was 7% for the same period

- GVA per head for the sector in Cornwall is **£28,540**

- Turnover in the sector grew from **£326m** to **£421m** between 2000 and 2004 – **29%** growth (ABI statistics)

- **30%** of Creative Industry businesses earn 100% of their income from Cornwall and **42%** earn at least half of their income from outside Cornwall

- **53%** of beneficiaries were over 36 years old whilst only **5%** were under 25

- Over **75%** of company and individual beneficiaries were located in the area bounded by Penzance, St Ives, Truro and Falmouth

# 3. Introduction, structure & methodology

In total, £43m was invested directly in the Creative Industries in Cornwall under Objective One, of which £33m funding went to the following capital projects:

- £30m was invested in the Tremough Hub Campus development for the Combined Universities in Cornwall (CUC)
- 'The Exchange', Newlyn Art Gallery's new building in the centre of Penzance, plus the rebuild and extension of the original Newlyn Art Gallery
- The Leach Pottery restoration in St Ives
- South West Film Studio [1]
- Funding for feasibility and architectural development of schemes to extend Tate St Ives and to develop the former Redruth Grammar School into a centre for Creative Industries businesses.

It is only possible to evaluate the impact of these capital investments over a number of years. Therefore this research has focused on the impact that investment into business support, skills development and marketing campaigns and the immediate impact these have had. In all, there were 15 awards made in these areas, with grants totalling £9.88m.[2]

## 3.1. Structure of the research

Primary research took the form of consultation carried out on three main levels:

- Strategy-level officers and stakeholders
- Delivery officers
- Beneficiaries.

This provides a rounded and comprehensive view of the programme and allows comparison of the opinions and experiences of the various groups of stakeholders.

1 This project was never realized due to the lead applicant being unable to provide sufficient matched funding to complete the project.

2 For a detailed list of these bids, please see Appendix A.

## 3.2. Methodology

Study methods consisted of:

- Desk-based research and review of relevant literature and data selected in consultation with the client, including data collected for monitoring purposes from the various agencies and Government Office for the South West (GOSW)
- Survey by telephone questionnaire of 150 beneficiaries. This involved collecting and aggregating quantitative and qualitative data for the purposes of assessing and evaluating beneficiary impact
- A series of 60 in-depth, qualitative interviews conducted with key individuals at each of the three levels identified in consultation with the client to assess:
  - Strategy development
  - Appropriateness and effectiveness of delivery mechanisms
  - Impact on beneficiaries and the sector
  - Future priorities
- Comparable data and studies collected and analyzed, where available.

Datasets for the telephone survey were compiled from combined databases of beneficiaries supplied by Creative Kernow, Cornwall Arts Marketing, Creative Skills, University College Falmouth (UCF), the Celtic Film Festival and Cornwall Film.

## 3.3. Statistical health warning

It has been noted in many other sector reports that counting in the Creative Industries is not an exact science, particularly below regional-level. However, the combination and comparison of national statistics with those taken from previous studies in Cornwall, along with the project database for this research, provides figures which permit a reasonably accurate and up-to-date picture of the creative sector in Cornwall. Full details of the statistical issues and difficulties encountered in using Annual Business Inquiry (ABI) statistics and other national and regional datasets are contained in the full report.

## 3.4. Invisible employment figures

*"The high-level of statistically invisible workers in the cultural sector (part-timers, many freelancers, non-VAT returning businesses) means that even statistical counts based on current National Statistics datasets significantly underestimate the size, impact and value of the sector to the regional economy."*[3]

It is now generally accepted for Creative Industries research that national statistics present only a partial picture and that a significant part of the sector is hidden from view, falling as it does below the £61,000 threshold for VAT.

Based on a detailed mapping exercise, *Creative Value*[4] identified 'invisible' employment in the creative sector in Cornwall as being between 56.3% and 75.9% of the Creative Industries workforce. In 2001, Metier[5] calculated that 53% of the sector nationally was freelance (although there was no calculation for micro-enterprises). For the sake of the current report, a mid point of 65% has been used to calculate 'invisible' employment in Visual Arts and Performing Arts (the sub-sectors with the highest levels of freelance and sole traders) and 30% for Audio-Visual and Books & Press. This gives a conservative average of 56% across the whole sector.

## 3.5. Study definitions

In line with other studies and practice, we have adopted the Department for Culture, Media and Sport's (DCMS) definition for the Creative Industries:
*"The creative industries are those industries that are based on individual creativity, skill and talent. They are also those that have the potential to create wealth and jobs through developing intellectual property."* The DCMS divides these into the following 13 sub-sectors:

- Advertising
- Architecture
- Art & Antiques Markets
- Crafts
- Design
- Designer Fashion
- Film & Video
- Interactive Leisure Software
- Music
- Performing Arts
- Publishing
- Software & Computer Service
- Television & Radio.

For analysis purposes, these sub-sectors have been combined by the DCMS into the following four domains which we have used as the principal units of analysis in this report:

- **Audio-Visual**: Film, TV, radio, new media, music and advertising. This also encompasses interactive media, which covers leisure software, digital art and new media activities
- **Books & Press**: Books, magazines, newspapers, press and literary agencies, and literary festivals
- **Performing Arts**: Theatre, arts, dance, circus, agents and festivals. Note that this does not include music which comes under Audio-Visual above.
- **Visual Arts**: Galleries, architecture, design and crafts, sculpture, fashion design, interior design, creation of visual works, production of visual arts, and visual arts festivals.

3 *Joining the Dots* - Colin Mercer for Culture SW (2003) p.6.
4 *Creative Value* - Perfect Moment (2003).
5 *Arts and Entertainment Sub-sector Workforce Development Plan* - Metier Research Report No. 3 (March 2001).

## 3.6. Key agencies & support initiatives

| Support Agency | Purpose |
|---|---|
| **Creative Skills** | Creative Skills was formed as a generic skills development body for the Creative Industries in Cornwall. It serves as a professional development organization for the entire sector delivering to creative practitioners across Cornwall, and working through various channels to provide tailor-made support for its clients including:<br>• Skills Fund - providing part-funding to help practitioners undertake training and professional development<br>• Development Needs Analysis (DNA) - one-to-one service for individuals, both sole traders and those within larger organizations, to review their current situation with the benefit of an outside eye. Also providing access to information about training and continuing professional development opportunities within the arts<br>• Seminars on requested subjects such as marketing, presentation, entrepreneurship, fundraising, media skills for visual artists, technical skills, etc.<br>• Accredited training courses in marketing and management for creative practitioners<br>• Open studio events - supporting artists in selling their work direct to the public<br>• A web directory of free information and advice.<br>TOTAL FUNDS RECEIVED: £1.27m plus £583,603 from LSC |
| **Cornwall Arts Marketing (CAM)** | CAM was set up to support the marketing of the Creative Industries in Cornwall. It developed and implemented promotional campaigns like *seen, Occupation Paddington* and *The Guardian* newspaper supplements *Living on the Edge*. It also:<br>• Offered advice and consultancy to arts businesses<br>• Organized distribution of promotional material<br>• Delivered and co-ordinated research and offered strategic planning services<br>• Ran the Arts Round Cornwall (ARC) distribution service, circulating and delivering printed publicity throughout Cornwall on behalf of its clients.<br>In its later phases, CAM's project partners included heritage organizations and it was renamed Cornwall Cultural Marketing.<br>TOTAL FUNDS RECEIVED: £3.71m |
| **Creative Enterprise Cornwall (CEC)** | The CEC initiative was set up by University College Falmouth to provide support to the Creative Industries through:<br>• Financial subsidy for postgraduate studies<br>• Employing a team of Business Fellows with specific professional expertise to support graduates with their first steps into a career and to build industry links between the business community and UCF<br>• Taking on the Hidden Art Cornwall franchise, a not-for-profit membership organization providing organized events, a web-portal and shop and links to the mother company - Hidden Art London.<br>TOTAL FUNDS RECEIVED: £3.14m |
| **Cornwall Film** | Cornwall Film was set up in 2001 by South West Screen, initially to focus on script and project development and short film production. Over the following years it supported more than 50 projects and extended its support work into television and new media. It distributes funds directly to individual practitioners and businesses and acts as a gateway to other resources and work.<br>Cornwall Film focuses on three core areas: sector development, product development and inward investment.<br>It delivers these via interventions in the areas of: production and development investment; specialist sector development; marketing; development of networks; assisting access to markets.<br>TOTAL FUNDS RECEIVED: £914,058 |
| **Creative Kernow/ Creative Unit - Cornwall County Council** | Creative Kernow formed in 2003 as a development agency for the whole sector to provide strategic representation and *"co-ordination and capacity-building support that will boost the sector's economic and social impact and its ability to contribute to the regional distinctiveness of Cornwall and the Isles of Scilly"*.[1a]<br>It also provided hands-on support for small businesses and individuals working in the creative sector, with specific craft and media support workers. In 2006 Creative Kernow merged with the Cornwall County Council Arts Office to form the Creative Unit.<br>TOTAL FUNDS RECEIVED: £190,641 |

1a http://www.objectiveone.com/client/media/media-164.htm

Hand-embroidered textiles, designed and made by Poppy Treffry Ltd. *Photograph*: Justin Duance

# 4. Findings - economic & business

## 4.1. Size of the investment

- In total, almost £43m were invested in the Creative Industries in Cornwall between 2000 and 2006 from Objective One (both direct and delegated funds). This was awarded to 58 projects and included:
    - Direct grants of £41.96m to 33 projects
    - Learning and Skills Council (LSC) co-financing of £583,000 to four projects
    - Rural Key Fund grants of £150,000 to nine projects
    - Community Futures Fund grants of £44,000 to 12 projects[6]
- Support included:
    - £30m to UCF for the development of the Tremough Campus - the Hub for the CUC
    - Two grants for revenue costs and festivals totalling £135,000
    - £3m for capital projects (the Leach Pottery restoration, The Exchange Gallery and Newlyn Art Gallery development, and South West Film Studio) and feasibility studies (Tate St Ives Phase Two and Redruth Creative Business Parc)
    - £9.88m to 15 Creative Industries business support and skills development projects. The main agencies involved were CAM, Creative Skills, CEC, Creative Kernow and Cornwall Film
- Additionally, the Creative Industries were supported by generic business agencies, such as *actnow* Broadband and Unlocking Cornish Potential, to an estimated value of between £3m and £9m. This results in a total investment of between £46m and £52m
- For many of the programmes, matched funding was provided by the clients themselves. Often this was in the form of staff time or 'in kind' support as well as cash spent. The Objective One intervention rate, and therefore the percentage of matched funding, varied from programme to programme. It was not within the remit of this research to calculate the value of inward investment by the sector, however it is important to note that there was considerable investment made by the sector into its own development. Indeed, one of the achievements of the sector under Objective One was its ability to galvanise itself to such an extent that considerable matched investment could be generated from within.

## 4.2. Growth in the sector

- In 2004 the number of people working in the Creative Industries sector in Cornwall was c 10,200.[7] This represented an increase of 19% from 2000 figures and compares with a national growth rate of 3% for the sector for the same period[8]
- The number of Creative Industry businesses in Cornwall increased by 23% between 2000 and 2004[9]
- According to Annual Business Inquiry (ABI) statistics, Gross Value Added (GVA) across the sector in Cornwall increased by 34% between 2000 and 2004. The national figure according to DCMS estimates was 7% for the same period[10]
- GVA generated per worker in the creative sector in Cornwall is around £28,540 compared with a GVA per head of £33,514 for the creative sector in Devon.[11] It should be noted that Devon has a substantial Audio-Visual industry which will largely account for the higher GVA per head
- Turnover in the Creative Industries grew from £326m to £421m between 2000 and 2004 according to ABI figures – 29% growth[12]
- The fastest growing sub-sectors between 2000 and 2004 were:
    - In terms of GVA, Visual Arts (approximately 60%)
    - In terms of Employment, Audio-Visual (approximately 33%).

## 4.3. Comments & conclusions

- The capital investments made by Objective One have not had sufficient time to make a measurable impact on the sector, so the majority of the impact of the investment would have been related to the £9.88m invested in business support and skills development
- GVA increased by 34%, significantly more than the increase in employment (19%) or the increase in the number of businesses (23%) which would indicate that there was a growth in real prosperity and significant increases in profitability
- Between 2000 and 2004, increases in growth in employment (19%) in the Creative Industries sector in Cornwall and in overall GVA (34%) are higher than the national averages in the sector (employment 3%, and GVA 7%) which would indicate that Objective One investment had a significant impact. However, 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.

6 For full details see Appendix B.
7 This was estimated by aggregating ABI data for 2004 with scaled estimates of numbers of freelancers and other micro-businesses as described in Section 3.4.

8 *Creative Industries c Estimates* – DCMS (October 2005).
9 Ibid.
10 *Creative Industries Economic Estimates Statistical Bulletin* – DCMS (September 2006).
11 *Building Creative Success - the State of the Creative Industries in Devon and Torbay - Perfect Moment (2005), p.2.*
12 There are well accepted problems with the reliability of ABI figures below regional level where scaling and suppression of data can produce unreliable data. In this context, it is worth noting that according to figures estimated in the Creative Value report and on calculations based on the Redruth Demand Study, growth in the sector was from £250m in 2002 to £348m in 2005 – 39% growth.

*"A lot has been done with the aid of Objective One … and the Creative Industries is one of the most successful sectors."*

*Andrew Green*
*Co-ordinator, Objective One Learning & Skills Task Force*

# 5. Findings - strategy-level

Strategy-level research consisted of desktop research of various relevant documents plus consultation in the form of 29 x 1.5-hour face-to-face interviews with:

- Task Force members
- GOSW officers
- Local authority officers
- UCF Business Fellows
- Directors and executive staff in delivery agencies.

## 5.1. The Task Force's responsibility for strategy development

In the early stages of the Objective One programme responsibility for strategy development fell to the Cultural Industries Task Force. Originally set up by Cornwall County Council's Arts Officer, this group developed to provide broad representation for the sector. One of the main achievements of the Task Force was the production of the Task Force Strategy, *Capitalising on Creativity,* in 2002, revised and improved in 2004. This was considered by respondents as an impressive first attempt at an action-based strategy created by and for the sector. This document outlined the three main strategic strands for developing the sector:

- Individual sub-sector action plans
- Overarching themes, i.e., skills development and marketing
- A development agency for the whole sector providing strategic representation.

The sector support initiatives which delivered these various areas are outlined in Section 3.6.

## 5.2. Summary of main issues for strategy

Interviews conducted for this research uncovered some broadly held opinions and issues about the development of strategy for Cornwall's creative sector.

It is generally held that a coherent sector now exists where none was before and that there is a new vibrancy and excitement around creativity in Cornwall. The quantity of work in Cornwall is widely believed to have increased; the next challenge is to continue to improve the quality of work across the sector.

While a huge amount has been achieved under Objective One, it is recognized that the journey is only half done and there is concern that the achievements of Objective One will not be sustained. Further investment should focus on sustainability. Respondents suggested that sustainability meant raising standards by investing in excellence and in those businesses and organizations that have the potential to give Cornwall an international standing, i.e., investing in the best. Along with the idea of supporting excellence comes an emphasis on supporting research and development - literally allowing people the 'space' and resources to innovate and grow ideas.

There is still considered to be a need to support new businesses, especially targeting those graduates leaving the CUC and UCF who wish to start a Creative Industries business in Cornwall. Brain drain and an ageing population are seen as very real ongoing concerns for Cornwall, and CUC/UCF is seen as vital in redressing the balance. The CUC/UCF underpins the Creative Industries, providing as it does a constant flow of new talent and ideas.

There is also seen to be a particular need in Cornwall now for specialized support for enterprises in transition, including business and creative mentoring.
It is recognized that Creative Industries have an important role to play also in contributing to the delivery of other agendas in Cornwall. This view is supported by the new Sector Plan emerging from the Creative Unit and is a theme of the Region of Culture[13] proposition. Creativity has a major part to play in regeneration, environmental issues and education. Mainstreaming creativity within these other agendas is important to the sector's sustainability.

Strategy-level interviewees from within Cornwall had little doubt that the profile and distinctive image of Cornwall has changed perceptibly in the last five years and that the Creative Industries have played an important part in that change.

Opinions with strategic personnel outside Cornwall placed importance on Cornwall's role within the wider South West regional picture.

It was the opinion of some interviewees that Cornwall has a limited marketplace for its own Creative Industries, even with the growth of high-value cultural tourism, and in some places and sub-sectors the market is near saturation, for example Visual Arts in St Ives. Therefore, it is considered vital to the sector's sustainability that the future emphasis is on export. Creative practitioners and enterprises need to be encouraged to 'face their market' - to place themselves in national and international arenas. This will not only build them new customer bases, but will serve to raise the standards of their work as well.

13 Region of Culture is led by Cornwall Culture (formerly CAM) and proposes that Cornwall should be Europe's first designated Region of Culture, similar to the City of Culture designations.

## 5.3. Identified priorities for the future

The following table outlines the priorities identified by strategy-level interviewees for future development.

| | |
|---|---|
| SPACE | • Space, including shared space, for workshops and offices<br>• Production facilities – Music, Visual Arts, Performing Arts, etc. |
| STANDARDS | • Supporting excellence and raising the standards<br>• Emphasis on design and innovation<br>• Ensuring expertise and credibility in agencies/ support organizations |
| STRUCTURES | • Reducing and simplifying the infrastructure<br>• Developing the contribution of culture and creativity to other agendas, including worklessness and social exclusion, and working across sectors, e.g., developing links to tourism and the environment<br>• Developing stronger working relations with RDA and local authorities |
| SKILLS & SUPPORT | • Delivering more high-level business support<br>• Improving entry to the workplace – links with schools, colleges, etc. Graduate support programmes. Routes to employment<br>• Delivering sub-sector-specific support at a very high level<br>• IT capability – use of new technology. Develop portals – Hidden Art Cornwall, etc.<br>• Building on Creative Skills' achievements<br>• Preparing for exposure to national and international markets<br>• Continuing to support entry-level enterprises |
| SUSTAINABILITY | • Ensuring survival beyond Convergence<br>• Showcasing work, nationally and internationally<br>• Longer-term programmes<br>• Developing greater links with other strategic initiatives and programmes outside Cornwall<br>• Building export capacity rather than increasing tourism<br>• Regaining the balance of the instrumental and intrinsic value of culture. Not purely about measuring short-term economic returns. |

# 6. Findings - support structure & delivery of support

This element of the research took the form of:

- Consultation with strategy-level and beneficiary-level interviewees
- 12 x 25-minute telephone interviews with individuals including the front-line and key staff of the various agencies
- Telephone surveying of 150 beneficiaries

The need for overarching, generic support activities (e.g., marketing, skills development) had been identified at a very early stage by the Cultural Industries Task Force in their Strategy. CAM was the agency developed to support marketing; Creative Skills addressed skills development needs; Creative Kernow dealt with strategy-level work plus providing sub-sector specific support for crafts and media. UCF's support programme built up independently to the others, but also delivered skills development as well as growing contacts between the business world and the sector and supporting movement into the workplace. Media received specific support through Cornwall Film.

## 6.1. Findings from the telephone survey

*6.1.1. Awareness levels*

Beneficiaries were most aware of Creative Skills as a support agency. Levels of awareness and/or use across all beneficiaries were 88% while 48% had actually accessed their services (see Figure 1). Possibly this is because a high proportion of our respondents were freelancers/sole traders and Creative Skills is broad in its coverage and the most accessible of the agencies for individuals.

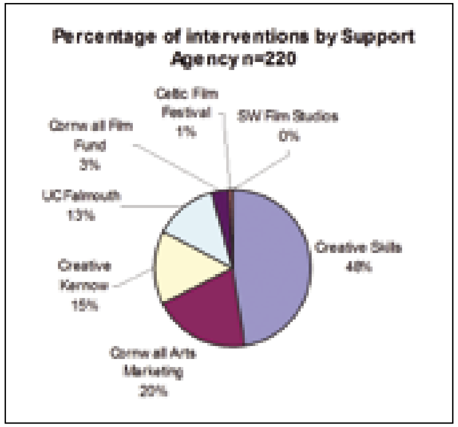



**Figure 1: Percentage of interventions by support agency**

*6.1.2. Communications*

Most beneficiaries (73%) reported hearing about the support agencies through word of mouth in the first instance, and 23% through the agencies' own literature. Only 1% found the agencies through the Internet and 2% through the press. Once identified, nearly 90% of respondents (see Figure 2) said that it was easy or very easy to get information on the agency they wanted to approach.

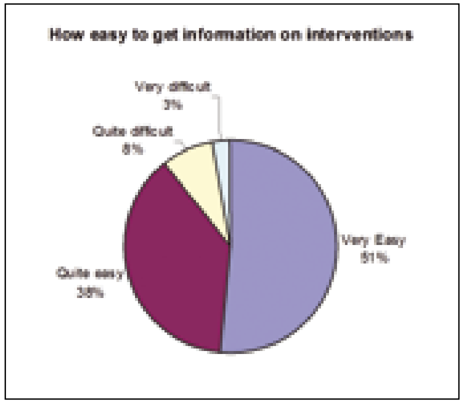



**Figure 2: Ease of access to information**

*6.1.3. Types of support*

Of the support given, the most common form was the allocation of direct funds for professional and business development, including marketing campaigns, supporting training, networking and showcasing (23% of responses). This was followed by one-to-one support in the form of development needs analysis and business support and mentoring (16%), and then Information & advice (15%).

Respondents were asked for the total amount of direct funding received. 86% reported total grants of less than £5,000 and 46% less than £1,000. Less than 1% of grants exceeded £20,000. Only one respondent, the Hall for Cornwall, reported grants totalling over £200,000.

*6.1.4. Gaps & variations in support*

69% of respondents to the beneficiary telephone survey said that there were still areas of need for support that are not currently available in Cornwall. By comparison, the majority of respondents to the delivery and strategy interviews said that the programme was fairly comprehensive. Some of the 'gaps' identified by beneficiaries were actually being filled, so we would conclude here that information was not reaching the beneficiaries for some reason. However, the following gaps and variations in support were identified by respondents at *all* levels of the research and, therefore, are important to mention:

- It is widely recognized that in order to address the complexity of selling work within certain markets (e.g., literature, music, fine art, and theatre) professional agents are required with the expertise and contacts to represent artists in Cornwall and get their work into the national and international markets
- Specific, sub-sector expertise is seen as desirable in the support agencies, along with specific training and specialist marketing support
- Growing networks and links are needed for informal creative exchange, and greater opportunities for artist-led initiatives are desirable
- Development funds and production funds for innovative work are seen as necessary to support new ideas and innovation. There needs to be a greater culture of risk-taking from the support agencies in order to allow opportunities for creative ideas and thinking to emerge and flourish
- There is a lack of mid- to higher-level 'top of the pyramid' support
- Production, studio and office space are widely needed, along with additional equipment and resources for creative work
- IT training, equipment and technology for product development and marketing are needed
- There is a need to address geographic gaps in support delivery, i.e., North Cornwall, Caradon and Restormel
- There should be greater transparency and openness in the way the system works
- Easier access to early stage grants and loans is required along with more infrastructures to assist graduates into the workplace (i.e., building on the achievements of Unlocking Cornish Potential). Training needs to link to actual jobs in Cornwall
- Visual Arts is seen to have dominated over other sectors with little support for music and festivals and limited support for venues. These variations need to be addressed in future programmes.

*6..1.5.Matching expectations to reality*

When asked to assess the support they received, 70% of beneficiaries reported that it had matched or exceeded their expectations with 30% saying that it had exceeded their expectations (see Figure 3).

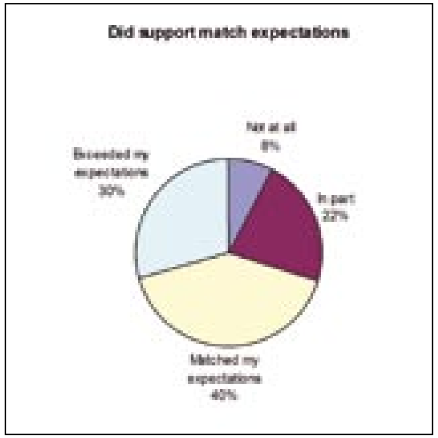



**Figure 3: Matching expectations to reality**

## 6.2. Summary of main issues for support & delivery

It was generally considered that most areas of business and skills support were covered by the various agencies with some duplication. It was suggested many times that communications and connections between agencies could be improved and indeed that the support structure, which had evolved over a number of years, now requires simplification and streamlining to make it more navigable, efficient and fit for purpose. As highlighted by Burns Owens Partnership Ltd, the Business Support Simplification Programme (BSSP) also has implications for the funding of regional support programmes.[14]

Entry-level support was generally agreed to have been very good and it is recognized that there is still a constant need to meet the requirements of new entrants. More expert-level and sub-sector support is now considered vital for the creative sector.

Any new structure needs to balance responsiveness to clients with a results-focused and challenging ethos in order to support innovative ideas while raising standards.

It is considered important that strategy development is well connected to the reality of delivery and its constraints. It is also recognized that it is confusing for clients and for other agencies when an organization moves from a strategic to a delivery role and vice versa. If this is not adequately communicated, it can affect the reputation of the agency and its external relationships.

14 *Creative Industries Collaborations - Developing the Creative Economy in the South West of England* - Burns Owens Partnership Ltd (March 2007).

Leach Pottery Restoration Project, St Ives. *Architect*: Gilmore Hankey Kirke. *Photograph*: Peter Cowling

*"Because of what we have gone through, we are allowed to dream. The sector feels stronger. It recognizes itself as a sector. It has more confidence … people believing that they can make things happen … daring to do."*

Julie Seyler
*Joint Chief Executive Creative Unit, Cornwall County Council*

# 7. Findings - beneficiary-level

Beneficiary-level consultation took the form of a telephone survey of 150 creative practitioners and enterprises including just over 50% freelancers and micro-businesses, plus a spread of sub-sector representation which reflects the make up of the sector in Cornwall. Further information on beneficiaries was gleaned from project returns to GOSW and databases held by the various agencies.

## 7.1. Beneficiary profile

- Approximately 350 beneficiary companies and between 2,400 and 2,500 individual beneficiaries were reported to the researchers. Based on calculations of the current Creative Industries workforce in Cornwall (10,200) this represents between 20% and 25% of the sector
- The area bounded by and including Penzance, St Ives, Truro and Falmouth dominates the Creative Industries sector in Cornwall in terms of numbers of people and businesses supported (69% of creative enterprises are located in this area, compared with approximately 80% of programme beneficiaries)
- Only 10% of beneficiaries come from Restormel and Caradon, yet 18% of businesses in the Creative Industries are based there[15]
- 53% of beneficiaries were over 36 years old and only 5% of beneficiaries were under 25
- There were nearly twice as many female beneficiaries as men. This contrasts with the *Creative Business Parc (Redruth) Demand Study* survey, which found that 57% of employees were female implying that for some reason the support agencies have been more successful in engaging with women than men in the sector.

15 *Creative Business Parc (Redruth) Demand Study* - Perfect Moment (May 2005).

## 7.2. Summary of the telephone survey findings

*7.2.1. Markets*

- 30% of businesses earn 100% of their income from Cornwall
- 42% of businesses earn at least half of their income from outside Cornwall
- 15% earn none of their income from Cornwall
- 10% earn from the EU or International Markets. For those that do, it generally constitutes below 40% of their income
- Where Cornwall is a significant source of income, the rest is usually from the UK rather than the South West.

*7.2.2. Staffing & turnover*

- 42% of business in existence for more than five years, reported an increase in staffing levels
- 59% reported turnover levels less than £20,000 (Note - around half of the respondents were sole traders/freelance workers)
- 11% reported turnover levels between £100,000 and £1m and 3% have turnover levels in excess of £1m
- Of those reporting an income below £10,000, over two-thirds were visual artists
- 69% of respondents with a business over five years old, and 75% of businesses less than five years old reported increased turnover over the last five years
- Main reasons identified for increased turnover include better networking, improved marketing, more professional or commercial approach, increases in funding (for subsidized organizations)
- 63% of those who reported an increased turnover had an increase of more than 20%. It is worth noting that nearly 40% of this group had had more than one intervention from a support agency.

## 7.3. Impact on key business issues

The telephone survey asked beneficiaries to assess their own performance in six key business areas. The six issues were:

1. Administration, management and planning
2. Finance and fundraising
3. Skills and competencies
4. Marketing and self-promotion
5. Products and services
6. The use of technology.

*Issue 1: Administration, management & planning*

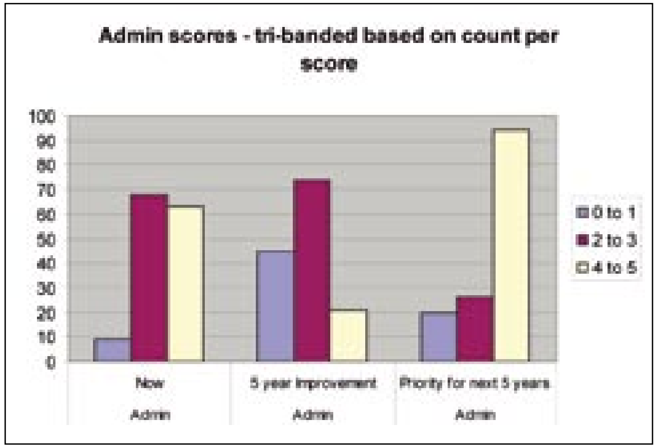



**Figure 4: Beneficiaries' perceptions of their administrative performance**

Beneficiaries reported that their administrative standards:

- Are currently moderate to high
- Have improved moderately over the last five years
- Are high priorities for the next five years.

*Issue 2: Accessing Finance*

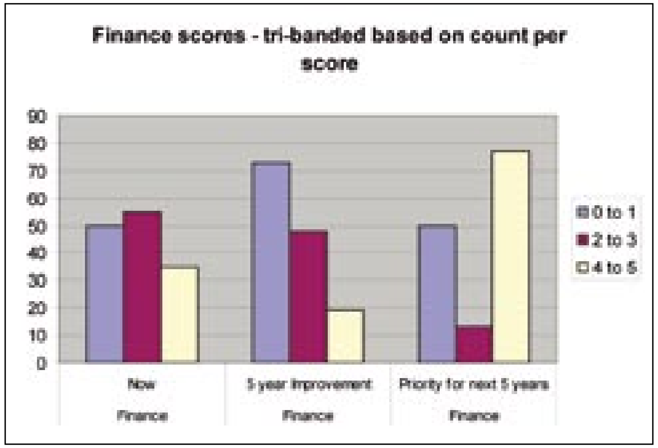



**Figure 5: Beneficiaries' perceptions of their ability to access finance**

Beneficiaries reported that their ability to access finance:

- Is currently low to moderate.
- Has improved little over the last five years
- Is a fairly high priority over the next five years.

*Issue 3: Skills & competencies*

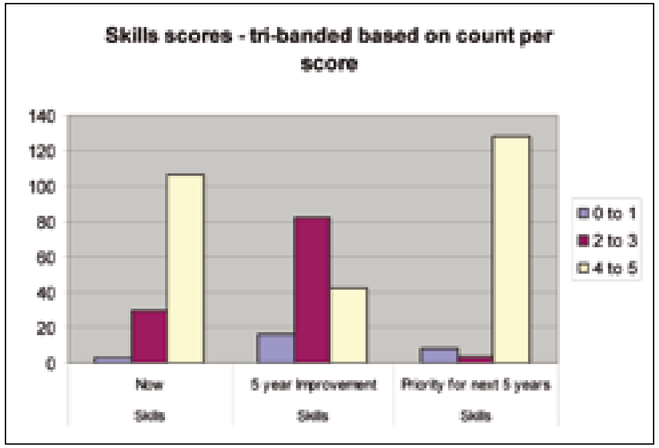



**Figure 6: Beneficiaries' perceptions of their skills and competencies**

Beneficiaries reported that their skills and competencies:

- Are currently of a high standard
- Have moderately improved over the last five years
- Are very high priorities for the next five years.

*Issue 4: Marketing & self-promotion*

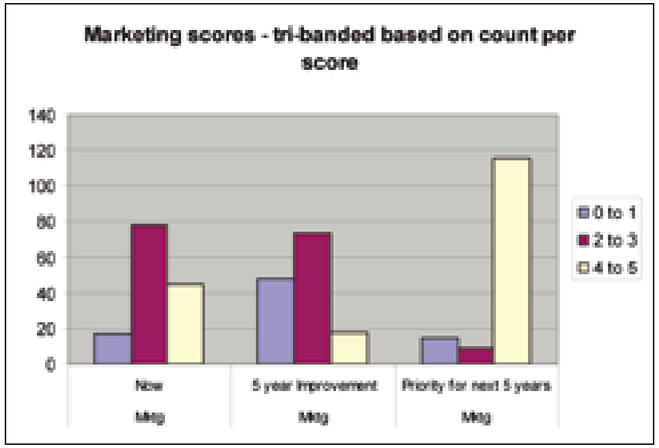



**Figure 7: Beneficiaries' perceptions of their marketing performance**

Beneficiaries reported that their marketing performance:

- Is currently of a moderate standard
- Has made moderate to low improvement over the last five years
- Is a very high priority for the next five years.

*Issue 5: Products & services*

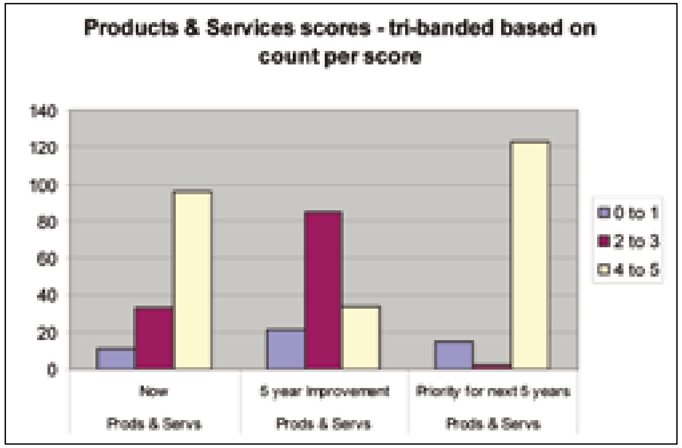



**Figure 8: Beneficiaries' perceptions of their products and services**

Beneficiaries reported that their products and services:

- Are currently of a high standard
- Have moderately improved over the last five years
- Are very high priorities for the next five years.

*Issue 6: Use of technology*

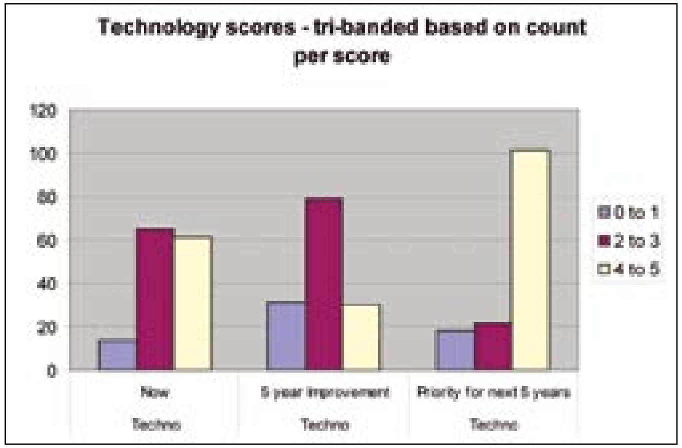



**Figure 9: Beneficiaries' perceptions of their technology performance**

Beneficiaries reported that their technology performance:

- Is currently of a fairly high standard
- Has moderately improved over the last five years
- Is a very high priority for the next five years

Beneficiary respondents rated themselves consistently highest in two areas on current performance: Skills & Competencies (128 respondents scored this as very high and only eight as a low priority) and Products & Services (124 scored this as very high while 16 scored it low). They also rated these as areas of moderate improvement over the last five years.

Lowest scoring for current performance and improvement was Ability to Access Finance (only 19 considered their performance in this area to have improved a lot over the past five years, while 72 considered their improvement to have been poor to low). However, priorities for the future were still Skills & Competencies and Products & Services (very high priority) while Access to Finance was only a fairly high priority with 78 respondents scoring this very high and 50 scoring it a low priority.

Technology was also considered a high priority with over 100 respondents scoring this as very high and only 19 scoring it as a low priority for the future.

## 7.4. Comments & conclusions

So far, around 20% to 25% of the workforce has engaged with the support schemes - this is a high proportion, but there is still room for considerable expansion of services to those who have not yet benefited. There needs to be work done to increase the reach of the programme to:

- *Make the spread of services more geographically representative of the sector*. The area bounded by and including Penzance, St Ives, Truro and Falmouth dominated the Creative Industries programme in terms of people and businesses supported (over three-quarters of beneficiaries came from Penwith, Carrick and Kerrier combined). Although a high proportion of practitioners and businesses are located in this area (65%) this represents a significant imbalance in the level of take up of services. North Cornwall, Restormel and Caradon have 35% of Creative Industries enterprises but provided less than 22% of beneficiaries. More effective engagement within these districts must be a priority for the future and new models for working in these areas need to be explored
- *Reach the under 25s and the over 50s*. Nearly two-thirds of beneficiaries were aged between 26 and 45. Only 5% of beneficiaries were under 25. This is an important area for the Creative Industries which look to attract graduates and retain them in the county. There were only three beneficiaries recorded as over 65. There needs to be consideration of the implications of an ageing population in Cornwall, the trend towards second (or more) careers, and the types of support needed for these
- *Ensure that support available is suitable for and appealing to men as well as women*. Women outnumbered men on the support programmes by 2:1. However, this is not in keeping with the female to male ratio in the overall Creative Industries workforce. Metier report that women make up 36% of the 'cultural industries' workforce nationally[16] while the Redruth Demand Study in 2005 found that 57% of the Creative Industries workforce in Cornwall were women. Moreover, as Susan Galloway states in her 2004 paper on Cultural Occupations *'there are few women to be found at the top of the decision-making hierarchies within the arts and culture in Europe'*[17] One can therefore assume that relatively few beneficiaries of the support programmes in Cornwall will be at senior management and executive-level. Reasons for this discrepancy need further investigation and consideration in development of the next stage of support programmes.

The sector appears to be buoyant with high levels of enterprises reporting increased turnover. There is also a healthy amount of income earned from outside Cornwall, most of which is from outside the region

- The sector needs to build on this with more concerted marketing of product across the UK
- There is a need to increase the percentage of income earned from EU and international markets.

There was little consistency in the type of data being collected or the methods of collection between the different agencies, plus some muddling of terms and definitions. This made the process of collection and comparison quite difficult. We recommend that in future:

- Work should be undertaken to ensure that there is consistency in data collection across all sectors.

16 *Arts & Diversity in the Labour Market* - Metier (Apr 2002)
17 *Cultural Occupations* - Susan Galloway, Research Fellow, University of Glasgow (Aug 2004)

> *"A new breed of entrepreneurial leaders in the arts world has shown that art of the highest quality is compatible with sound financial discipline. Indeed, the public subsidy produces a return."*
>
> Tony Blair
> *March 2007*

# 8. Best practice

We interviewed 19 creative practices which had experienced or displayed significant growth over the past five years, in turnover, employment, reputation or output. As with other parts of the study, we ensured that the respondents were drawn from across the various sub-sectors and were from a wide geographic area. We also ensured that they included both freelancers/micro-businesses and mid- to large-scale organizations. We included both mature and start-up enterprises.

Our analysis of 19 successful creative practices identified a number of self-defined skills and characteristics which they had in common. These could roughly be grouped under three headings:

- Great product, well marketed
- Good financial and business understanding
- Strong leadership qualities.

Over the next five years the successful creative practices almost all had the following aspirations:

- Increasing their national and international profile and relationships
- Investing more time in developing new ideas and products or services
- Achieving greater financial stability and sustainability for their enterprise.

Successful practices identified their need for support in the following areas:

- Mentoring
- Expanding management capacity
- High-level sector-specific training and skills development
- Research and development time
- Premises and production space
- Increased and secure revenue funding for subsidized organizations
- Accessing international markets
- Website and IT development
- Business planning support
- Marketing and self-promotion.

# 9. Setting the context

## 9.1. A successful creative ecology for Cornwall

Before looking at some specific conclusions and recommendations, it is important to understand how culture, the arts and the Creative Industries are all part of an interdependent Creative Ecology and how this relates to the development of a Creative Industries strategy for Cornwall.

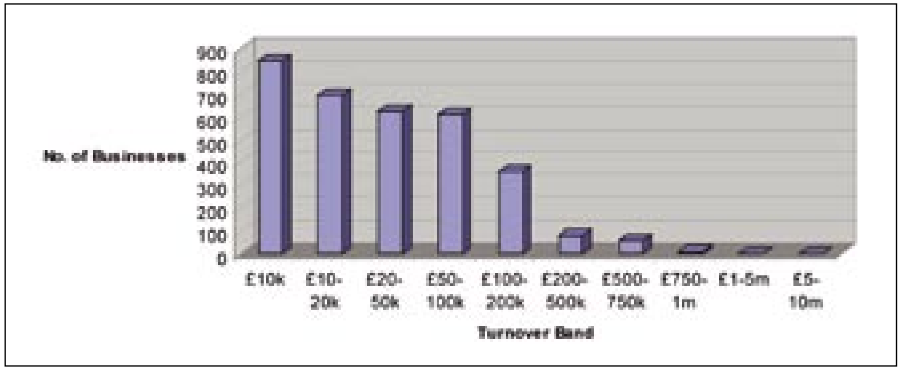
The idea of a Creative Ecology is that sustainable development in the creative sector relies upon the sustainability of healthy and vigorous relationships around creative production and exchange. In other words, cultural producers do not work in isolation but develop their businesses through their relationships with other producers, providers, suppliers, trainers, etc. The richness and variety of these relationships make a significant contribution to the development and realization of creative and commercial opportunities. This means that a healthy Creative Ecology should include a good range of sub-sectors, and a broad range of businesses and practices in terms of size, maturity, professional status and commerciality.

It is not possible to develop a prosperous and sustainable Creative Industries sector by investing solely in the most commercially-driven businesses as these businesses do not thrive in isolation. There needs to be investment throughout the Creative Ecology, in order to create the conditions in which higher value and high-growth businesses can flourish. Discussion needs to take place between all the key stakeholders involved in supporting the Creative Industries so as to develop a joint understanding of how investment in the whole ecology will result in long-term and sustainable economic gains for the sector. With this understanding, an overall support strategy could be developed which links up funding for 'art's sake' with investment in the sector.

## 9.2. How this translates in Cornwall - size of organization to turnover

The following two graphs from 2003 [18] show that in Cornwall the Creative Industries generate approximately 71% of their income from amongst the middle income band (businesses with turnovers between £50,000 and £750,000). The basic shape of this profile appears not to have changed, but turnover levels will have increased in the last four years. We now estimate the middle turnover band to be between £150,000 and £1m.

As Cornwall has few creative sector businesses generating more than £1m turnover, but a highly significant number whose turnover is between £150,000 and £1m, we suggest that in order to maximise the economic output of the sector for Cornwall, significant investment and support needs to be focused on helping enterprises and practices to move from the middle income bracket to beyond £1m turnover. The successful implementation of a strategy would create a number of businesses which would each employ over 30 staff, create numerous supply chain opportunities (especially the employment of freelancers) and be significant enough to be successful in an international market. Supporting between 30 and 40 businesses to reach this level would make a major difference to the Creative Industries sector in Cornwall and the contribution it makes to Cornwall's economy. The recommendations which follow in Section 10 focus on how this might be achieved with the support of Convergence funding.



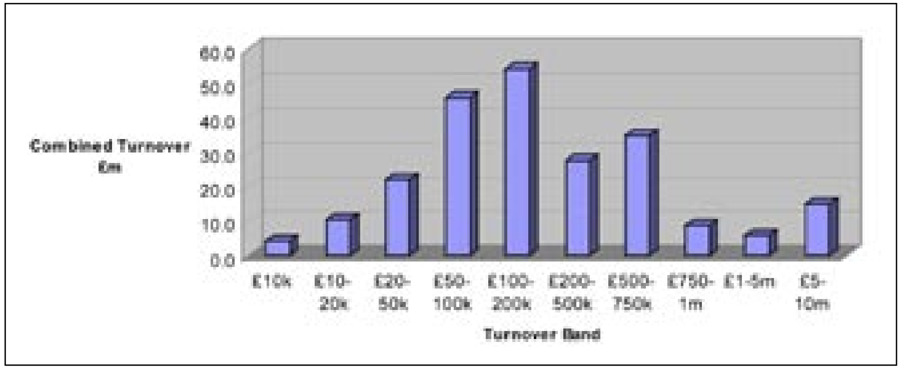




**Figure 10: Graphs showing size of organization to turnover in 2003**

18 *Creative Value* - Perfect Moment 2003

# 10. Recommendations

The main issues identified in the course of this research were the need for:

- A strategic group to represent the sector
- Consistent data collection with buy-in from all parties
- Marketing support
- Access to shared spaces and resources
- A simplified infrastructure for support including:
    - Access to high-level sub-sector expertise in marketing, skills and product design and innovation
    - Support with long-term business plans and strategies.

## 10.1. A strategic group to represent the sector

A body which represents the sector's interests and has credibility both within the sector and with policy makers is highly important. This body, based roughly on the model and remit of the old Cultural Industries Task Force, should:

- Include members who are *strategic thinkers* (i.e., they understand the importance of strategy and its integral relationship with successful delivery) and/or who are also recognizable as *sub-sector leaders* - having thorough knowledge of their sub-sector, good connections, respect and recognition, the ability to represent the sub-sector credibly and to communicate the strategy back to the sub-sector in a way that is relevant and actionable
- Be consulted on matters of investment, not simply used to validate decisions already made
- Be recognizably distinct and independent from the development and delivery agencies (e.g., the Creative Unit, Creative Skills, etc.) as a body that represents the sector on the ground and is therefore a conduit for information and feedback between the agencies, funders and the sector
- Be broadly representative in terms of geography, sub-sector, gender and size of business as well as having greater representation from the private sector alongside members from the public and third sectors.

## 10.2. Consistent data collection

Uniform definitions and data collection methods need to be agreed and used by all agencies and policy makers:

- Consistent, basic data need to be collected on beneficiaries, e.g., age, gender, post code, sub-sector, size of business, etc.
- Data protection and data sharing issues need to be sorted out between agencies and implemented at first point of contact with beneficiaries
- All strategic, local government and research bodies need to use the same toolkit of definitions for the Creative Industries as set out by DCMS. Although this toolkit has its limitations, it is the most definitive and widely used framework available, and failure to use it results in a confusing and inconsistent picture of the sector and undermines efforts to measure and map changes
- A set of qualitative performance indicators needs to be decided for the sector (for issues such as impact on quality of life, standards of excellence, etc.) and methods of monitoring and measuring agreed
- Work needs to be done to improve the RDA and GOSW data collection systems for gathering, codifying, retaining and analysing information from the sector and making them more accessible
- Data should be collected and analysed every year to inform the direction and focus of future programmes, possibly on a research observatory model.

## 10.3. Marketing support

High-level generic marketing of Cornwall and its Creative Industries needs to be developed. This could be developed through the emerging Region of Culture agenda and should encompass the continued development of a brand of excellence for Cornwall linked to its creative activity:

- Taking a multi-layered approach, e.g., festivals, themed events and days, profile raising events, showcasing, etc.
- Working more closely with South West Tourism and the Cornwall Tourist Board (Visit Cornwall) to ensure consistency of message and to link into the regional agencies' branding and marketing of Cornwall.

## 10.4. Shared space & resources

More office and workspace is needed across all sub-sectors. Redruth Creative Business Parc should be seen as only the beginning of providing shared space for the sector. This links into:

- Discussions need to take place with the RDA, District Councils, and other agencies about how best further workspace clusters can be developed - possibly by geographic, sub-sector groupings, etc.
    - The sector needs to consider how it can provide support for geographically dispersed business start-ups
- The possibility of longer-term incubation spaces needs to be explored and developed following on from the product development units offered by UCF
- The potential for models offering shared 'back office' and management support needs to be explored further
- There is a need to improve and increase the effective use of technology in the sector. This would include:
    - Working with UCF to increase access for the sector to the cutting edge resources available there
    - Encouraging joint purchasing of high-value resources where possible.

## 10.5. Simplified infrastructure for support

Some beneficiaries stated that the current infrastructure is too complicated. There would be benefits in having a simplified, holistic support system delivered through a 'one stop shop' development agency for the creative sector. The new support structure needs:

- To be simple – more understandable and navigable
- To have the capacity to deliver across all sub-sectors and also generically
- To bring together business support and skills development and possibly research into one body, e.g., a Creative Industries Development Agency.

## 10.6. Access to high-level sub-sector expertise in marketing, skills & product design & innovation

This research identifies that specific sub-sector development is highly important. We suggest that this follows three strands:

- Sub-sector forums and networks - the need to set up networks and forums where they are not already in existence to ensure grass roots input and dissemination of information
- Sector representatives (managers or organizations) - appointing development workers with sub-sector-specific expertise and a remit to:
    - Develop the sub-sector forums and networks
    - Research market intelligence
    - Bring their sub-sectors to market
    - Advise Creative Skills' training department on training needs
    - Identify needs for shared resources and spaces
    - Signpost training
    - Signpost mentoring and coaching
    - Help identify transition enterprises and growth enterprises
    - Hold budget to buy in services or outsource
- Sub-sector-specific marketing expertise and active encouragement of beneficiaries to face their markets including:
    - Developing showcases and platforms in Cornwall and possibly revisiting the Festivals' Strategy
    - Taking companies and practitioners to national and international trade fairs
    - Seeking out export opportunities.

## 10.7. Support with long-term business plans & strategies

Our recommendations here build on the existing Business Development and Training Needs work carried out by Creative Skills. However, we also see UCF, CUC and the colleges as integral to its successful delivery across the spectrum of organizations. The new support system should include:

### *10.7.1. Training & Skills*

- Organizing seminars
- Researching the best training available
- Managing training feedback
- Liaising with sector representatives
- Managing a mentor pool
- Delivering Development Needs Analysis
- Managing a Skills Fund
- Liaising with colleges on accredited training etc.

*10.7.2. Business Development*

It may not be realistic to expect all creative micro-businesses to have all the skills they need 'in house'. However, they do need to understand the importance of the business function to their survival and success. We therefore recommend that it is important to look at the specific and individual needs of these enterprises and how best they can engage, if appropriate, with other models of delivery. These may include outsourcing, clustering, sharing, buying in, etc. – in order to access business functions and build their capacity. In order to draw these conclusions, the following services would need to be available:

- An online business diagnostic tool
- Business analysis for transitional and high-growth support
- Management of transitional and high-growth support programmes.

*10.7.3. Key Role of UCF, CUC & the colleges*

- Providing high-end information and expertise about certain sub-sectors
- Providing access to some of the most cutting edge resources
- R&D support and product development
- Business Fellows to be mentors and to screen and/or support graduates for the Accelerator Programme
- Access to training through adult education programmes
- Continued business skills and marketing training tailored to the Creative Industries.

## 10.8. Pathways of support [19]

We believe that best returns on investment can be achieved by short-term focused funding directed at enterprises that have reached a point of transition in their development. This research uncovered a high number of companies and practitioners that currently recognize themselves as being at a point of transition and ready for next stage investment. We therefore suggest that the following three elements should be present in structuring a new support system for the Creative Industries in Cornwall:

- **'Pathways of support'** to meet the needs of beneficiaries at all stages of development from entry and pre-entry-level, through transitional stages to high performance and mature organizations
- Bringing **business support, and training and skills development** together in a more **holistic service**
- **Broadening the range of sub-sectors** supported and including sub-sector-specific, expert support.

19 See Figure 11

*10.8.1. Pre-entry*

This involves working with the schools and colleges, adult education programmes and UCF to raise interest and awareness of career opportunities in the sector and the likely entry requirements. One key area to build on is the current graduate mentoring programme currently offered by Creative Skills to Visual Arts and contemporary crafts graduates at UCF. Substantial work experience placements for portfolio building would also be desirable. Effective engagement at this stage will help to accelerate growth and aspirations, but will also serve to make expectations realistic. At present Cornwall has 42 schools with Artsmark Awards[20] (25 of which are at Gold level) and six specialist schools in visual arts, media, performing arts or music. From this strong starting point there is scope for further work to be done with schools and colleges to develop a strategy for the 14 to 19 age range. Possibly this can involve working with the Talented and Gifted Register and the new Diplomas in Arts and Media, plus looking at the findings of the '*Ignite*' scheme which was developed by NESTA.

*10.8.2. Entry- level*

Entry-level support will include business start-up programmes, and Development Needs Analysis. It should also link into the work being carried out by the Business Fellows at the Incubation Units at UCF. There is an opportunity for developing links with Unlocking Cornish Potential to develop and seed graduate employment opportunities within the sector.

*10.8.3. Accelerated growth*

Alongside the pathways of support there needs to be the capacity for fast-track, accelerated growth. This would be for enterprises, sole traders, and potentially graduates and college leavers, displaying particular flair, innovation or entrepreneurial thinking. There needs to be capacity for these high potential enterprises and individuals to be identified and hot-housed with tailored support and investment. This work would be based on best practice identified by UK Business Incubation[21] which aims to *'create successful new UK enterprises and entrepreneurs by leading and promoting the development of high quality business incubation throughout the UK.'* UKBI recognizes that effective incubation is more than about providing premises and investment and as much about process, i.e., mentoring, performance coaching, counselling and training.

*10.8.4. Transition*

It is important to note that many enterprises and practitioners have already achieved significant growth as a result of the interventions of Objective One. These enterprises have grown impressively but now need further short-term targeted investment to achieve the next stage of growth.

20 The Artsmark Award is presented by Arts Council England for arts education provision in schools that cater for 5 to 16 year olds. It is awarded on three levels: Artsmark, Artsmark Silver and Artsmark Gold, and is valid for three years.
21 www.ukbi.co.uk

Transitional support needs to include a business diagnostic process identifying companies at a point of transition where intervention will make most difference including:

- Diagnostic financial analysis and benchmarking
- Indicators for potential growth including lifestyle considerations, commitment, commerciality, market awareness, etc.
- Business advisors to assess basic and specific needs and help develop a tailor-made holistic service which could include:
    - Business planning
    - Targeted support in meeting the market
    - Support with product development
    - Support with access to finance
    - Support to drive up profitability
    - Extra support with training/skills development.

The importance of assisting companies through transition is that those organizations in the middle income bracket generate the bulk of the financial returns for Cornwall. 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 and capable of joining together to undertake international work.

*10.8.5 . Higher performers*

By high performers we refer here not only to those organisations with high turnover but also to enterprises with high profiles and, particularly, high growth potential. At the mid to top end, there need to be special programmes for enterprises over £200,000 and which exhibit growth potential to reach £1m, plus job creation. These enterprises need:

- Significant support in key areas – especially product development and expansion of markets
- To be made ready for investment
- Access to resources and infrastructure
- Three-to-five year business planning.

The importance of supporting these high performers is that they provide not only economic returns for Cornwall, but are also the flagships by which Cornwall's reputation is made. They are also inspirational and aspirational models for up-and-coming businesses and set the standard on quality.

## PATHWAYS OF SUPPORT

**Higher Value Companies**
Bespoke longer-term planned programme of support including:
- *Business Support*
- *R and D and product development*
- *Marketing and access to markets*
- *Making investment ready*

**Transition Support Programmes**
- *Business diagnostic tool to identify key transition stages*
- *Specific, targeted, short-term support to help achieve transition*

**2-3 Year Accelerator Programme**
Special support with:
- *Mentoring*
- *Business Support*
- *Marketing*
- *Access to Market*
- *Rand D*
- *Premises*
- *Networking*

**General Support Activities**
- *Seminars*
- *Market intelligence*
- *Sub-sector network events*
- *Training information*
- *Accredited training*
- *Skills Fund*
- *Mentoring*
- *On line business diagnostic tool and benchmarking*
- *Development Needs Analysis*

**Accelerator programme screening**

**PRE-ENTRY**
Work with the following to promote careers in the Creative Industries:
- *University College Falmouth*
- *Combined Universities in Cornwall*
- *Truro and Cornwall Colleges*
- *Adult Education Programmes*
- *Schools*

**ENTRY**
- *Business start up programmes*
- *Unlocking Cornish Potential – to support graduate entry*
- *Development Needs Analysis for new entrants to sector*
- *Business Fellows*

**Advised not to start business**

**Figure 11: Pathways of support**

# Appendix A: Direct bids

| Date | Project/Beneficiary | Details | Fund | Measure | Amount |
|---|---|---|---|---|---|
| *Support programmes* | | | | | |
| 22-Oct-04 | Audio-Visual Industries Development - South West Screen | To follow on from the successful three year Cornwall Film Fund Programme that supported the development of local film and TV production in Cornwall. | ERDF | 1.2 | £457,029 |
| 22-Oct-04 | Audio-Visual Industries Development - South West Screen | To follow on from the successful three year Cornwall Film Fund Programme that supported the development of local film and TV production in Cornwall. | ERDF | 1.6 | £457,029 |
| 17-Apr-03 | Creative Kernow | To provide hands-on support for small businesses and individuals working in the Creative Industries sector. | ERDF | 5.1 | £172,841 |
| 01-Oct-05 | Creative Kernow | To provide hands-on support for small businesses and individuals working in the Creative Industries sector. | ERDF | 5.1 | £17,800 |
| 07-Dec-01 | Creative Skills | To provide Cornwall's Creative Industries with a huge boost aimed at developing and improving performance. | ESF | 3.3 | £329,950 |
| 04-Apr-03 | Creative Skills | To extend a project to develop the skills of people working within the Creative Industries. | ESF | 3.2 | £286,673 |
| Apr-04 | Creative Skills: Social Enterprise | The project provided higher level support and advice. | ESF | 3.2 | £160,823 |
| Apr-04 | Creative Skills: Skills Fund | The project enabled the Creative Skills team to deliver a flexible and responsive skills fund for the Creative Industries sector. | ESF | 1.7 | £280,744 |
| Jul-06 | Creative Skills - CS Workforce project | Extended the Skills Fund work but it also included mentoring, seminars, etc. | ESF | 3.7 | £209,408 |
| 05-Apr-02 | Cornwall Arts Marketing | Aimed at improving the marketing of arts. | ERDF | 5.1 | £2,923,963 |
| 29-Jul-05 | Cornwall Cultural Marketing | To create innovative campaigns on behalf of the cultural sector. | ERDF | 5.1 | £788,831 |
| 30-Mar-01 | Cornwall Film (Phase One) | To provide an Umbrella Fund to support film, TV and script production in Cornwall. | ERDF | 1.2 | £548,529 |
| 01-Oct-05 | CUC Creative Enterprise Cornwall 2 | Promotion of CPD through research activities focusing on '2 and 3D design', 'nature and the environment' and 'Art and Design'. | ESF | 5.4 | £1,499,880 |
| 02-Apr-02 | CUC Creative Enterprise for Cornwall | To support post-graduate students | ESF | 5.4 | £1,643,031 |
| **Sub-total** | | | | | **£9,776,531** |

# Appendix A: Direct bids

| Date | Project/Beneficiary | Details | Fund | Measure | Amount |
|---|---|---|---|---|---|
| *Festivals, etc.* | | | | | |
| 09-Mar-01 | Celtic Film & Television Festival | Funding for 22nd Celtic Film & TV Festival, providing major networking opportunity for local film industry. | ERDF | 1.2 | £113,107 |
| 15-Nov-02 | Miracle Theatre Development Project | To fund an 18-month development phase for the Trust so that they can reach a more established level, enabling them to receive Arts Council funding. | ERDF | 5.1 | £21,791 |
| **Sub-total** | | | | | **£134,898** |
| *Capital projects and feasibility studies* | | | | | |
| 21-Jul-06 | CUC | Comprises a suite of work packages, each of which will enable a capital element of CUC Phase Two to be tendered. | ERDF | 5.3 | £1,469,592 |
| 08-Feb-01 | CUC Initiative First Phase of Start-Up | To enable first phase of start-up work for both the physical development and course development work which will allow all phases of the main site at Tremough to be ready for occupation by 2003. | ERDF | 5.3 | £673,636 |
| 19-Oct-01 | CUC Initiative Second Phase of Start-Up | To continue in the development of the CUC. | ERDF | 5.3 | £4,937,500 |
| 09-Sep-02 | CUC Phase 1 Hub Capital Design Centre | Towards the construction of the CUC Campus at Tremough, Falmouth. | ERDF | 5.3 | £12,177,332 |
| 13-Aug-04 | CUC phase 1 Hub: Specialist Equipment | Towards the purchase of specialist equipment for the Design Centre of Falmouth College of Arts. | ERDF | 1.6 | £509,040 |
| 21-Jul-06 | CUC Phase 2 | To undertake a second phase of capital build at the CUC Hub in Tremough. | ERDF | 2.7 | £7,754,702 |
| 28-Nov-03 | Digital Expressions Feasibility Study Community Projects Trust Ltd | A feasibility study to map the provision of the creative media industries sector in North Cornwall and ways of developing the sector. | ERDF | 1.6 | £7,500 |
| Jan-06 | Leach Pottery | This project will acquire, preserve and enhance the site and building of the Leach Pottery to make them fully accessible to the general public. | ERDF | 5.2 | £450,767 |
| 01-Apr-06 | Mawnan Anvil Smithy | The project restores the historic smithy at Mawnan Smith to full use and includes building two workshops for creative business start-ups. | ERDF | 5.5 | £143,000 |
| 01-Oct-05 | Mayrose Project Feasibility Study Equity | A feasibility study to determine viability of an International Centre of Excellence for the ongoing training and professional development of professional performers in North Cornwall. | ERDF | 5.1 | £5,000 |

## Appendix A: Direct bids

| Date | Project/Beneficiary | Details | Fund | Measure | Amount |
|---|---|---|---|---|---|
| 30-May-03 | Mount Pleasant Ecological Park | To create six high-tech eco-friendly workshops for use by traditional craftspeople and artists. | EAGGF | 4.6 | £63,819 |
| 12-Apr-01 | Multimedia Cornwall College | To develop higher education training in sector, including digital broadcasting. | ESF | 1.7 | £258,527 |
| 12-Nov-05 | Newlyn Art Gallery Development | To provide enhanced gallery spaces and education facilities. | ERDF | 5.5 | £1,206,858 |
| 18-Sep-02 | Penwith Media Facility Study The Media Centre for Cornwall Ltd | To assess the current and future needs of the Cornish media industry and plan for a centre to meet those needs. | ERDF | 1.6 | £21,568 |
| 14-May-06 | Redruth Creative Industries Business Parc | For technical study prior to planning permission. | ERDF | 5.1 | £85,000 |
| 25-Sep-02 | South West Film Studios | To provide state-of-the-art productions facilities for the film and television industry. | ERDF | 1.1 | £2,018,800 |
| 01-Apr-06 | Tate St Ives – Phase Two | Feasibility study for expanding the Tate in St Ives. | ERDF | 5.5 | £273,000 |
| **Sub-total** | | | | | **£32,055,641** |
| | | | | | **Grand total = £41,967,070** |

# Appendix B: Delegated funds

## Learning & Skill Council funds

| Project Details | Fund | Measure | Value |
|---|---|---|---|
| Creative Skills | ESF | 1.7 | £95,208 |
| Creative Skills | ESF | 1.7 | £153,370 |
| Creative Skills Employee Support | ESF | 1.7 | £52,365 |
| Creative Skills | ESF | 3.7 | £282,660 |
| **Sub-total** | | | **£583,603** |

## Rural Key Fund

| Project Details | Value |
|---|---|
| Development of a community based performing arts group | £6,000 |
| IT training suite offering various training including digital media | £27,000 |
| Establishment of a sound engineering and digital media lab for training and use by local businesses | £26,100 |
| IT training suite offering various training including digital media | £12,102 |
| IT training suite offering various training including digital media | £10,000 |
| IT training suite offering various training including digital media | £6,859 |
| Development of a social enterprise offering training opportunities in website design and construction | £27,000 |
| IT training suite offering various training including digital media | £16,651 |
| IT training suite offering various training including digital media | £18,201 |
| **Sub-total** | **£149,913** |

## Community Futures Fund

| Project Details | Value |
|---|---|
| Creation of a print workshop | £4,794 |
| Digital photography social enterprise | £5,939 |
| Artist Development Group | £4,917 |
| Various craft courses | £3,410 |
| Various craft courses | £5,894 |
| Establishment of a pottery for socially excluded | £5,960 |
| Training in stone working for craft | £425 |
| Training programme in digital media | £1,089 |
| Music development programme | £1,658 |
| Music development programme | £1,593 |
| Training in digital imagery | £2,970 |
| Performing arts training | £5,070 |
| **Sub-total** | **£43,719** |

# Appendix C: Jobs & income generated in Cornwall

## Estimating the jobs and income generated as a result of Objective One investment in business support

What we know is that between 2000 and 2004

- Employment in the Creative Industries in Cornwall grew by 1,600 from 8,600 to 10,200 a growth of 18.6%
- Nationally, growth in employment 2000-2004 in the Creative Industries was 3% (Source: DCMS)
- Growth in population in Cornwall 2000-2004 was 3.6% from 497,000 to 515,000 (Source: ONS)
- Growth in the economically active population in Cornwall 2000-2004 was 10.55% from 219,000 to 242,100 (Source: ONS)
- The economically active % of the total population was 44% in 2000 and 47% in 2004
- CI employment as a % of the economically active was 3.9% in 2000 and rose to 4.2% in 2004
- CI employment as a % of the entire population was 1.78% in 2000 and 1.98% in 2004

We should discount some of the percentage growth in employment in the Creative Industries due to population growth. If we say that the population increase mirrored the other data (and that may not be the whole case due to demographic patterns such as ageing), then of the 18,000 increase between 2000 and 2004, 8,100 (45%) would have been economically active, and of those 324 (4%) would have been in the CI sector. This would reduce the 18.6% growth figure to 15% between 2000 and 2004

We can also discount as deadweight 3% of the 18.6% growth in CI employment (258 jobs) as being that which would have happened without Objective One interventions according to national trends (although most of the national growth would have been centred in the Creative Industries powerhouse of London and the South East).

These two calculations leave in employment in the Creative Industries at 1,018 jobs. We should also discount those jobs which were a result of the Objective One capital funding – in this case 191 jobs at UCF and Newlyn Art Gallery (although some of those would have subsequently been beneficiaries on various support programmes we can leave the figure as is to produce a more conservative estimate). This would result in a figure of 827 jobs.

Other factors which may have caused growth in the sector, other than Objective One, include:

- Other investments – though they are very small compared to Objective One
- A general trend towards relocations in the South West (from 1998 to 2002 the regional growth in employment was 8.2%)
- Continual growth in global markets (estimated as high as 7.5%) - although much of this is in the high growth digital and advertising sectors which are relatively small in Cornwall.

The deadweight ratio on gross to net jobs on page 5 of the Objective One 2005 Programme Complement suggests a net figure in the region of 45% of the gross jobs. If we discount 50% of the 827 gross jobs to account for some of the other economic effects. This would produce a total of 414 jobs, a CI employment growth figure of 4.8% that we might reasonably apportion to direct Objective One investment in business support.

We have allocated the growth of these new jobs across the 2000-2004 period with 15% in year one, 20% in year 2, 30% in year 3 and 35% in year four in order to reflect the cumulative effect of Objective One investment

| Year | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|
| No of new jobs created since 2000 | 0 | 62.1 | 144.9 | 269.1 | 414 |

These new jobs have been created by investment in creative and business skills and it would not be unreasonable to expect that the impact of the acquisition of these skills, paid for by Objective One, would continue to support these new employees for at least five years. (This is without taking into account the impact of the final stages of the Objective One programme on the Creative Industries from 2005 through to 2007). In order to arrive at a figure that projects through to 2008/9 we have included the impact of the new jobs created for a further five years but depreciated at a rate of 20% per year.

| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|
| New jobs created since 2000 | 0 | 62.1 | 144.9 | 269.1 | 414 | 331.2 | 248.4 | 165.6 | 82.8 | 0 |

According to ABI figures turnover per head increased from £60,139 in 2004 to £64,916 in 2005 an increase of 7.94%. If, following the gross sales/net GDP calculations in the Programme Complement (80/20) we discount 80% of this figure as being due to outside factors (displacement, deadweight, leakage, inflation etc) we then have an increase in turnover of 1.59% that we might reasonably say is due to Objective One business support investment in the Creative Industries. As with the growth of new jobs we have allocated the growth in turnover across the 2000 to 2004 period with 15% in Year One, 20% in Year Two, 30% in Year Three and 35% in Year Four. In this way we have taken into account to some extent the cumulative effect of Objective One investment. Turnover figures are therefore:

| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|---|---|
| Turnover per head | 60,139.00 | 60,282.43 | 60,473.67 | 60,760.54 | 61,095.21 | 61,095.21 | 61,095.21 | 61,095.21 | 61,095.21 |

When we put the turnover figures together with the number of new jobs created by Objective One investment we have a reasonable estimate of the value of the return of the Objective One Investment in the Creative Industries

| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|---|---|
| No of new jobs created since 2000 | 0 | 62.1 | 144.9 | 269.1 | 414 | 331.2 | 248.4 | 165.6 | 82.8 |
| Turnover per head | 60,139.00 | 60,282.43 | 60,473.67 | 60,760.54 | 61,095.21 | 61,095.21 | 61,095.21 | 61,095.21 | 61,095.21 |
| Extra income generated | 0.00 | 3,743,539 | 8,762,635 | 16,350,660 | 25,293,417 | 20,234,734 | 15,176,050 | 10,117,367 | 5,058,683 |

Total extra income generated = £ 104,737,086. This represents around £10 generated for every pound invested in Creative Industries support structures which is slightly higher than the £8 to £9 average target figures shown across all ERDF investments by GOSW.

## Cost of jobs created

- 414 jobs have been created at a total cost of £9.88 million. This works out at a cost of £23,864 per job
- In the overall Objective One programme targets the key result for jobs is 14,245 net jobs against an EU investment of €497,844,00 which gives us a cost of €34,948 EU investment per job or £23,764 at 0.688 euros to the pound (14th Sept 2007)
- The mid-term evaluation of the Merseyside Objective One programme showed that the forecast average unit cost per net additional job was around a third higher than that assumed in the Programme Complement (£30,700 compared to £22,300)
- As an external comparator, according to the DTI, regional selective assistance between 1991 and 1995 cost £21,000 per job. However this figure was challenged by the National Audit Office as being unrealistically low and could realistically be doubled.
- Within the Creative Industries in the North West, the Objective Two Enterprise Evaluation put the cost at £30,562 for the Preston Creative Industries Programme and £31,633 for the Creative Industries Development Programme
- Therefore the cost per job created in the Creative Industries in Cornwall would appear to match Objective One target aspirations, but once final economic impact evaluation is completed for all programmes, will in all likelihood represent good value, particularly when compared to similar creative industry programmes around the UK.

Chaise longue, designed and made by Sixixis. *Photograph*: Mark Wallwork

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