

Evaluation of the Creative Local Growth Fund

Final Report

Arts Council England

**Nordicity
and
Saffery Champness LLP**

December 2020



Table of Contents

Abbreviations	i
Executive summary	ii
1. Introduction	1
2. About the programme and projects	2
2.1 Programme objectives	3
2.2 Profile of the projects	3
3. Approach and methodology	6
3.1 Overview	6
3.2 Secondary research	6
3.3 Primary research	7
4. Rationale and relevance	9
4.1 Market failure	9
4.2 Distributional objectives	12
4.3 Alignment with Arts Council England's objectives	12
4.4 Alignment with Government policy	14
4.5 Covid-19 pandemic	16
5. Programme outputs	17
5.1 Progress against ERDF/ESF targets	17
5.2 Challenges in attaining performance targets	20
6. Programme impact	22
6.1 Overview	23
6.2 Employment	25
6.3 Gross value added	27
6.4 Delivery models	29
6.5 Funding leverage	31
6.6 Urban vs. rural	32
6.7 Business confidence and resilience	32
6.8 Inclusivity	33
6.9 Strategic added value	35
7. Value for money	41
7.1 Cost-efficiency	41
7.2 Cost-effectiveness	42
8. Conclusions and key learnings	45
8.1 Conclusions	45
8.2 Key learnings for future initiatives	47
References	49
Appendix A: Programme logic model	51
Appendix B: KPIs and data plan	52
Appendix C: List of consultees	61
Appendix D: Profile of CLGF projects	62
Appendix E: Technical economic analysis	66
Appendix F: Case studies	73
Glossary	81

Abbreviations

ACE	Arts Council England
Beneficiary	An individual, company or organisation that receives some type of support from a programme offered by a grantee
CLGF	Creative Local Growth Fund
D&B	Dun & Bradstreet
DCLG	Department for Communities and Local Government
ERDF	European Regional Development Funds
ESF	European Social Fund
ESIF	European Structural and Investment Funds
FE	Further education
FTE	Full-time equivalent
Grantee	An organisation awarded a CLGF grant and responsible for delivering a programme of business support or other initiatives to artists or SMEs within a specified geographic area
GVA	Gross value added
HE	Higher education
HEI	Higher education institution
KPI	Key performance indicator
LA	Local authority
LEP	Local enterprise partnership
MHCLG	Ministry of Housing, Communities and Local Government
NALEP	New Anglia LEP
NELEP	North East LEP
NfCE	Network for Creative Enterprise
NPO	National Portfolio Organisation
Project	Refers to an individual programme of business support and other initiatives provided by a grantee to artists or SMEs within a specified geographic area
ONS	Office for National Statistics
SAV	Strategic added value
SME	Small and medium-sized enterprise
TVLEP	Tees Valley LEP
VFM	Value for money
WELEP	West of England LEP

Executive summary

About the Creative Local Growth Fund

Overview

First launched in October 2015, the Creative Local Growth Fund (CLGF) was a place-based programme through which Arts Council England (ACE) worked in partnership with local enterprise partnerships (LEPs), arts organisations, and other local-level partners to provide financial support to locally focused initiatives designed to help arts and culture contribute to local economic growth by:

- i. securing long term partnership between LEPs, ACE and other local partners to support the cultural sector;
- ii. leveraging European Structural and Investment Funds (ESIFs) – particularly the European Regional Development Fund (ERDF) – investment from LEPs into the cultural sector; and
- iii. investing in new approaches to achieve these objectives, while at the same time developing learnings that can inform policy and practice.

Following a competitive selection process, nine grantee organisations (or consortia of organisations) across England were awarded a total of £3.8m in funding from the CLGF (Table E - 1). As a condition of receiving an award, these CLGF 'projects' had to also have match funding from the ESIF – specifically the ERDF, but also the European Social Fund (ESF). In total, the nine CLGF projects raised an additional £9.4m in ERDF/ESF funding, and just over £5.1m in other cash funding. In total, the CLGF projects received £18.3m in cash funding.

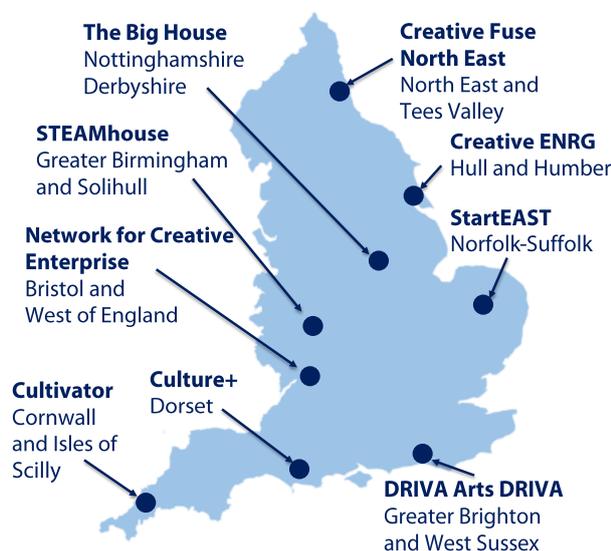
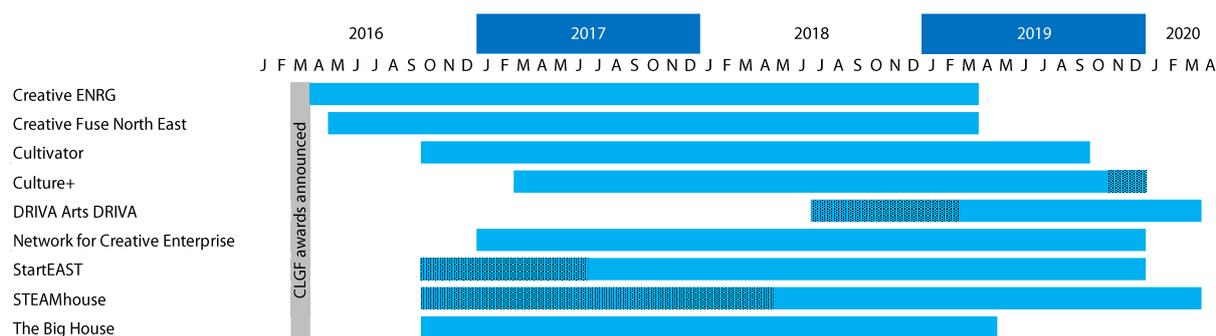


Table E - 1 List of CLGF projects and funding sources

Project name	ACE area	CLGF award (£)	ERDF/ESF (£)	Other cash funding (£)	Total (£)
Creative ENRG	North	300,000	1,060,000	180,430	1,540,430
Creative Fuse North East	North	271,362	801,301	3,100,000	4,172,663
Cultivator	South West	500,000	2,998,092	130,082	3,628,174
Culture+	South West	482,200	482,200	0	964,400
DRIVA Arts DRIVA	South East	266,610	500,000	245,124	1,011,734
Network for Creative Enterprise	South West	500,000	500,000	0	1,000,000
StartEAST	South East	500,000	609,770	112,000	1,221,770
STEAMhouse	Midlands	500,000	1,764,001	1,250,383	3,514,384
The Big House	Midlands	500,000	658,894	40,145	1,199,039
Total	--	3,820,172	9,374,258	5,058,164	18,252,594

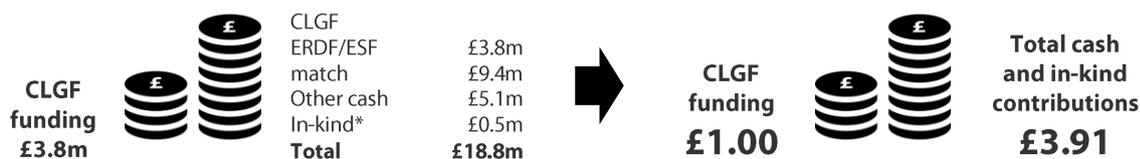
Sources: ACE, CLGF projects and MHCLG

The first CLGF projects started operating in April 2016, although DRIVA Arts DRIVA's start was delayed until July 2018 (Figure E - 1). Most projects ran for approximately 30 to 36 months; although some did have shorter or longer durations. The longest-running project was Creative ENRG (36 months); the shortest-running project was DRIVA Arts DRIVA (9 months). All of the projects completed the CLGF-funded portion of their activities by 31 March 2020; although DRIVA Arts DRIVA continued to deliver ESIF-funded activities beyond that date.

Figure E- 1 Timeline for CLGF projects


Note: Blue bar represents the duration of the CLGF project. Shaded bar represents the period that the CLGF project was not open to beneficiaries.

The CLGF achieved a high degree of **funding leverage**, going beyond the cash funding obtained from the ERDF/ESF (Figure E- 2 CLGF funding leverage). Overall, the CLGF projects received an additional £3.78 in cash funding for every £1.00 of ACE funding. Adding in-kind contributions to the funding profile of CLGF projects raised the total value of projects' inputs to £18.8m, thereby raising the leverage of CLGF funding to **£3.91 for every £1.00** of ACE funding.

Figure E- 2 CLGF funding leverage


Source: Project data

Note: Total does not sum due to rounding

* Includes the value of personnel and facilities provided to projects

Whilst each of the nine projects had the primary objective of increasing arts and culture's contribution to economic growth in their respective LEP area(s), they deployed their CLGF funding in different ways to achieve this objective. That being said, all of the nine projects, in some form or another, provided:

- i. business diagnostic / needs assessments;
- ii. 1-to-1 business advice and mentoring;
- iii. workshops and networking events; and
- iv. grants, bursaries or cash awards.

Certain projects have also provided:

- i. free/discounted access to workspaces/makerspaces;
- ii. 'hack' events;
- iii. research collaboration;
- iv. export support;
- v. internships/apprenticeships; and
- vi. art exhibitions, arts festivals, showcases, marketplaces, and trade fairs among their business support offering.

Rationale and relevance

The rationale and relevance of the CLGF remains as strong today as it did in 2015 when the programme was launched and is likely to remain so in a world where the Covid-19 pandemic is still unfolding.

The creative industries have been an important source of economic growth in the UK over the past decade, contributing £111.7bn to the UK economy in 2018, an increase of 43.2% in real terms since 2010. The overlapping cultural sector also has made a significant contribution, £32.3bn to the UK economy in 2018, an

increase of 21.9% in real terms since 2010.¹ However, the unique characteristics of the sectors – namely, the prominence of self-employed and micro-enterprises – means that they still warrant policy support to better realise their full economic potential.

The Covid-19 pandemic

At the time of writing, the ramifications of the Covid-19 pandemic for society and the economy continue to evolve, as do the impacts it is having on the cultural and creative sectors in the UK. The short- and long-term economic effects of the Covid-19 pandemic – and in particular the uncertainties that it has created – are continually presenting challenges to the resilience of creative practitioners and cultural organisations.

As the cultural and creative sectors and ACE work through the unfolding impacts of the Covid-19 pandemic, the learnings from this evaluation will remain relevant for ACE in the future design or implementation of policy interventions. More so, given the current Government priority on levelling up the economic opportunities and job creation across the country.

The Covid-19 pandemic and the interpretation of the programme evaluation analysis and results

Whilst this evaluation of CLGF was published several months after the onset of the Covid-19 pandemic in the UK, it is important to recognise that the evaluation analysis and results reflect the economic environment prior to the Covid-19 pandemic.

- The CLGF was conceived in 2015 and launched in 2016, well before the Covid-19 pandemic.
- All of the CLGF-funded programme activities were completed by 31 March 2020. Virtually all programme activities occurred before the Covid-19 pandemic.
- The vast majority of the research conducted for this programme evaluation was conducted prior to March 2020 and thereby before the onset of the Covid-19 pandemic.

As part of the programme evaluation, the study team prepared forecasts of the CLGF's economic impact beyond the end of the programme, on account of the expected future business growth of its beneficiaries. Even before the Covid-19 pandemic, these forecasts would have been subject to uncertainty. However, the onset of the Covid-19 pandemic invariably means the forecasts of impacts on employment and gross value added (GVA) found in this report will not be met.

Despite this, the study team has not adjusted the forecast for two reasons. First, there was no reliable way at the time of writing to reflect the impact of the Covid-19 pandemic. And second, any adjustment would result in a co-mingling of the effects of the CLGF and the Covid-19 pandemic, and thereby fail to provide an assessment of the attributable impact of the CLGF as opposed to other factors that would promote or inhibit business growth among CLGF beneficiaries.

The CLGF – as it was implemented at the local level by the grantee projects – directly addresses a market failure that exists in the provision of business support services. At a generic level, this market failure arises because of imperfect information and public goods qualities (see definitions in Glossary). However, within the cultural and creative sectors, the generic market failure is exacerbated because of the higher proportion of sole traders and micro-enterprises present than in the economy as a whole. This is significant because small businesses have constraints on their capital and management capacity (e.g. a lack of professional managers or management training), which mean that the risks of imperfect information are heightened.

The Covid-19 pandemic is likely to further exacerbate this market failure in the provision of business support services. As the situation continues to develop and the economy recovers, creative practitioners and entrepreneurs within the cultural and creative sectors are likely to face even more business uncertainty and greater constraints on their capital capacity.

The arts and culture sector also generates positive social and cultural externalities through its impact on wellbeing and the population's sense of place and pride in community. These positive externalities mean that the general public stands to benefit from the creativity and the exchange of cultural products – in addition to the economic benefits experienced by the sellers and buyers of those cultural products. The commercial demand and supply for business support services within the cultural and creative sectors is

¹ DCMS (2020), [DCMS Sectors Economic Estimates 2018 \(provisional\): Gross Value Added](#), pp. 1, 4-6.

unlikely to reflect the benefits to the general public, and so contribute to the market failure. Therefore, without some type of intervention, there would likely be an undersupply of business support services to the cultural and creative sectors, resulting in an undersupply of the cultural products that the general public also value.

The Covid-19 pandemic has had a significant impact on the population's health and the economy. The Covid-19 pandemic's disproportionate effect on people from Black, Asian and Ethnically Diverse groups, children and young people, and economically deprived areas of the country means the health and economic recoveries from the Covid-19 pandemic will likely have to be accompanied by a 'social' or 'societal' recovery. Culture and cultural products can play an integral role in this societal recovery by reinforcing our shared history, experiences and social values.

The CLGF was closely aligned with ACE's 2010-2020 strategic objectives as well as its 2020-2030 10-year strategy *Let's Create*. The CLGF was also aligned in one form or another with Government policy as reflected in the **Culture White Paper** (2016), the **Industrial Strategy: Building a Britain fit for the future** (2017), the **Creative Industries: Sector Deal**, and the **Tourism Sector Deal**. The CLGF played an important role in helping deliver **Local Growth Deals**. Furthermore, the CLGF confirmed the importance of arts and culture in the majority of participating LEP areas, as often embodied in those LEPs' **Local Industrial Strategies**.

Outcomes

Context

The impact of the Covid-19 pandemic has completely changed the future context of place-based support programmes. For example, in the short term, there will be a capacity loss, as organisations in the cultural and creative sectors struggle to survive periods of full and partial 'lockdown' impacting unevenly across the regions. In the medium term, there will be constraints placed on social interaction, which will impact on the format of any programme delivery; and in the long term, there is a high degree of economic and technological uncertainty that could impact on delivery of cultural and creative products, and the delivery of future business support. Nonetheless, there is value in the programme evaluation's analysis of the CLGF, as it still shows where it has been successful and provides insight to inform future arts and culture-based business support initiatives.

ERDF/ESF Targets

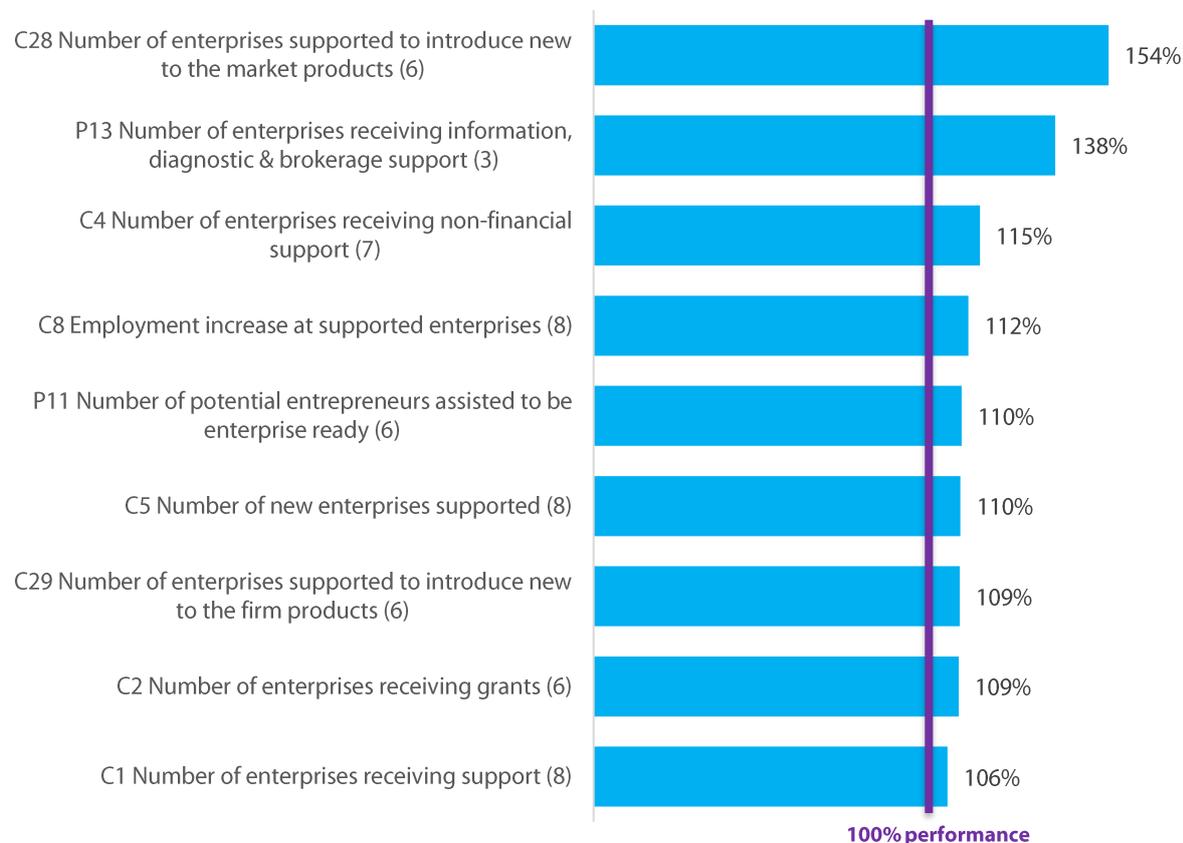
On an aggregate basis across eight of the nine² CLGF projects the programme outperformed **all** of its targets for the ERDF and ESF (Figure E-3). The best aggregate performance was in terms of:

- i. Number of enterprises supported to introduce new to the market products or services (+54%)
- ii. Number of enterprises receiving information, diagnostic & brokerage support (38%)
- iii. Number of enterprises receiving non-financial support (15%)

The weakest aggregate performance was in terms of the:

- i. Number of enterprises receiving support (+6%)
- ii. Number of enterprises receiving grants (+9%)
- iii. Number of supported to introduce new-to-the-firm products (+9%)

² Project performance was not available for DRIVA Arts DRIVA as delays to the start of the project meant that even by August 2020, it was too early to forecast its final performance on an interim basis.

Figure E- 3 CLGF projects' aggregate performance vs. ERDF/ESF targets*


Source: Project summative assessments

* Number of projects with contracted target in parentheses. Excludes ERDF targets contracted by only one project.

Looking underneath this performance however, the study team found wide variances in projects' performance in relation to their respective ERDF/ESF targets. Excluding those ERDF/ESF metrics adopted by only one or two projects, the study team found that there was no ERDF/ESF metric for which all the projects met or exceeded their performance target. In fact, in the case of **number of new enterprises supported** (C5), and **employment increase at supported enterprises** (C8), the incidence of under-performance was 50%. That is, half the projects that adopted those targets did not meet them. Also, it is important to note that several projects changed their targets, with the agreement of their ERDF office through an official Project Change Request mechanism, partway through the project. These changes were made either due to definitional changes by the Ministry of Housing, Communities & Local Government (MHCLG) or to reflect changes in a project's operating environment.

Summary of CLGF impact on beneficiaries

The study team drew upon data collected by six³ of the nine projects through their own surveys of beneficiaries. Across these six projects, survey data was available for 73 different types of potential programme impacts – ranging from 'increased turnover' to 'increased beneficiary confidence'. These 73 different impacts were grouped into 11 impact categories listed in Figure E- 4.

For each impact category, the mean positive response rate was calculated.⁴ In some cases, however, the number of survey observations within an impact category was low (e.g. n=2).

³ Creative Fuse NE, Cultivator, Culture+, StartEAST, The Big House and STEAMHouse

⁴ To qualify as a positive response, a survey respondent would have reported that a particular impact had already occurred on account of their programme participation or was expected to occur in the near term.

Looking across all the impact categories we note the following:

- The CLGF had a strong impact on artists' and creative practitioners' **confidence and other soft skills**. On average, 70% of beneficiaries reported a positive impact on their confidence or soft skills. This role of the CLGF in supporting business confidence is discussed in more detail below.
- The CLGF had a moderate impact on beneficiaries' **business growth and stability**. On average, 60% of beneficiaries reported a positive impact on their turnover, profits, number of clients or other indicator of business growth or increased stability.
- Several CLGF projects offered beneficiaries access to makerspaces with equipment and expertise for creating prototypes or finished products. Approximately 60% of beneficiaries reported that the CLGF increased their **access to such equipment, technology or expertise**.
- The CLGF had a moderate impact on beneficiaries' ability to **develop or launch new products or services**. On average, 51% reported that the programme had a positive impact. Similarly, the CLGF had a moderate impact on beneficiaries' ability to **expand their markets** – geographically or more generally in terms of a wider client base. On average, 43% reported a positive impact in terms of the CLGF helping them reach new markets – with existing or new products.
- The CLGF appears to have had a weaker impact on **job creation**, and on beneficiaries' **ability to secure additional funding or investment**. On average, 36% of beneficiaries reported that the CLGF helped them to hire more people. In terms of funding or investment, only 24% reported that their participation in a CLGF project helped them to secure funding or investment from other sources.

Employment

All of the projects tracked their **employment impact** in accordance with ERDF metric *C8 Employment increase at supported organisations*. On an aggregate basis, the CLGF projects outperformed their ERDF employment target by 12%; however, individually, only four of the eight reporting projects actually met or exceeded their target.

Projects raised a number of concerns about the ERDF's employment metric as an indicative measure of employment impact for creative sector practices or enterprises. The ERDF's definition of employment excluded freelancers, which are very prominent in the cultural and creative sectors. This meant that the CLGF's actual employment impact was understated when viewed through the ERDF's metrics.

The business support that the CLGF projects provided to their beneficiaries should be viewed as an investment, since the economic benefits will largely be realised beyond the lifetime of the support programme. For that reason, any measurement of employment at 'project end' would exclude this future growth and further understate the already under-reported CLGF employment impact (on account of the exclusion of freelancers and director-employees).

To include the employment impact of the CLGF beyond the life of the programme – the study team developed a forecast model based in part on business survival rates data from the Office for National Statistics (ONS). This model indicated that the cumulative employment of surviving (and growing) companies supported by the CLGF would likely increase from **110.4 full-time equivalents (FTEs)** at project-end to 473.8 FTEs by 2024. This forecast of the employment impact did not take into account the impact of the Covid-19 pandemic.

To some degree, however, even if the CLGF employment metrics could incorporate freelancers as well as future employment growth, there is still a question as to whether job creation is, in any event, a representative indicator of economic growth among small businesses in the cultural and creative sectors. Many new entrepreneurs that participated in CLGF projects were actually focused on raising their commercial income from cultural products (as is typical of any start-up) and making their businesses sustainable, rather than necessarily scaling up their enterprises and expanding the number of people they employ.

Figure E- 4 Impact matrix

Networking  76% (n=2)	Knowledge and skills  71% (n=2)	Confidence and other soft skills  70% (n=8)
Business skills  66% (n=6)	Business growth and stability  60% (n=10)	Access to equipment/technology/expertise  60% (n=5)
Develop/Launch new products or services  51% (n=14)	Innovation  44% (n=4)	Market expansion  43% (n=11)
Employment  36% (n=4)	Funding/Investment  24% (n=6)	

Source: CLGF projects' beneficiary surveys

Note: 'n' refers to the number of specific impact statements included in the calculation of the mean and not the total number of respondents

Gross value added

Five of the nine CLGF projects reported a net gross value added (GVA) impact over the course of their project – this ranged from £0.39m (StartEAST) to £2.04m (Creative ENRG). This wide range in GVA outcomes was due to a combination of differences in (i) project performance (particularly in terms of job creation), (ii) economic models used to estimate GVA and (iii) differences in the underlying economic conditions within the projects' local economies (and thereby the additionality of the local economic impacts). Consequently, it is not possible to categorically attribute these differences to any fundamental differences in the economic efficacy of the projects or their delivery models

The study team supplemented the GVA data for these five projects, with GVA estimates for STEAMhouse, The Big House and Culture+ to arrive at an estimate of the overall combined net GVA impact of the CLGF at project end. In total, the study team estimated that eight of nine CLGF projects generated a combined net GVA impact of £6.16m at project end – i.e. before incorporating a forecast for GVA generated beyond the duration of the project.

Figure E- 5 Summary of net economic impact of CLGF


Source: Nordicity estimates based on data from project summative assessments and ONS

* Cumulative employment impact is forecast to reach 473.8 FTEs by 2024.

Programme design

Apart from the requirement that each project had to be a partnership, the generally non-prescriptive approach taken by CLGF meant that **every project was unique in how it was delivered**.

Across the CLGF projects, there was a clear need for a partner that had the administrative and financial capacity to manage the relationship with a funder and to cashflow day-to-day project expenditure, in cases of delays in receiving project grant funding. However, such a partner did not need to be the lead partner delivering the project.

Impact on skills

Alongside the more tangible impacts such as company formation and job-creation, the CLGF projects also had a significant effect on softer skills and capabilities, such as **confidence and resilience**. In particular, most projects reported that artists viewed their participation in the CLGF business support programme as key to starting to see themselves as businesspeople and gaining personal confidence, as well as the confidence to conduct business activities (e.g. negotiate with clients or suppliers).

- 70% of Cultivator beneficiaries reported that the programme had “already helped increase their confidence to develop a business” and approximately 60% reported that it had “already increased their confidence in running an existing business”.⁵ Indeed, Cultivator’s evaluators concluded that it “had some very positive impacts on the confidence of its business beneficiaries”.⁶
- 71% of respondents to a survey of StartEAST participants felt confident in their ability to negotiate with clients or customers, up from 41% before entering the business support programme.⁷ 57% reported that they were more confident about their ability to cope with risk, up from 27% before entering the programme.⁸

Inclusivity

All of the projects recognised the importance of maximising their **inclusivity**, particularly given the specific challenges that under-represented groups face in launching and maintaining creative businesses. Most, but not all, collected statistics on their impact on diversity and inclusivity. Some projects had real success stories, particularly in terms of engaging with women. Women accounted for two-thirds of StartEAST’s beneficiaries.⁹ Culture+ and StartEAST performed well in terms of Black, Asian and Ethnically Diverse participation – either by exceeding their targets or by exceeding the average within their county populations. Black, Asian and Ethnically Diverse participation in Network for Creative Enterprises (NfCE) was below the local population share; as a consequence, the project’s partners responded by developing a specific initiative to raise Black, Asian and Ethnically Diverse participation in their future programmes.

⁵ Ash Futures (2019), *Cultivator: Longitudinal Evaluation*, p. 46.

⁶ Ash Futures (2019), p. 68.

⁷ BOP Consulting (2019), *StartEAST: Building the Cultural Economy: Final Report*, prepared for Norfolk County Council, p. 29.

⁸ BOP Consulting (2019), p. 29.

⁹ BOP Consulting (2019), p. 4.

Strategic added value¹⁰

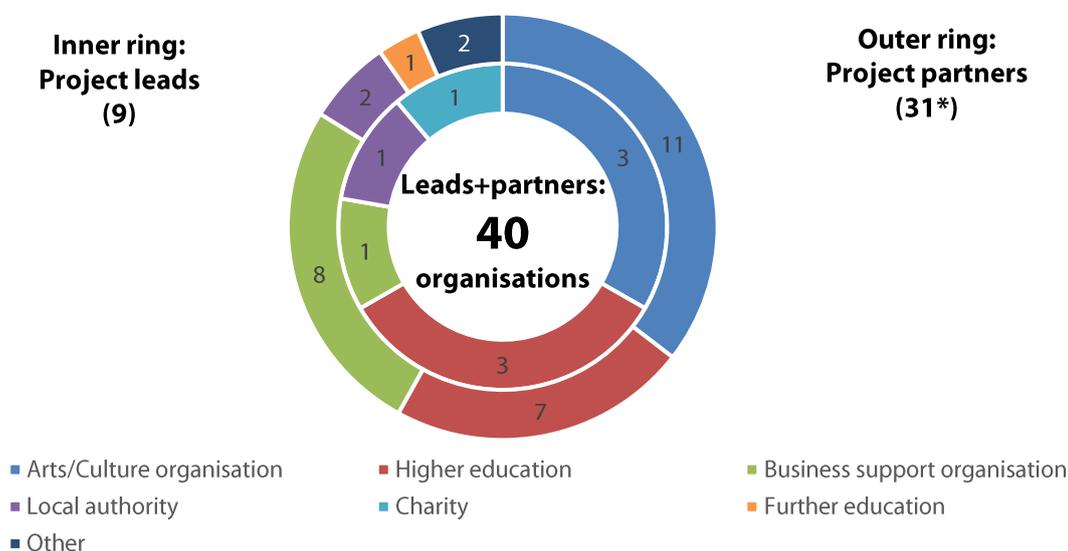
The design of the CLGF meant that it had the potential to generate strategic added value (SAV) beyond its impact by, among other things:

- a. promoting local and national partnerships,
- b. sharing best practices,
- c. improving the perception of arts and culture among LEPs,
- d. establishing business support capacity for the cultural and creative sector and
- e. harnessing project data to improve the design of place-based economic support.

Partnerships:

All the CLGF projects **led directly to new local partnerships or deeply strengthened existing ones**. In total, the nine lead organisations worked with a combined 31 different delivery partners¹¹, including 11 arts/cultural organisations, 8 business support organisations, 7 higher education institutions (HEIs), 2 local authorities, 1 further education institution and 2 other organisations (i.e. an airport and a shared workspace) (Figure E- 5). In addition, it is worth noting that all the arts/cultural and business services partners were either not-for-profit bodies or social enterprises.

Figure E- 6 Types of project organisations, leads and delivery partners



Source: Nordicity research

* Includes 13 ACE National Portfolio Organisations

Local enterprise partnerships

Where arts and culture were important for a LEP or other public bodies, it remained so and was reinforced through the CLGF. Where it was not, there was little noticeable impact on changing the perception. However, in some cases this was simply a reflection of different local priorities. In some local economies there were larger sectors that offered the opportunities for faster economic growth and job creation than even the fast-growing creative and cultural sectors. For example, despite Hull being City of Culture in 2019 and 'creative and digital' being a sector of strategic importance for the LEP, the LEP focused its economic strategy on 'ports and logistics' and 'engineering and manufacturing', including renewables technology.

¹⁰ Strategic added value (SAV) refers to the benefits of an intervention over and above those commonly associated with its outputs, outcomes or impacts. The term and concept of SAV was first developed to help assess how the former Regional Development Agencies (RDAs) were able to leverage their funding to influence stakeholders' behaviour, decisions and outcomes. SAV is often achieved through strategic leadership, influence, financial leverage, improved information exchange and knowledge sharing, improved engagement with stakeholders. For more information, see [Evaluating the Impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework \(PA Consulting and SQW Ltd.\)](#)

¹¹ The 31 delivery partners included 13 ACE National Portfolio Organisations.

Where resources are limited, greater priority may still be given to one priority sector over another because of its perceived return to the community.

The nature of the LEP-project relationships differed greatly. For example, Creative ENRG had virtually no ongoing interest from Humber LEP, whereas New Anglia LEP, which prioritises arts and culture, had a strong relationship with StartEAST.

Sharing best practices

All grantees found the two learning days hosted by ACE to have been useful for **sharing best practices**, but few could point to specific learnings that they subsequently implemented in their own projects. In fact, with one exception, it would appear that the depth of the sharing and cross-learnings was not strong. The key exception was the South West, where three projects – NfCE, Cultivator and Culture+ – all fell under the oversight of a single experienced ACE Relationship Manager.

One of the biggest challenges for the CLGF was **maintaining and preserving programme-delivery capacity**. By its very design, the CLGF projects injected a significant amount of financial resources into what were often small organisations that could not maintain the administration funded by the CLGF without ongoing funding. Unless the lead organisations developed a plan to pursue a second generation of funding, their delivery capacity would inevitably have been lost – although some of that capacity might have been retained within the wider local ecosystem, if individuals were re-employed within other sector support bodies.

In terms of **harnessing project data**, each of the projects implemented their own data collection plans in order to fulfil their ongoing ERDF and CLGF reporting requirements, including interim and summative assessments. However, there appears to have been little consideration of feeding data back up to ACE to support future programme design, or guidance in relation to coordinating the collection of project data. Projects reported that there was very little harmonisation or mapping across the ACE and ERDF reporting. More clearly defined reporting requirements by ACE at the beginning of the CLGF programme would have aided in collecting data.

Value for money

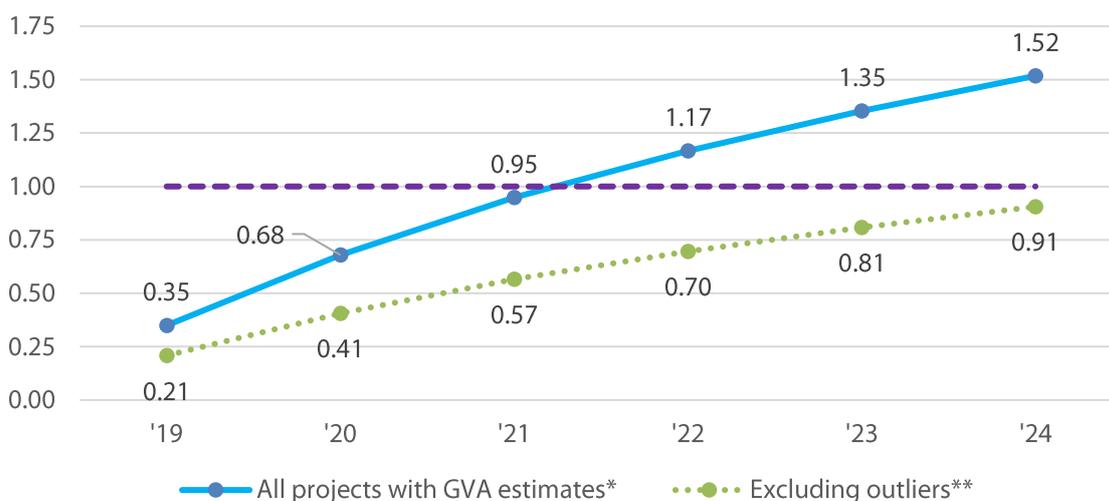
The **cost efficiency** of the CLGF in terms of **cost-per-supported-business** varied widely across the eight reporting projects – ranging from £3,444 to £15,746. The weighted average worked out at £10,244, which for the CLGF as a whole, suggests 27% underperformance against the benchmark of £7,500 that the study team derived from research published by MHCLG.¹² These same MHCLG benchmarks suggest that the CLGF also underperformed on **cost-per-FTE** basis; although this performance would have excluded any FTEs generated beyond project end.

The **cost effectiveness** of the CLGF can be assessed by comparing the additional GVA generated by the projects to the total value of public funding required to deliver the projects. Of the eight projects for which the study team had reported or estimated GVA data, only one, Creative ENRG, generated a breakeven benefit-cost ratio (BCR) – i.e. a BCR greater than one at project end. Across all eight projects, the weighted average BCR was 0.35 at project end. In other words, for every £1 worth of inputs contributed to the CLGF programme, only £0.35 was recovered in terms of additional GVA in the local economies hosting the CLGF projects.

As with employment, GVA growth is likely to primarily occur outside the duration of the projects. Here again, the study team used ONS's business-survival statistics and other assumptions to forecast the long-term impact in terms of aggregate annual net GVA. When viewed in terms of long-term GVA impact, the CLGF's BCR rises to 1.52 by 2024, on cumulative basis (Figure E- 7).¹³ In other words, for every £1 worth of inputs contributed to the CLGF programme, £1.52 of additional GVA (on a cumulative basis) are likely to be generated for the local economies hosting the CLGF projects.

¹² Regeneris Consulting (2013), [England ERDF Programme 2014-20: Output Unit Costs and Definitions](#), prepared for DCLG, 18 December 2013, p. 6.

¹³ This forecast does not take into account the impact of the Covid-19 pandemic.

Figure E- 7 Forecast of CLGF benefit-cost ratio


Source: Project summative assessments and Nordicity analysis based on data from [ONS Business demography UK](#)

* All projects for which the study team had reported or estimated GVA

** Excludes Creative ENRG and The Big House

Examining the BCRs across the eight projects with reported or estimated GVA data, it appears that two projects, Creative ENRG and The Big House, could be considered outliers.¹⁴ When these two projects are removed from the sample of eight projects, the BCR across the remaining six projects falls to 0.91 in 2024. Although this points to a BCR of less than one, and thereby below breakeven, it is important to note that this BCR only captures the monetisable benefits of CLGF intervention observed in market transactions (and measured by GVA) and does not also capture the wider positive effects on social welfare, which, when measured in monetary terms would likely lift the BCR higher than 1.00.

Key Learnings

Appropriate metrics

1. Consistent methods should be established at the programme design stage to quantify programmes' employment and GVA impacts within the cultural and creative sectors. These methods should take account of the high levels of self-employed workers within the sectors, whilst also offering guidance on tracking and calculating long term impacts on employment and GVA.
2. Business support programmes should focus their efforts on the 'start-up' phase of business development, rather than the 'scale-up' phase. The former was where most of the demand for CLGF came from; the latter may be more readily addressed via the regional growth hubs or central government programmes such as [Creative Scale Up](#).

Programme delivery partnerships

3. In regions where LEPs have not included the cultural and creative sectors among their priority economic sectors, ACE should build awareness of the relative longer-term economic potential of these sectors in terms of digital global exports, higher resistance to job losses due to automation, and positive spillovers.¹⁵

¹⁴ Creative ENRG was considered an outlier because its net GVA impact estimate assumed zero deadweight. The Big House could also be considered an outlier. Although it did not generate its own GVA impact estimate, an estimate prepared by the study team on the basis of the project's employment impact estimate was significantly higher than that observed at other projects.

¹⁵ Cultural and creative sectors spillovers refer to the "process by which activity in the arts, culture and creative industries has a subsequent broader impact on places, society or the economy through the overflow of concepts, ideas, skills, knowledge and different types of capital." (Source: Tom Fleming Creative Consultancy (2015), [Cultural and Creative Spillovers in Europe: Report on a preliminary evidence review](#), p. 15.).

4. In order to achieve wider delivery objectives, business support programmes within the cultural and creative sectors should include the following types of partners:
 - *Local authorities or HEIs* that have the financial and administrative capacity to support the cashflow requirements of a large-scale business support programme delivered over a long period of time.
 - *Local HEIs and further education institutions* that can foster local collaboration and research and provide rigorous approaches to monitoring and evaluation (see monitoring and legacy below).
 - *Forward-thinking arts/cultural organisations* that can bring a visionary approach, are open to innovation, and offer access to a network of local and national creative expertise.
 - *Social/community bodies* that can help reach socially and economically at-risk beneficiaries.

Programme content

5. Alongside traditional forms of business support, programmes should incorporate ‘resiliency support’ that helps artists develop their business confidence. Such development improves personal confidence and helps them directly engage and access more generic business support via regional growth hubs.

Operationalising programmes

6. Integral to ‘resiliency support’ should be the use of physical hubs and human networks. This helps creative practitioners build their contacts, learn in informal settings, and integrate themselves into a community. Also, by including multiple physical hubs with differing creative profiles, programme participants can benefit from an even richer and more diverse creative community.
7. Grantees that manage business support programmes should be encouraged to staff projects by assigning existing employees to roles on a part-time basis, rather than recruiting dedicated staff that will not outlast the project funding. This will reduce costly personnel turnover and preserve human capacity for future place-based programming within the delivery organisation.
8. Projects should incorporate a high degree of responsiveness in order to mitigate the need for multi-year resource reallocation. A ‘change protocol’ should be agreed upfront to govern the operation of the programme and any revisions. The importance of this is accentuated if multiple partners need to agree, as not all may have the capacity to expedite *ad hoc* decisions.
9. Business support should be made available outside the 9-to-5 workday, so that part-time entrepreneurs and people with family-care responsibilities are not excluded. To avoid being urban-centric, programmes should leverage online video technologies to deliver both group and 1-to-1 business support services, particularly given that the Covid-19 pandemic has increased peoples’ experience with such tools.
10. To ensure place-based programmes can be more inclusive and reach socially and economically at-risk beneficiaries, funded consortia should include at least one long-standing social/community-level body.
11. ERDF rules around grants can be very onerous for SMEs – namely the upfront payments to claim funding. In so far as UK-based public funding bodies take a similar approach, then micro-grants should be permitted so that small organisations can afford the outlays or beneficiaries can more readily achieve any match-funding requirements.

Monitoring and legacy

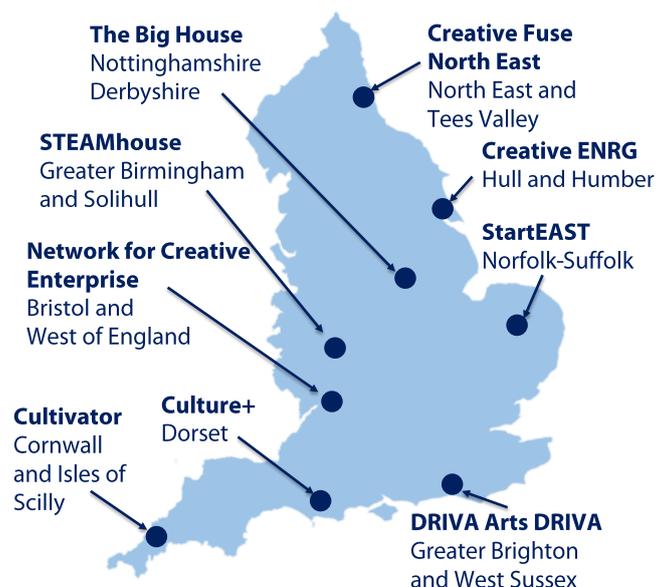
12. Engagement of organisations familiar with programme monitoring and evaluation, such as an academic institution, can help ensure that assessment and evaluation is embedded within the design and operationalisation of a programme and that this remains a ‘live’ element as the programme proceeds.
13. ACE should embed legacy monitoring of its beneficiaries into its programmes, so it can at least attempt to monitor the long-term impacts on employment and GVA on a longitudinal basis. This will help capture the majority of business support impacts, which occur beyond the duration of such programmes.

1. Introduction

First launched by a call for applications in October 2015, the Creative Local Growth Fund (CLGF) is a place-based programme through which Arts Council England (ACE) works in partnership with local enterprise partnerships (LEPs), local authorities (LAs), higher education institutions (HEIs), further education institutions (FEIs) and other local organisations to provide financial support to locally focused initiatives designed to help arts and culture contribute to local economic growth. In particular, the CLGF was designed to leverage match funding from the European Structural and Investment Funds (ESIF) so that local organisations could provide various types of business support to artists, sole traders, micro-enterprises, and small and medium-sized enterprises (SMEs) in the cultural and creative sectors.

Following a competitive selection process, nine grantee organisations (or consortia of organisations) across England were awarded a total of £3.8m in funding from the CLGF. These grantee organisations or consortia are referred to as the CLGF 'projects'. As a condition of receiving an award from the CLGF, each project raised match funding from the ESIF – usually the European Regional Development Fund (ERDF) but in one case, the European Social Fund (ESF) – their LAs or other sources. In total, the nine CLGF projects raised an additional £14.4m from the ERDF, ESF and other sources, thereby bringing the total value of the budgets for the nine CLGF-funded projects to £18.3m.

Figure 1 CLGF projects



In 2018, ACE commissioned BOP Consulting to prepare a programme-evaluation framework for the CLGF. This programme-evaluation framework was completed in June 2018. In spring 2019, ACE commissioned Nordicity Limited and Saffery Champness LLP (the "study team") to undertake a programme evaluation of the CLGF. An interim report was prepared by the study team in January 2020. The following report represents the final report for the programme evaluation of the CLGF. It should be noted that from March 2020 onwards, the consultation element of the CLGF programme evaluation was halted, in order not to place an extra burden on consultees, as they responded to the shock of the Covid-19 pandemic. The consultation resumed in June of 2020.

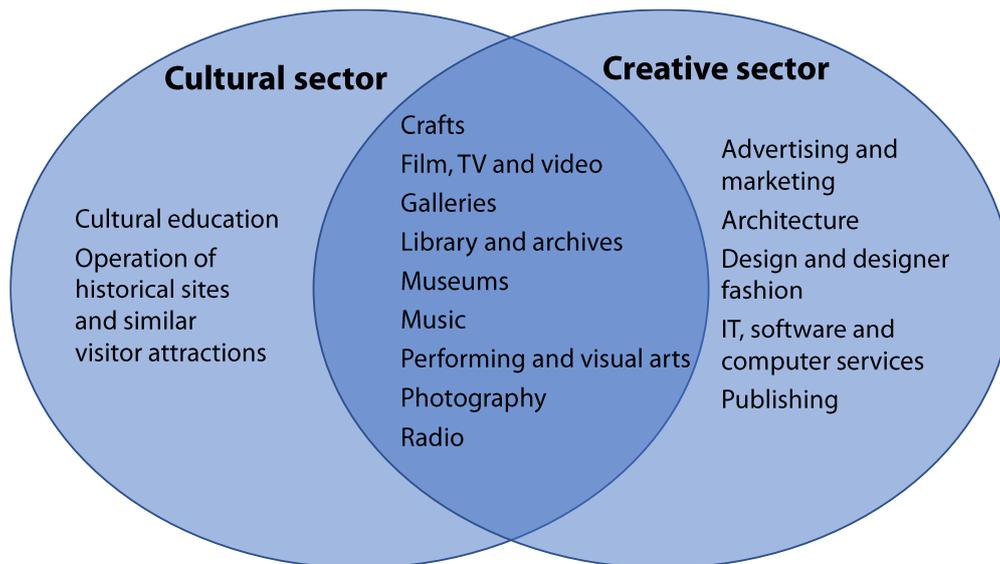
Please note that the nine CLGF projects were launched, and, by and large, delivered and evaluated within the tenure of ACE's 2010-2020 strategy: **Great art and culture for everyone**. For this reason, the assessment of CLGF against ACE's organisation priorities has, in large part, been conducted with reference to the 2010-2020 strategy. Where the study team have made a forward-looking assessment of the CLGF or similar interventions, they have done so with reference to ACE's 2020-2030 strategy, **Let's Create**.

2. About the programme and projects

The CLGF funded local partnerships based in England but outside of London, that deliver initiatives aimed at helping individuals (e.g. artists and sole traders) and small organisations (e.g. micro-businesses, SMEs) in the cultural and creative sectors to increase their contribution to economic activity in their LEP area, in alignment with that LEP's strategy.

Box 1 Structure of the cultural and creative sectors

As depicted in the diagram below, the cultural and creative sectors as defined by the Department for Digital, Culture, Media & Sport (DCMS) are distinct, although they do share several common sub-sectors.



Source: DCMS

The types of initiatives and activities eligible for funding from the CLGF included:

- business support for SMEs and start-ups;
- skills development, apprenticeships and paid internships;
- innovation, research and development;
- partnerships with other sectors (e.g. the private sector, HE or FE, other public agencies);
- commercialisation of cultural products;
- building digital capacity; and,
- the development of specific creative industry clusters and the role of the arts sector within them.

The CLGF adopted a 'place-based' approach to supporting artists and businesses in the cultural and creative sectors. This place-based approach had three key implications.

- First, funding was concentrated in certain geographic areas of England – in this case, across 10 LEP areas associated with the 9 CLGF projects. This also meant that CLGF funding was intended to generate benefits across the targeted LEP area, not solely within the funded organisations.
- Secondly, it meant that 'place' was integral to the delivery of the programme. That is to say that projects responded to the social, economic and cultural context of their LEP areas – i.e. their places. It also meant that projects typically delivered their programming from a physical location and/or utilised third-party facilities to deliver their programming.
- Thirdly, this place-based approach meant that supported projects aimed to improve the economic, social and cultural conditions within their LEP areas, in order to make these areas more desirable places to live and work.

In general, the CLGF and its funded projects focused on helping creative practitioners¹⁶ recognise and realise the commercial and economic potential of their creativity. To do this, the projects provided business support to either individuals seeking to establish businesses in the cultural and creative sectors, or to existing businesses in the cultural and creative sectors that wished to improve their creative skills and/or financial and economic performance.

The precise composition of this business support was left up to the grantees. In this regard, the CLGF could be viewed as a relatively decentralised programme, and one that the grantees could customise to the unique structure, challenges and opportunities of the cultural and creative sectors in their particular LEP area.

As already noted, the CLGF was a match-funding programme and by adopting this approach it aimed to achieve several outcomes.

1. Match funding gave the CLGF higher budgetary leverage and resulted in the programme having more financial resources than it otherwise would have.
2. Because the vast majority of match-funding was awarded by the Ministry of Housing, Communities & Local Government (MHCLG), LEPs played an important role in strategically supporting grantees. This had the potential to raise – or further raise – LEPs’ awareness of the role of arts and culture in local economic development, and, thereby strengthen the relationship between LEPs, and local arts and culture organisations.
3. To secure match funding, CLGF projects typically had to collaborate with two or more other local organisations. These collaborations not only offered the potential for additional financial leverage, but also access to the skills, experience and administrative infrastructure embedded within those other local partner-organisations.

The CLGF projects all had ESIF match-funding. Furthermore, all but Culture+ and Network for Creative Enterprise (NfCE) had additional cash funding from other members of their project partnerships. Securing additional match funding beyond the ESF was not a requirement of the CLGF but arose from the local partnerships that the programme encouraged.

2.1 Programme objectives

The objective of the CLGF was to increase the contribution of arts and culture to local economic growth by:

- i. securing long term partnership between LEPs, ACE and other local partners to support the cultural sector;
- ii. leveraging ESIF – particularly the ERDF – investment within the LEP area into the cultural sector; and
- iii. investing in new approaches to achieve these objectives, while at the same time developing learnings that can inform policy and practice.

2.2 Profile of the projects

Whilst each of the nine projects had the primary objective of increasing arts and culture’s contribution to economic growth in their LEP area, they deployed their CLGF funding in different ways to achieve this. Business support was at the core of each project’s delivery of the CLGF programme in their locations; however, within this core activity, the nine projects adopted different approaches.

By taking different approaches, each of the nine projects was able to customise its offer to the unique circumstances facing the cultural and creative sectors in their LEP area. This customised approach – a key feature of the CLGF’s place-based approach – was intended to respond to the local context and optimise the economic contribution from the CLGF intervention.

¹⁶ The term ‘creative practitioners’ is used throughout this report as an umbrella term to refer to artists and other practitioners in the cultural and creative sector.

Table 1 (see next page) provides a summary checklist of the types of business-support initiatives offered by each of the nine projects. Additional information on the profile of the nine projects can be found in Appendix D.

Table 1 Summary of business support services offered by CLGF projects

	Business diagnostic / needs assessment	1-to-1 business advice and mentoring	Workshops and networking events	Grants, bursaries or cash awards	Free/ Discounted access to workspaces/ makerspaces	Research collaboration	'Hack events' [†]	Other
Creative ENRG	✓	✓	✓	✓	✓			Visual art exhibitions
Creative Fuse North East	✓	✓	✓	✓		✓	✓	
Cultivator	✓	✓	✓	✓	✓	✓		Export support, internships/ apprenticeships
Culture+	✓	✓	✓	✓				Signature cultural event
DRIVA Arts DRIVA	✓	✓	✓	✓	✓	✓		
NfCE	✓	✓	✓	✓	✓	✓		
StartEAST	✓	✓	✓	✓				
STEAMhouse	✓	✓	✓	✓	✓	✓	✓	
The Big House	✓	✓	✓	✓	✓			Showcase, marketplace, trade fair

Source: Nordicity/Saffery-Champness research

[†] Creative Fuse North East and STEAMHouse offer 'hack events' in which a group of beneficiaries are assembled to problem-solve a business or policy challenge. Hack events are designed as highly collaborative sessions that also promote networking and innovation.

3. Approach and methodology

3.1 Overview

This CLGF programme evaluation was based on the primary research tools and secondary sources listed in Table 2. In the remainder of this section, we describe in more detail each of the research streams.

Table 2 Research methods used in the CLGF programme evaluation

Primary research tools	Secondary sources
Interviews with grantees and other stakeholders	Progress reporting (ERDF and ACE)
Grantee questionnaire	Grantee-commissioned ERDF summative assessments
Case studies	Beneficiary surveys (conducted by grantees)
	Third-party data

3.2 Secondary research

The study team drew upon various data and information already available from existing sources.

- **Project progress reporting (ERDF and ACE):** The activity and progress reporting – particularly the ERDF progress reports – provided a source of information and data across all nine projects.
- **Grantee-commissioned ERDF summative assessments:** At the time of writing, seven of the nine projects had commissioned their own summative assessments in accordance with the requirements of their ERDF funding. These ERDF summative assessments incorporated analyses of the performance-reporting data as well as analyses of any data collected through grantee-commissioned beneficiary surveys. Summative assessments were not available for Culture+ and DRIVA Arts DRIVA. Culture+ was part of a larger ERDF project – Dorset Business Growth programme – which is being extended by 2.5 years. For that reason, its final summative assessment report has been delayed; however, an interim report was provided to the study team. DRIVA Arts DRIVA plans to complete its summative assessment in December 2020, so neither an interim nor final summative evaluation was available for this evaluation of the CLGF, at the time of writing.
- **Beneficiary surveys (conducted by grantees):** As noted above, as part of their ERDF summative assessments, all but two of the projects conducted some type of beneficiary survey. In lieu of a beneficiary survey, NfCE conducted in-depth ‘exit’ interviews with its beneficiaries. At the time of writing, DRIVA Arts DRIVA had not yet conducted any type of beneficiary survey, specifically because it had not yet received either its ERDF interim or summative assessments. These surveys (listed in Table 3) range from *ad hoc* feedback forms for project workshops and events to independent surveys conducted by commissioned evaluators.¹⁷
- **Third party data:** In some cases, the study team also used data from third party sources. For example, data from the Office for National Statistics (ONS) for business survival rates was used to model the future economic impact of the CLGF.

¹⁷ StartEAST, in addition to conducting a beneficiary survey upon completion by the evaluator, also sent out an ‘Impact’ survey after six months had elapsed. Furthermore, following our initial consultation with StartEAST, they decided that they would also send their beneficiary survey to beneficiaries who had received at least six hours of support but had not technically completed the full 12 hours. These results provided some additional insights into the value that could be placed upon the support provided even if the 12-hour threshold for ERDF was not met.

Table 3 Beneficiary surveys and other primary research conducted by grantees

Project name	Author of ERDF summative assessment	Comments
Creative ENRG	Loxley Consultancy	Beneficiary survey conducted for ERDF summative assessment
Creative Fuse North East	The Innovation Partnership Ltd.	Beneficiary survey conducted for ERDF summative assessment
Cultivator	Ash Futures Ltd.	Beneficiary surveys conducted by Ash Futures for project evaluations
Culture+	Internal commission	Beneficiary survey conducted by Culture+ and feedback collected at the end of project workshops
DRIVA Arts DRIVA	CENTRIM [†]	Voluntary survey for platform users; mandatory survey for financial beneficiaries
NfCE	Nordicity	In-depth interviews with all beneficiaries in lieu of survey
StartEAST	BOP Consulting	Baseline and exit surveys of all beneficiaries conducted by BOP Consulting (these were also sent to those beneficiaries that only received 6-12 hours of business support); after 6 months, beneficiaries were also sent an 'impact' survey
STEAMhouse	Carney Green	Beneficiary survey conducted for ERDF interim evaluation and summative assessment
The Big House	Carney Green	Beneficiary survey conducted for ERDF summative assessment

Source: Nordicity/Saffery Champness research

[†] CENTRIM refers to the Centre for Change, Entrepreneurship and Innovation Management at University of Brighton.

3.3 Primary research

Where secondary sources could not provide suitable data for the KPIs, the study team used a variety of primary research tools.

- Interviews with grantees and other stakeholders:** The study team completed initial consultation interviews with representatives of all nine projects and their ACE Relationship Managers, as well as final project interviews with representatives of certain grantees. In addition to these final project interviews, the study team conducted interviews with other CLGF programme stakeholders, including representatives from LEPs, LAs and HEIs involved in the projects. These interviews focused on gathering more insights on the strategic added value (SAV) of the CLGF projects and programme, particularly in terms of raising the awareness of arts and culture among LEPs as a driver of local economic growth and for other positive externalities. A list of all interviewees can be found in Appendix C.
- Grantee questionnaire:** As noted above, the study team completed initial consultation interviews with all nine grantees. These interviews yielded considerable background information and insights into each project. These interviews were supplemented by additional information on project developments and accomplishments submitted by grantees as part of the progress reporting back to ACE. The study team also distributed a questionnaire to grantees that included several closed-ended questions in relation to project funding and impacts. Table 4 lists the KPIs collected by the study team using the grantee questionnaire.
- Case studies:** The study team prepared a total of eight case studies. Seven of these case studies describe how project beneficiaries were impacted by their participation in the CLGF. The eighth case study describes and assesses the unique operational model of NfCE. The case studies can be found in **Appendix F**.

Table 4 KPI data collected by grantee questionnaire

- £ value of in-kind facilities and human resources provided by HEIs and other organisations	- Number of grantee organisations that plan to continue to deliver business support services to artists and cultural SMEs after end of project
- Grantees' subjective opinion of ACE's knowledge	- Number of grantee organisations that, with funding, would continue to deliver business support services to artists and cultural SMEs after end of project
- Grantees' subjective opinion of relevant knowledge of LEPs, LAs and local other organisations	- Number of project beneficiaries, plus new project partners and contractees, plus other stakeholder organisations
- Number of faculty members involved in research work with projects and areas of research	- Number of persons employed by grantee organisations, partners and contractees in administration and delivery of projects
- Average monthly value (£) of cashflow financing provided by HEIs	- Number of project models that could be replicated in other regions of England and the UK
- Number of project partners providing administrative support	
- Value (in GBP or FTEs) of administrative expertise provided by project partners	

4. Rationale and relevance

Summary of evaluation questions

1. Does the CLGF address a market failure?
2. Is there an ongoing need for the CLGF (i.e. does a market failure still exist)?
3. Is the CLGF aligned with ACE's organisational strategy?¹⁸
4. Is the CLGF aligned with government policy?

According to the HM Treasury Green Book, there are four types of rationale for public intervention.¹⁹ These are:

- to address market failure,
- to attain distributional objectives that the government wishes to meet,
- to achieve strategic objectives, or,
- to improve existing policy.

In the following section, we discuss how the CLGF, as a public intervention, addresses each of these rationales in some manner. We begin by examining how the CLGF addresses a market failure in the provision of business support services, and how it contributes to the Government's distributional objectives. We then examine how the programme helps ACE (as a public body) and the Government achieve their strategic public policy objectives, whilst at the same time improving the Government's existing policy of supporting small businesses.

4.1 Market failure

Evaluation questions

1. Does the CLGF address a market failure?
2. Is there an ongoing need for the CLGF (i.e. does a market failure still exist)?

A market failure exists where the private marketplace does not yield an economically efficient outcome.²⁰ In this case, economic efficiency refers to the concept of Pareto efficiency, whereby the resources within an economy (e.g. labour, capital, land) are allocated in such a manner that no individual can be made better off without some other individual being made worse off.²¹ When an economy or society achieves Pareto efficiency, it has maximised its social welfare. Put simply, a market failure exists when the operations of the private marketplace are preventing an economy or society from deploying its resources in the most efficient manner to achieve society's preferences.

¹⁸ The assessment of CLGF against ACE's organisational priorities has, in large part, been conducted with reference to the 2010-2020 strategy. The forward-looking assessment of CLGF or similar interventions has been done with reference to ACE's 2020-2030 strategy, *Let's Create*.

¹⁹ HM Treasury (2018), [The Green Book: Central Government Guidance on Appraisal and Evaluation](#), p. 13.

²⁰ HM Treasury (2018), p. 13.

²¹ HM Treasury (2018), p. 13.

Box 2 Sources of market failure

The HM Treasury Green Book outlines the following sources of market failure:

Externalities: Some products generate positive or negative effects beyond the parties involved in a market transaction – i.e. buyer and seller. When these externalities cannot be incorporated into the market price in some manner, a market failure will arise. Pollution is an example of a negative externality because, absent of regulation, the producers of pollution typically do not incur the cost of mitigating its effects on the environment or human health.

Public goods: Some products are ‘non-excludable’ and ‘non-rival’, that is to say that as soon as they are sold into the market, there is no way for the producer to prevent other parties beyond the buyer from also benefitting from the products. As a result, businesses operating in the marketplace will under-supply public goods – or even not supply them at all. For that reason, governments will often supply public goods. Clean air and water are examples of a public good.

Imperfect information: When buyers and sellers possess an imbalance in information, market transactions can stall, thereby leading to an under-supply of a good or service. For example, if insurance companies are unable to verify the driving habits of the population then they may over-price or under-supply car insurance in relation to what consumers would pay or require.

Market power: Wherever some businesses can erect barriers to entry or raise the operating costs of rivals, there is a risk that there will be an under-supply of a product in relation to what consumers demand. This is an economically inefficient outcome.

Moral hazard: When businesses or individuals are protected from the negative consequences of their risky behaviour, there can be an increase in this behaviour and risk within the economy beyond what the population would prefer.

Source: HM Treasury (2018), p. 14.

4.1.1 Generic market failure case

To understand how the CLGF addresses a market failure, it is best to consider the ‘products’ that it supplies – or stimulates the supply of – and how each of these products are subject to a market failure in the UK. The profile of the nine CLGF projects in Section 2 suggests that their key product-offer includes business support services and, in some cases, research and development (R&D) activities. In order to best understand how each of these products is subject to market failure, one should first consider them at a generic level, rather than specific to the cultural and creative sectors.

Governments in the UK and elsewhere have long recognised that the provision of business support services to small businesses can be subject to market failure, and therefore have, for many years, developed publicly funded programmes to stimulate the provision of these services. Recently for example, through the Growth Hubs operated by LEPs, the Government has helped to ensure that small businesses can receive business support services.

Business support services are subject to imperfect information. The impact that the business support services have are unknown until well after the product has been purchased, and typically, contracts cannot be structured to make the ‘prices’ of business support services dependent on how well those services help the purchasing business (e.g. ‘success fees’). This buyer-side risk is exacerbated for small businesses, which are generally more constrained than larger businesses in terms of not only financial capital, but also the availability of management time and expertise to assess the value of business support services. As a result, a situation arises where small businesses likely place a much lower unit value on business support services than larger businesses. If this unit value falls below suppliers’ marginal costs, then there will be an undersupply in the market.

Research and development (R&D) is a classic example of a good that is subject to market failure. Basic R&D – as opposed to applied R&D conducted by companies – is considered a public good. Once it is created, there can be few limits on the abilities of other parties to utilise it to develop products for sale in the market, which in turn generates private returns for the user but would mean little return for the R&D practitioner. It is for

this reason that governments around the world support basic R&D through direct funding of academic and research institutions. Additionally, applied R&D can also be subject to market failure. Many new products (e.g. new drugs) can generate positive externalities, which, by definition, are beyond the commercial returns that the R&D sponsor might realise. For that reason, governments often use patents, copyright, tax credits or other incentives to encourage applied R&D.

4.1.2 Cultural and creative sector market failure case

Moving from the generic context to the context of the creative and cultural sector heightens many of the market failures discussed above. First, the nature of products supplied by the cultural and creative sectors is such that businesses operating in these sectors often experience even more challenging capital and management constraints than those experienced by small businesses across the wider economy. For many creative businesses, intellectual property (IP) represents their most valuable asset. However, intangible assets such as IP – particularly those without reliable income streams – often do not constitute adequate collateral for bank loans or other forms of debt financing. For this reason, creative businesses – small, medium and large – are even more capital-constrained than businesses in other industries that are less reliant on IP.

Even among industries that rely upon IP, the creative industries can experience even further constraints on capital, as many types of creative products are also subject to ‘demand uncertainty’. Whilst businesses in many industries can develop prototypes or proofs-of-concept for market testing, for many types of creative products, such as films, musical works or books, the consumer demand is not known until the product is finished and the majority of the costs of production have already been incurred. All other things being equal, this demand uncertainty further increases the risks for parties wishing to invest in cultural or creative businesses – vis-à-vis other sectors – thereby restricting cultural and creative entrepreneurs from accessing funds to ‘invest’ in the purchase of business support services.

Management constraints arise in the cultural and creative sectors because many of the entrepreneurs in these sectors are artists first and foremost, without a background in business or management. So, even where the market might see a commercial opportunity to address this gap through the provision of business support services to these companies on commercial terms, the lack of in-house management knowledge and expertise means that these cultural and creative businesses would be ‘ill-informed’ buyers. This is a source of imperfect information that stifles market transactions, manifests as lower demand, and thereby signals to suppliers to undersupply business support services to this client group.

According to the ONS, enterprises with 0-4 employees accounted for 88% of all enterprises in the UK in SIC 90 Creative, arts and entertainment activities.²² Across the entire UK economy, the share was 78%.²³ Meanwhile, self-employed workers accounted for 37% of all jobs in the cultural and creative sectors in 2019. Across the entire UK economy, the share was only 16%.²⁴ Even where cultural and creative sector businesses do possess in-house management knowledge and expertise, the prominence of micro-businesses within these sectors may mean that they are not operating at minimum efficient scale, and thereby lack the time and resources to be informed buyers of business support services. This would exacerbate the undersupply situation even further.

It is probably for the reasons listed above that ACE, the grantees and other sector stakeholders observed that there was a ‘gap’ in the provision of business support services to cultural and creative businesses. This observed gap – which was an outcome of the market failures – was a primary basis for the CLGF programme as an intervention.

The second key aspect of cultural and creative businesses is that their products often generate positive externalities. Cultural products not only generate benefits for those who directly consume or experience them by paying a market price, but they can also contribute to social cohesion, and other positive social impacts, particularly at the local level. The creation of cultural products can also have a positive impact on the wellbeing of the population and its sense of place and pride in community.

²² Standard Industrial Classification

²³ ONS (2020), [UK Business: Activity, Size and Location – 2019](#).

²⁴ DCMS (2020), [DCMS Sectors Estimates 2019: Employment in DCMS Sectors](#).

These positive externalities mean that the general public also stands to benefit from cultural products – in addition to the economic benefits experienced by the sellers and buyers of cultural products. However, without some type of intervention, there would likely be an undersupply of business support services to the cultural and creative sector, resulting in an undersupply of the cultural products that the general public also values.

When these positive externalities occur, it is often local businesses and even governments that benefit in some manner. One potential benefit may be lower crime rates associated with the consequent increase in social cohesion that accompanies cultural development. Local employers can also benefit, as the local workforce becomes more plentiful and skilled, as talent is attracted to an area of cultural development and increased social cohesion. Finally, local governments could face lower social care costs in such an environment.

With so many third parties standing to potentially benefit from the establishment of new cultural businesses within their local economy, it is logical for the public sector to intervene and stimulate the development of more cultural businesses and products than perhaps the private market (for the consumption of these products) would warrant.

4.2 Distributional objectives

By virtue of its design, the CLGF programme contributes to attaining distributional objectives that are themselves an integral part of the Government's economic policies. In particular, because the CLGF was only open to applicants outside of London, it directly promoted the 'levelling up' of economic development outside of London, and thereby helped to increase the share of UK employment, income and economic activity occurring outside of London.

In addition, most of the nine CLGF projects were located in parts of England where economic outcomes lag the rest of the country. This included Cornwall and Isles of Scilly, Dorset, Nottinghamshire and Derbyshire, East Anglia, The Humber and the North East. Even where CLGF projects were located in LEP areas where economic outcomes did not significantly lag, the projects' specific physical locations were in economically deprived areas. For example, NfCE was partially located in South Bristol; STEAMHouse in Digbeth, Birmingham; and Creative ENRG was based on the Thornton Estate in Hull.

4.3 Alignment with Arts Council England's objectives

Evaluation question

3. Is the CLGF aligned with ACE's organisational strategy?²⁵

The CLGF not only addresses market failure and the Government's distributional objectives but is also very closely aligned with ACE's strategy and objectives.

ACE is a non-departmental public body of DCMS that within England has the responsibility for promoting the performing, visual and literary arts as well as supporting and developing museums and libraries. In addition to receiving Grant-in-Aid, ACE is also a distributor of lottery funding.

²⁵ The assessment of the CLGF against ACE's organisational priorities has, in large part, been conducted with reference to the 2010-2020 strategy. The forward-looking assessment of the CLGF or similar interventions has been done with reference to ACE's 2020-2030 strategy, *Let's Create*.

In 2010, ACE set out a 10-year strategy for the arts, *Great Art for Everyone* (relaunched in 2013 as *Great Art and Culture for Everyone*)²⁶ which had five (interrelated) goals for arts and culture:

- Goal 1: **Excellence** is thriving and celebrated in the arts, museums and libraries
- Goal 2: **Everyone** has the opportunity to experience and to be inspired by the arts, museums and libraries
- Goal 3: The arts, museums and libraries are **resilient** and **environmentally sustainable**
- Goal 4: The leadership and workforce in the arts, museums and libraries are **diverse** and appropriately **skilled**
- Goal 5: **Every child and young person** has the opportunity to experience the richness of the arts, museums and libraries

It could be argued that the CLGF is a policy instrument that seeks to aid the achievement of nearly all these strategic objectives, but it is most aligned with Goals 3 and 4, which in turn, are the foundations upon which the other three goals are delivered. Through the CLGF, ACE is seeking to create a financially sustainable stratum of creative artists and enterprises, by drawing upon the socially, economically and culturally diverse residents or workers of the LEP areas within which the CLGF projects operate. These jurisdictions are deliberately outside of London, since this was a pre-requisite for receiving funding from the CLGF.

ACE's strategy for 2020-2030, *Let's Create*,²⁷ is built around three outcomes and four investment principles (Box 3). In some manner, the CLGF would help ACE attain each of the three outcomes.

- By supporting artists who would like to move into business, the CLGF helps people continue to be creative, even when they enter the stage of their life that requires a more commercial focus. This is aligned with the '**creative people**' outcome.
- One of the key elements of the CLGF was the local partnerships and collaborations that characterised each project. This aspect of the CLGF is aligned with ACE's '**cultural communities**' outcome.
- Finally, the CLGF would also help ACE fulfil the '**creative and cultural country**' outcome, because of the role business support plays in bridging the experimentally artistic cultural sector and the commercially oriented creative industries.

Box 3 ACE's 2020-2030 strategy

Outcomes	Investment principles
<p>Creative people: Everyone can develop and express creativity throughout their life</p> <p>Cultural communities: Villages, towns and cities thrive through a collaborative approach to culture</p> <p>A creative and cultural country: England's cultural sector is innovative, collaborative and international</p>	<p>Ambition and quality: Cultural organisations are ambitious and committed to improving the quality of their work</p> <p>Inclusivity and relevance: England's diversity is fully reflected in the organisations and individuals that we support and in the culture they produce</p> <p>Dynamism: Cultural organisations are dynamic and able to respond to the challenges of the next decade</p> <p>Environmental responsibility: Cultural organisations lead the way in their approach to environmental responsibility</p>

Source: Arts Council England (2020)

²⁶ N.B. The strategy was revised in 2013 and relaunched as *Great Art and Culture for Everyone*, following the dissolution of the Museums, Libraries and Archives Council and the transfer of the responsibility for museums, libraries and archives to ACE: Arts Council England (2013), [Great art and culture for everyone](#), 30 October.

²⁷ Arts Council England (2020), [Our Strategy 2020-2030: Let's Create](#), 27 January

4.4 Alignment with Government policy

Evaluation question

4. Is the CLGF aligned with Government policy?

In addition to addressing various market failures and contributing to ACE's ability to achieve its strategic objectives, the CLGF and the types of projects that it has supported are aligned with current Government policy with regards to economic development. In particular, the CLGF contributes to Government policy as articulated by the following reports and initiatives:

- **Culture White Paper** (2016)²⁸ – The Government's vision, strategy and proposals for the cultural sectors comprising the arts, museums and galleries, libraries, archives and heritage.
- **Industrial Strategy: Building a Britain fit for the future** (2017)²⁹ – The Government's long-term plan to boost the productivity and earning power of people throughout the UK.
- **Creative Industries: Sector Deal**³⁰ – The Government's growth plan for creative businesses.
- **Tourism: Sector Deal**³¹ – The Government's plan for collaborating with the tourism sector to support skills development and increase productivity in all regions of the UK.
- **Local Growth Deals**³² – The vehicle through which LEPs have been able to access Local Growth Fund and ERDF.
- **Local Industrial Strategies**³³ – The Government's prospectus on how local jurisdictions can drive growth across the country.

The **Culture White Paper** makes clear that investment in the cultural sector should be supported to help it grow and contribute to the economy; that the sector be helped to become more resilient; and that reform be used to introduce more mixed funding mechanisms. At the same time, the Culture White Paper calls for a commitment to continue providing access to Grant-in-Aid and Lottery funding to key cultural organisations like ACE to help deliver these goals.

Among other things, the Culture White Paper highlighted the use of partnerships to deliver policy – this is fundamental to the delivery of the CLGF. The Culture White Paper also pointed to the need to expand the use of technology, as well as the increasing importance of the digital dimension to culture. Both the use of technology and digital culture are central to several of the CLGF projects.

The **Industrial Strategy** provides the rationale for and the approach to the Government's objective of improving the productivity of the economy. It recognises the strength of the creative industries and the leading-edge research being carried out there, and saw it as having the potential for providing the means to improving productivity. The CLGF's focus on supporting the monetisation of artists and creative enterprises is aligned with this goal. The outcomes from the CLGF projects have the potential to also positively impact the pursuit of higher productivity and better-paid jobs. Indeed, in some projects there is a direct harnessing of academic research and creative business activity.

The **Creative Industries Sector Deal** was one of the earlier deals to come out of the Government's Industrial Strategy and it focused on creative businesses and the importance of location or 'place' as well as the importance of creative skills for the future of the UK. The CLGF not only focuses on creative businesses – albeit at an early stage when they are still potential sole traders, entrepreneurs or micro/small enterprises – but also recognises the importance of 'place', exploring as it does different types of geography from city-

²⁸ Department for Digital, Culture, Media & Sport (2016), [Culture White Paper](#), 23 March.

²⁹ Department for Business, Energy & Industrial Strategy (2017), [Industrial Strategy: building a Britain fit for the future](#), 27 November.

³⁰ Department for Business, Energy & Industrial Strategy (2018), [Creative industries: Sector Deal](#), 28 March.

³¹ Department for Business, Energy & Industrial Strategy (2019), [Tourism: Sector Deal](#), 28 June.

³² Department for Business, Innovation & Skills, (2013), [Growth Deals: initial guidance for local enterprise partnerships](#), 25 July; Department for Business, Innovation & Skills (2015), [Local Growth Fund: accountability systems](#), 27 March.

³³ Department for Business, Energy & Industrial Strategy (2018a), [Local Industrial Strategies: policy prospectus](#), 1 October.

based to multi-county. There was also a recognition of the importance of new technologies in the creative industries.

The Government's **Tourism Sector Deal** recognises that the UK's tourism sector offers the scale and geographic reach that can be leveraged to deliver economic benefits in all regions of the UK. It sets out a plan for collaboration with the sector that focuses on increasing visitor numbers, enhancing the skills of the tourism workforce, and ultimately boosting productivity. Arts and culture are integral to the UK's tourism offer. In fact, England's rich arts and cultural assets are one of the biggest draws for inbound visitors. Indeed, among the top 20 activities undertaken by inbound visitors to Great Britain, visiting museums or galleries was ranked seventh, with a 28% participation or over 10 million inbound visitors in 2016.³⁴ Attending theatre, musicals opera or ballet accounted for over 3m inbound visitors.³⁵ By supporting the development of local culture, the CLGF indirectly supports growth in tourism. Furthermore, one of the CLGF projects, Culture+, sought to directly promote increased collaboration between cultural and tourism organisations in Dorset, with the aim of enhancing the visitor experience and increasing the region's tourism economy.

With the **Local Growth Deals**, the Government opened up £12bn of funding to LEPs to develop and deliver local **Strategic Economic Plans**. These funds were often used as match funding in order to deliver their ESIF strategies. CLGF's focus on working with LEPs and coupling with the ERDF (which is part of ESIF) ensured that ACE's involvement was aligned with the strategic needs of local areas. This helped to further reinforce the public-private alignment of resources that LEPs provided through their investment priorities, and thereby helped maximise the LEPs' local impacts.

In future, the local growth agenda will be governed by the **Local Industrial Strategies**, which will build upon the approach taken above by LEPs and replace the Strategic Economic Plans. Therefore, any future place-based programmes supporting the arts and culture sector's contribution to local economic growth – similar to the CLGF – will need to accord with these Local Industrial Strategies in order to amplify their impact.

Taking the market failures into account, the policy development aims of ACE and recognising Government's objectives in rebalancing the economy by growing the regions and nations outside of London, ACE identified a new arena of activity where arts and culture could be used to address local economic growth, primarily by working through the LEPs. The CLGF encourages local partnerships and the adoption of mixed funding approaches. In this way, the CLGF acts as match funding for ERDF projects that are being used to support local economic development.

Even though the ERDF does not have a specific focus on arts and culture, ACE identified that this did not preclude the inclusion of arts and culture in its funded programmes. Indeed, there is a clear overlap between the arts and culture sector and the ERDF four priority areas (listed below).³⁶

- Innovation and research;
- The digital agenda;
- Support for SMEs; and
- The low-carbon economy.

All the CLGF projects provided support for SMEs; many also directly engaged with the digital agenda or their local creative digital industry. At least two CLGF projects, Creative Fuse North East and STEAMhouse, included initiatives to promote research and innovation; the Network for Creative Enterprise provided a 'live laboratory' for academic research. For many parts of England, the growth of the cultural and creative sectors can offer an avenue to help shift local economies away from reliance on high-carbon industries, by offering employment and market opportunities that are not reliant on heavy industry.

Lastly, the CLGF improves upon the Government's existing policy of providing general business support via the growth hubs, by addressing a gap in the existing business support offer. Many practitioners and stakeholders within the cultural and creative sectors have noted how existing general business support programmes were not well suited to their requirements. For example, general business support often emphasises the steps to achieving fast growth, whereas creative practitioners are often focused on achieving a degree of sustainability rather than fast growth. Existing business support programmes often do

³⁴ VisitBritain (2020), "[Activities undertaken by in Britain](#)".

³⁵ VisitBritain (2020).

³⁶ European Commission (undated), "[European Regional Development Fund](#)".

not recognise that artists have a greater need to balance their creative and commercial objectives. The CLGF permitted many LEPs to offer a business support stream that was more attuned to the needs of entrepreneurs and small businesses in the creative and cultural sector.

4.5 Covid-19 pandemic

At the time of writing, the ramifications of the Covid-19 pandemic for society and the economy continue to evolve, as do the impacts it is having on the cultural and creative sectors in the UK. The short- and long-term economic effects of the Covid-19 pandemic – and in particular the uncertainties that it has created – are continually presenting challenges to the resilience of creative practitioners and cultural organisations.

As the cultural and creative sectors and ACE work through the unfolding impacts of the Covid-19 pandemic, the learnings from this evaluation will remain relevant for ACE in the future design or implementation of policy interventions. More so, given the current Government priority on levelling up the economic opportunities and job creation across the country.

5. Programme outputs

As part of their funding agreements with the ERDF/ESF, the CLGF projects were required to establish and measure their progress against a set of performance indicators. In this section, we review the aggregate performance of the projects against these ERDF/ESF targets.

The Covid-19 pandemic and the interpretation of the programme evaluation analysis and results

Whilst this evaluation of CLGF was published several months after the onset of the Covid-19 pandemic in the UK, it is important to recognise that the evaluation analysis and results reflect the economic environment prior to the Covid-19 pandemic.

- The CLGF was conceived in 2015 and launched in 2016, well before the Covid-19 pandemic.
- All of the CLGF-funded programme activities were completed by 31 March 2020. Virtually all programme activities occurred before the Covid-19 pandemic.
- The vast majority of the research conducted for this programme evaluation was conducted prior to March 2020 and thereby before the onset of the Covid-19 pandemic.

As part of the programme evaluation, the study team prepared forecasts of the CLGF's economic impact beyond the end of the programme, on account of the expected future business growth of its beneficiaries. Even before the Covid-19 pandemic, these forecasts would have been subject to uncertainty. However, the onset of the Covid-19 pandemic invariably means the forecasts of impacts on employment and gross value added (GVA) found in this report will not be met.

Despite this, the study team has not adjusted the forecast for two reasons. First, there was no reliable way at the time of writing to reflect the impact of the Covid-19 pandemic. Second, any adjustment would result in a co-mingling of the effects of the CLGF and the Covid-19 pandemic, and thereby fail to provide an assessment of the attributable impact of the CLGF as opposed to other factors that would promote or inhibit business growth among CLGF beneficiaries.

5.1 Progress against ERDF/ESF targets

Table 5 summarises the aggregate performance of the CLGF projects against their ERDF/ESF targets. This aggregate performance is based on eight of nine projects that were completed by the time of writing. The performance of DRIVA Arts DRIVA was excluded.³⁷ All of the eight projects adopted the ERDF C1 (Number of enterprises receiving support) and C5 (Number of new enterprises receiving support) metrics as performance targets (Figure 2). However, among the other ERDF/ESF metrics, there was only partial adoption: i.e. only a subset of projects adopted the metrics.

Interestingly, on an aggregate basis, the CLGF projects either met or exceeded **all** their ERDF/ESF targets. The best aggregate performance (among metrics adopted by two or more projects) was in terms of the:

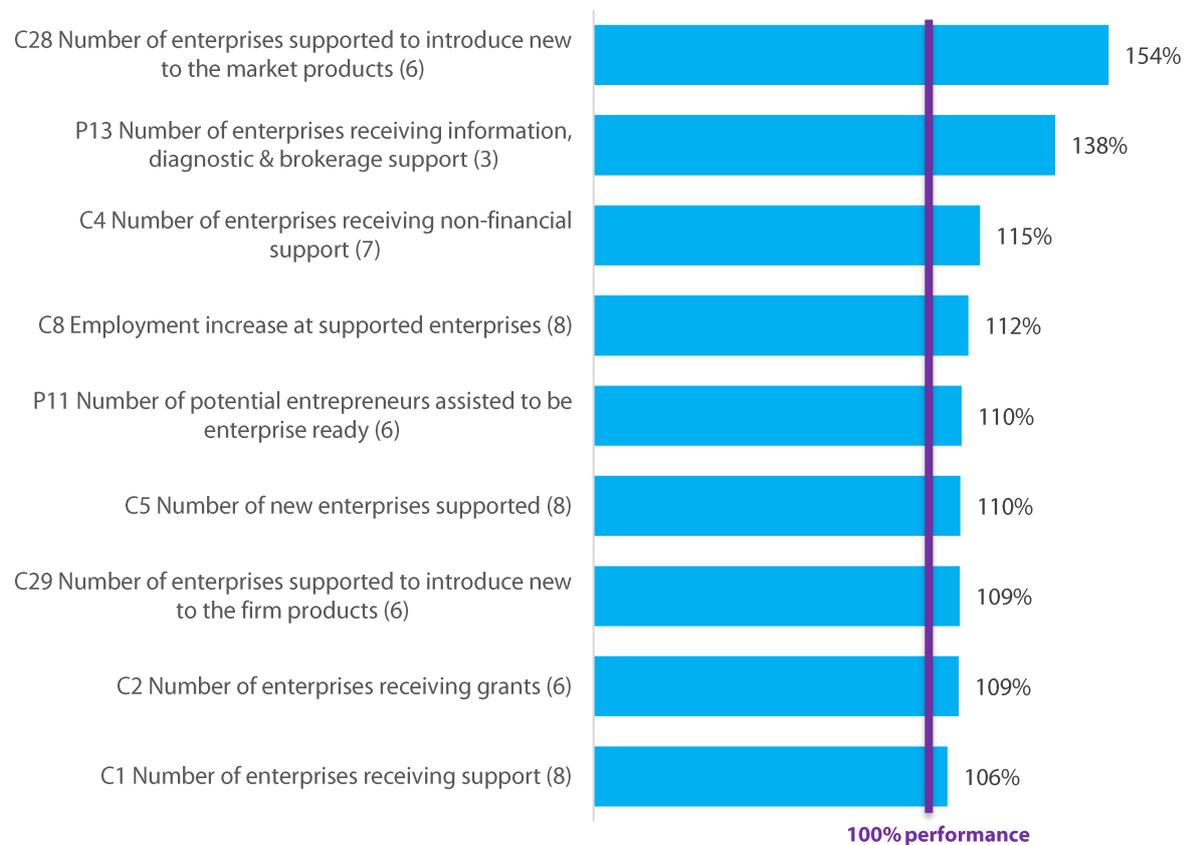
- i. Number of enterprises supported to introduce new to the market products (+54%)
- ii. Number of enterprises receiving information, diagnostic & brokerage support (38%)
- iii. Number of enterprises receiving non-financial support (15%)

The weakest aggregate performance was in terms of the:

- iv. Number of enterprises receiving support (+6%)
- v. Number of enterprises receiving grants (+9%)
- vi. Number of supported to introduce new-to-the-firm products (+9%)

³⁷ DRIVA Arts DRIVA was delayed in launching its project and so its schedule for interim and summative assessments was also delayed. DRIVA Arts DRIVA plans to complete its summative assessment in December 2020. For this reason, project performance data was not available at the time of writing.

Figure 2 CLGF projects' aggregate performance vs. ERDF/ESF targets, percentage over-performance (number of projects adopted metric in parentheses)*



Source: Project summative assessments

* Excludes ERDF targets contracted by only one project

Looking underneath this performance, however, the study team found wide variances in projects' performance in relation to their respective ERDF/ESF targets. Excluding those ERDF/ESF metrics adopted by only one or two projects, the study team found that there was no ERDF/ESF metric for which **all** the projects met or exceeded their performance target (Table 5). In fact, in the case of 'number of new enterprises supported' (C5), and 'employment increase at supported enterprises' (C8), the incidence of under-performance was 50%. That is, four of the eight projects that adopted those targets did not meet them.

Table 5 Aggregate performance vs. ERDF/ESF targets

ERDF/ESF metrics	Target (sum of all the project targets)	Actual (sum of all the project results)	Overall perform- ance	Low ²	High ³	Number of projects meeting or exceeding target
C1 Number of enterprises receiving support	1,613	1,734	+8%	-14%	+53%	6/8
C2 Number of enterprises receiving grants	382	417	+9%	-10%	+50%	5/6
C4 Number of enterprises receiving non-financial support	1053	1216	+15%	-10%	+51%	6/7
C5 Number of new enterprises supported	279	306	+10%	-35%	+121%	4/8
C6 Private investment matching public support to enterprises (£)	175k	206k	+18%	+18%	+18%	1/1
C8 Employment increase at supported enterprises (FTEs) ¹	164	184	+12%	-40%	+118%	4/8
C25 Number of researchers working in improved research facilities	4	4	+0%	+0%	+0%	1/1
C26 Number of enterprises cooperating with research entities	74	82	+11%	+3%	+17%	1/2
C28 No. of enterprises supported to introduce new to the market products (product or service)	63	97	+54%	-47%	+250%	4/6
C29 No. of enterprises supported to introduce new to the firm products	148	162	+9%	+0%	+47%	5/6
P2 Public or commercial buildings built or renovated	1	1	+0%	+0%	+0%	1/1
P11 Number of potential entrepreneurs assisted to be enterprise ready	498	548	+10%	-63%	+42%	5/6
P13 Enterprises receiving information, diagnostic & brokerage support	221	305	+38%	+0%	+68%	2/3
CO23 Number of supported micro, small and medium-sized enterprises	200	298	+49%	+49%	+49%	1/1
R9 Small and medium-sized enterprises successfully completing projects	150	259	+73%	+73%	+73%	1/1

Source: Project summative assessments

Notes:

1. Number of permanent full-time equivalent employees. If project beneficiaries employed two part-time workers on a permanent basis for the entire work year, this could be counted as one FTE.
2. Low represents the lowest performance of a project in percentage terms against that project's target.
3. High represents the highest performance of a project in percentage terms against that project's target.

When viewing the aggregate performance against ERDF/ESF targets, it is important to note that several grantees changed their targets midway through their projects. In some cases, these change requests were in response to clarifications of changes in the definition of an ERDF/ESF metric by MHCLG. In some cases, the change requests were part of negotiations between a project and MHCLG related to adjusting targets to better reflect a project's operating environment and its actual engagement with its beneficiary pool. For example, a change in the duration of a project may require an adjustment in target(s).

5.2 Challenges in attaining performance targets

5.2.1 Number of supported enterprises

In several cases, projects experienced challenges in meeting their performance targets for the ‘number of enterprises supported’ or the ‘number of *new* enterprises supported’. A business had to receive a minimum of 12 hours of business support – whether 1-to-1 or through a workshop – in order to qualify as a ‘supported’ enterprise. In many cases, enterprises would engage with the projects for 6 to 11 hours but were unable to go above the 12-hour threshold. In fact, as an example, StartEAST found that only half of the total participants that it engaged, ultimately achieved the 12-hour threshold.³⁸

Some of the reasons for missing the 12-hour threshold included the following:

- Some enterprises simply concluded that they no longer needed any more business support or that they could not afford to take further time off work or away from their businesses to engage in additional hours of business support.³⁹
- For some enterprises, the business support was found to be too generic or, for others, too sector-specific, and for others still, it was not suited to their stage of business development.⁴⁰
- The available business support put too much emphasis on financial performance rather than cultural outcomes.⁴¹
- There was also an issue of businesses signing up for free workshops, but then not attending.⁴²

The ‘new enterprises’ metric was also challenging for some CLGF projects because it required beneficiaries to register as a business. Many creative entrepreneurs felt, however, that they were not at the stage to register for VAT or at Companies House, and the filing obligations associated with that registered status.

5.2.2 Employment increase at supported enterprises

One half of reporting projects did not meet their ERDF job creation target. This was due to a variety of reasons, some of which point to definitional or performance-measurement issues. Other reasons related to the fundamental characteristics of growth among small businesses in the cultural and creative sectors.

- First, ERDF guidelines stipulate that only employment *within* supported organisations could be counted towards ERDF targets. This invariably excluded any employment generated by supported organisations engaging self-employed freelancers or local suppliers.⁴³
- Second, employment growth typifies the ‘scale-up’ phase of a business’s development, more so than its ‘start-up’ phase. As a significant portion of the business support delivered through the CLGF projects was directed to start-ups, the employment impacts associated with business support delivered by CLGF projects may not be realised until after beneficiaries have ‘spun out of the orbit’ of the project, or even not until after the project had ceased. For example, at the interim evaluation stage, StartEAST found that 90% of supported businesses experienced no change in their PAYE employment.⁴⁴ Only ‘established’ businesses as opposed to ‘start-ups’ reported an increase in their employment compared with before they entered the programme.⁴⁵ This was reaffirmed in the summative assessment, as 49% of StartEAST participants reported that they expected the impact of the programme on their businesses to persist for an average of five years.⁴⁶

³⁸ BOP Consulting (2019), p. 20.

³⁹ BOP Consulting (2019), p. 14.

⁴⁰ BOP Consulting (2019), p. 20.

⁴¹ BOP Consulting (2019), p. 21.

⁴² BOP Consulting (2019), p. 14.

⁴³ BOP Consulting (2018), p. 9.

⁴⁴ BOP Consulting (2018), p. 17.

⁴⁵ BOP Consulting (2018), p. 17.

⁴⁶ BOP Consulting (2019), p. 23.

- Finally, for many creative entrepreneurs, rapid business growth accompanied by the attraction of external investment and an expanding workforce is not always a sought-after route.⁴⁷ Many creative entrepreneurs view themselves as practitioners rather than business-people, and seek to create sustainable businesses, rather than necessarily fast-growing businesses.⁴⁸ In fact, employment growth and sustainability can, in some cases, be at odds. In this regard, employment growth, even after taking into account beneficiaries' stage of development, should not be viewed as a clear indicator of economic success in the cultural and creative sectors.

Recognising that the ERDF's employment measurement guidelines are likely to result in an understatement of actual impact, several CLGF projects sought to also develop and report more representative employment-impact metrics.

- NfCE, for example, took an innovative approach to measuring its employment impact. It asked beneficiaries to also report the number of hours of work they have generated. These total hours were divided by 1,825 per year⁴⁹ to derive an estimate of the number of FTEs generated by NfCE support.
- The data collected by StartEAST through its beneficiary impact survey permitted it to measure its wider employment impact beyond the PAYE employment prescribed by the ERDF guidelines. In particular, the StartEAST beneficiary impact survey collected data that could be used to estimate employment created among freelancers and within beneficiaries' supply chains.
- Creative Fuse North East developed a model for forecasting its employment impacts beyond the life of its project and then discounted those forecast jobs back to the present for inclusion in the summative assessment of its impact and value for money.

⁴⁷ Simon Moreton et al. (2019), p. 37.

⁴⁸ Simon Moreton et al. (2019), p. 37.

⁴⁹ 1,825 hours equates to one full-time equivalent – i.e. the equivalent of one worker working full-time for a single year.

6. Programme impact

Summary of programme impact evaluation questions

1. To what extent has the CLGF met its aim to deliver and support local economic priorities and outputs through arts and cultural investment?
 - a. What impact has the CLGF had on the number of jobs created (as defined by EU)? On the creation of other forms of employment in the cultural and creative sector (e.g. freelance roles, short term contracts, commissions, sales of work)?
 - b. What impact has the CLGF had on audience numbers, including digital (where applicable, to be investigated through case studies)?
 - c. What impact has the CLGF had on gross value added (GVA)? Business creation? Skills development? The employment rate in supported regions?
 - d. What funding has been leveraged beyond ACE and the EU? What are the monetary values and in-kind values of this leveraged funding? What are the sources for each type of this leveraged funding?
 - e. What is the profile over time of the project activity and outcomes?
 - f. How has any delay to the project start impacted on the projects and their ability to generate outputs and outcomes? E.g. are employment impacts most likely to manifest themselves later in the project or after completion of the project? What about other outcomes? What is the sequence of impact?
 - g. Have the projects calculated their total economic impact, and if so, what was it?
 - h. How and when have LEPs been engaged in the projects?
2. What has supported or enabled change during the programme? What have been the barriers to effecting change?
3. How has the type of grantee organisation affected the delivery of the programme and achievement of outputs and outcomes?
 - a. How do the attributes of the different types of grantee organisations affect cashflow? Procurement? Performance monitoring? Project administration?
4. Are there any observable differences in outcomes or processes between rural and urban places?
5. What can be learnt from the CLGF about place-based investment in arts and culture for economic outcomes?
6. To what degree did the CLGF enable ACE to extend its support into sub-sectors of the cultural and creative sector that historically have not been prominent beneficiaries of ACE support?
7. Have CLGF projects had a positive impact on artists' confidence and self-perception as businesspeople?
8. How have artists and entrepreneurs in the cultural sector with protected characteristics or disadvantaged backgrounds benefitted from the CLGF?

6.1 Overview

The study team drew upon data collected by several projects through their own beneficiary surveys. On the basis of this indirect survey data, the study team investigated the impact that the CLGF had on those beneficiaries and their local economies. This investigation was modelled on a meta-analysis format by which the results of individual studies were assessed collectively to arrive at an aggregate or more robust conclusion of the effect that an intervention had on beneficiaries.

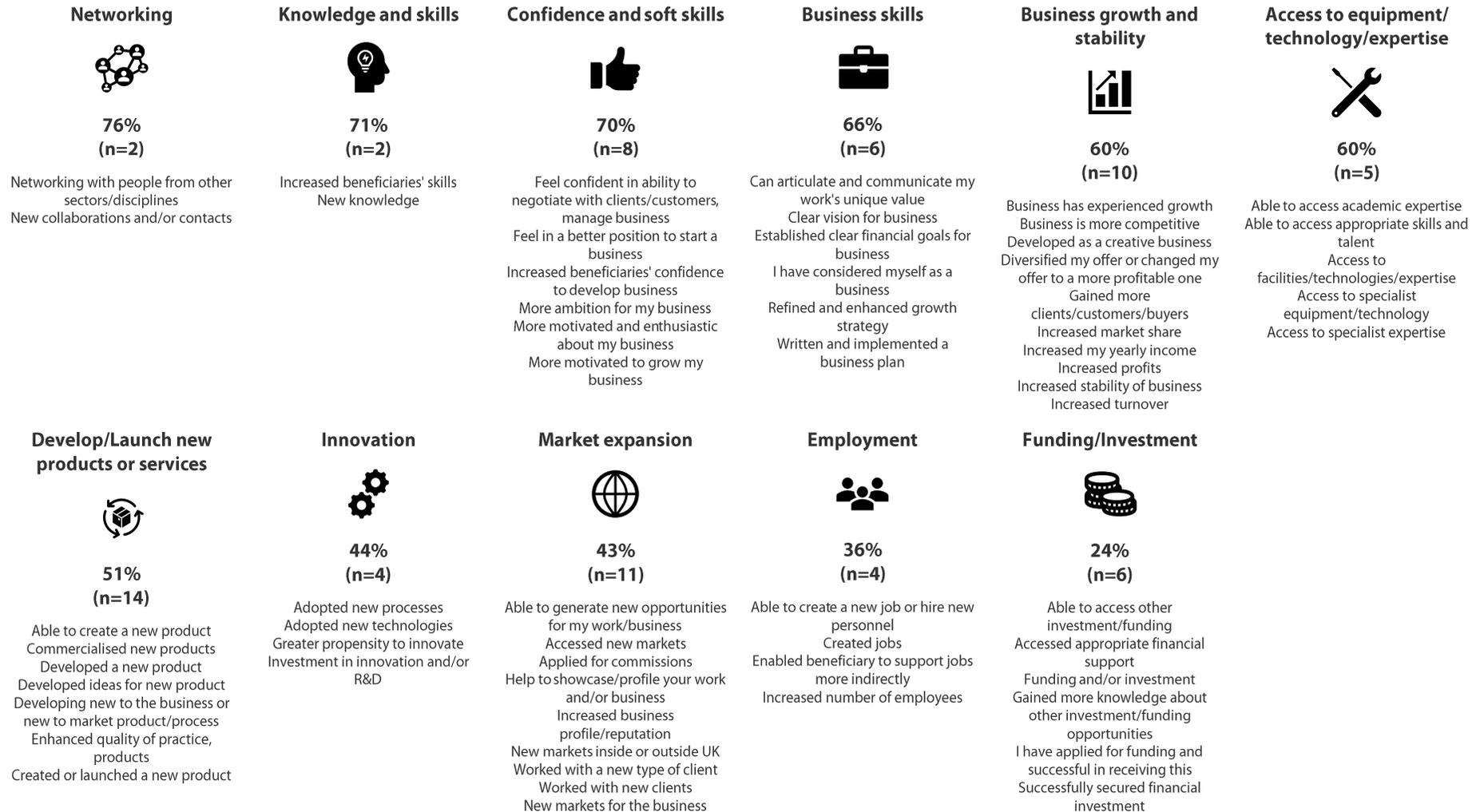
Survey data was available from six of the nine projects, including Creative Fuse North East, Cultivator, Culture+, StartEAST, The Big House and STEAMHouse. Across these six projects, survey data was available for 73 different types of potential programme impact – ranging from such impacts as ‘increased turnover’ to ‘increased beneficiary confidence’. These 73 different impacts were grouped into 11 impact categories listed in the impact matrix below (Figure 3). For each impact category, the mean response was calculated. In some cases, however, the number of survey observations within an impact category was low (e.g. n=2).

To qualify as a positive response, a survey respondent would have had to have reported that a particular impact had already occurred on account of their programme participation or was expected to occur in the near term.

Looking across the impact matrix in Figure 3, the following observations are notable:

- The CLGF has had a strong impact on artists’ and creative practitioners’ **confidence and other soft skills**, particularly their confidence in operating as businesspeople and businesses. On average, 70% of beneficiaries reported a positive impact on their confidence or soft skills. This role of the CLGF in supporting business confidence is discussed in more detail later in this section.
- The CLGF had a moderate impact on beneficiaries’ **business growth and stability**. On average, 60% of beneficiaries reported a positive impact on their turnover, profits, number of clients or other indicator of business growth or increased stability.
- Several CLGF projects offered beneficiaries access to makerspaces with equipment and expertise for creating prototypes or finished products. Approximately 60% of beneficiaries reported that the CLGF increased their **access to equipment, technology or expertise**; although the rate of impact may be affected by the share of beneficiaries that actually sought such access.
- The CLGF had a moderate impact on beneficiaries’ ability to **develop or launch new products or services**. On average, 51% reported that the programme had a positive impact. Similarly, the CLGF had a moderate impact on beneficiaries’ ability to **expand their markets** – geographically or more generally in terms of a wider client base. On average, 43% reported a positive impact in terms of the CLGF helping them reach new markets – with existing or new products.
- Two areas where the CLGF appears to have had a weaker impact were in terms of **job creation**, and the **ability to secure additional funding or investment**. On average, 36% of beneficiaries reported that the CLGF helped them to hire more people. In terms of funding or investment, only 24% reported that their participation in a CLGF project helped them to secure funding or investment from other sources. The results with respect to job creation and funding/investment impacts, would suggest that the CLGF played less of a role in helping cultural and creative businesses to scale up, even though it has had a moderate impact on their business growth and stability. The impact of the CLGF on employment is discussed in more detail in Section 6.2.

Figure 3 Impact matrix



Source: CLGF projects' beneficiary surveys

'n' refers to the number of specific impact statements included in the calculation of the mean and not the total number of respondents

6.2 Employment

Evaluation questions

1. To what extent has the CLGF met its aim to deliver and support local economic priorities and outputs through arts and cultural investment?
 - a. What impact has the CLGF had on the number of jobs created (as defined by EU)? On the creation of other forms of employment in the cultural and creative sector (e.g. freelance roles, short term contracts, commissions, sales of work)?
 - g. Have the projects calculated their total economic impact, and if so, what was it?

As noted in Section 5.2.2, projects not only encountered various challenges in measuring their true employment impact but discovered that, in many cases, employment growth may not necessarily be a good indicator of project impact.

All of the projects tracked their employment impact in accordance with ERDF metric C8 'employment increase at supported organisations'. Four of the eight projects for which final outcome data was available (at the time of writing), fell short of the project target for metric C8 (Table 17). That being said, the strong over-performance at NfCE (+118%) and The Big House (+30%) meant that the overall aggregate performance of the CLGF projects was 12% above target. Among the four projects that fell short of their employment target, three projects – Creative ENRG, Creative Fuse North East and STEAMhouse– were still within 10% of their target.

Cultivator's employment outcome (18) was 33% lower than its target (27). However, its beneficiaries emphasised how they had not actually expected job creation to be a direct outcome of their involvement in Cultivator – largely because creative businesses work with freelancers. This was despite the fact that programme designers may have envisioned job creation as a key output on an ex-ante basis.⁵⁰ Furthermore, many of the Cultivator beneficiaries that did believe there would be a positive impact on employment expected that it would be more than two years after the project was complete.

Table 6 Increase in employment at CLGF-supported organisations (number of FTEs)

	Target	Final outcome	Variance
Creative ENRG	30	27.5	-8%
Creative Fuse North East	23	22.0	-4%
Cultivator	27	18.0	-33%
Culture+	4	4.0	0%
DRIVA Arts DRIVA	--	--	--
NfCE	19	41.5	+118%
StartEAST	5	5.0	0%
STEAMhouse	10	6.0	-40%
The Big House	46	60.0	+30%
Total	164	184.0	+12%

Source: Project summative assessments

The employment statistics in Table 6 only reflect the relatively narrow definition of employment set out by the ERDF guidelines. To provide a better indication of the full employment impact of the CLGF projects, there are two adjustments that could be made to the ERDF-defined employment figures.

- i. Additionality adjustment
- ii. Longitudinal adjustment

These adjustments are discussed in more detail in Appendix E. However, after adjusting for **additionality**⁵¹ (see Glossary for definition) the study team found that the CLGF had a net employment impact of 110.4 FTEs,

⁵⁰ Ash Futures (2019), pp. 14-15.

⁵¹ Typically, when assessing the additionality of public intervention, the net impact is less than the gross impact (i.e. before accounting for additionality), and therefore, the net-to-gross impact ratio is less than 1.00. It should be noted,

compared to a gross impact of 184 FTEs (Table 7 Net employment impact of CLGF projects).⁵² In other words, whilst the gross employment impact was found to be 187.8 FTEs, in the absence of the CLGF, 77.4 FTEs would have still been generated, so thereby the net impact was 110.4 FTEs.

Table 7 Net employment impact of CLGF projects

	ERDF metric ¹	Gross impact	Net impact ²
Creative ENRG ³	27.5	27.5	27.5
Creative Fuse North East ⁴	22.0	22.0	9.2
Cultivator ⁵	18.0	18.0	18.2
Culture+	4.0	4.0	2.0
DRIVA Arts DRIVA	--	--	--
NfCE	41.5	41.5	19.1
StartEAST	5.0	8.8	4.3
STEAMhouse	10.0	6.0	2.5
The Big House	60.0	60.0	27.6
Total	184.0	187.8	110.4

Source: Project summative assessments

Notes:

1. Metric C8: increase in number of permanent full-time equivalent (FTEs) employees at supported enterprises. If project beneficiaries employed two part-time workers on a permanent basis for the entire work year, this could be counted as one FTE.
2. Net employment impact estimated by projects after applying additionality assumptions.
3. Creative ENRG reported its net employment impact of 27.5 FTE jobs for its ERDF performance metric, and so this has been taken to also represent its gross employment impact. For this reason, the employment data in this table will not correspond to the ratio found in Table 18.
4. The discounted long-term impact (three years) impact on employment that was reported by the project has been removed from the estimates of gross and net impacts in order to make the statistics comparable across all projects.
5. Cultivator's summative assessment reported ratio of net to gross employment impacts of greater than one, even though this ratio is typically less than one. Please see Appendix E for further discussion.

Even after accounting for additionality, the employment impact only encompasses an estimate of the net employment impact at project end: that is, the employment impact that is observed among beneficiaries during the duration of the project. This is referred to as the 'project impact'. However, for the types of business-support programmes funded by CLGF, the vast majority of the employment impact and other economic benefits will likely occur beyond the life of the programme, as the businesses formed during the programme strengthen their position in the marketplace and begin to grow or continue to grow.

In this regard, the CLGF – and other business support programmes – should be viewed as 'investments' that yield economic benefits into the future. As indicated in Section 5.2.2, only one CLGF project, Creative Fuse North East, took into account its future economic impacts. The Innovation Partnership Ltd., which prepared the ERDF summative assessment of Creative Fuse North East, used a three-year projection of the project impacts but also applied a 10% diminution rate. In other words, the economic impact in year 1 (the first full year after the end of the project) was assumed to be 90% of the impact observed during the project; and the impact in year 2 was assumed to be 81% of those observed in year 1 (i.e. 90% of 90%), and so on.⁵³ These projected impacts were discounted back to the present using the social discount rate of 3.5% as recommended in the HM Treasury Green Book.⁵⁴

To attempt to capture the longer-term employment impact of all the projects (not just Creative Fuse North East), the study team developed a model based on business demographic data published by ONS, in order to forecast the potential growth in employment of all CLGF project beneficiaries and the consequent overall

however, that two projects – Creative ENRG and Cultivator – actually displayed net-to-gross impact ratios that were above 1.00, namely because they assumed limited or no deadweight associated with their projects' interventions. In other words, the two projects assumed that virtually all of the employment and GVA generated by their interventions would not have occurred in the absence of those interventions. We also note that Creative ENRG also assumed a relatively low rate of displacement (8%) in the estimation of its net economic impact. However, this low rate of displacement is probably consistent with the weak economic conditions in Hull and the Humber LEP area in which it operated.

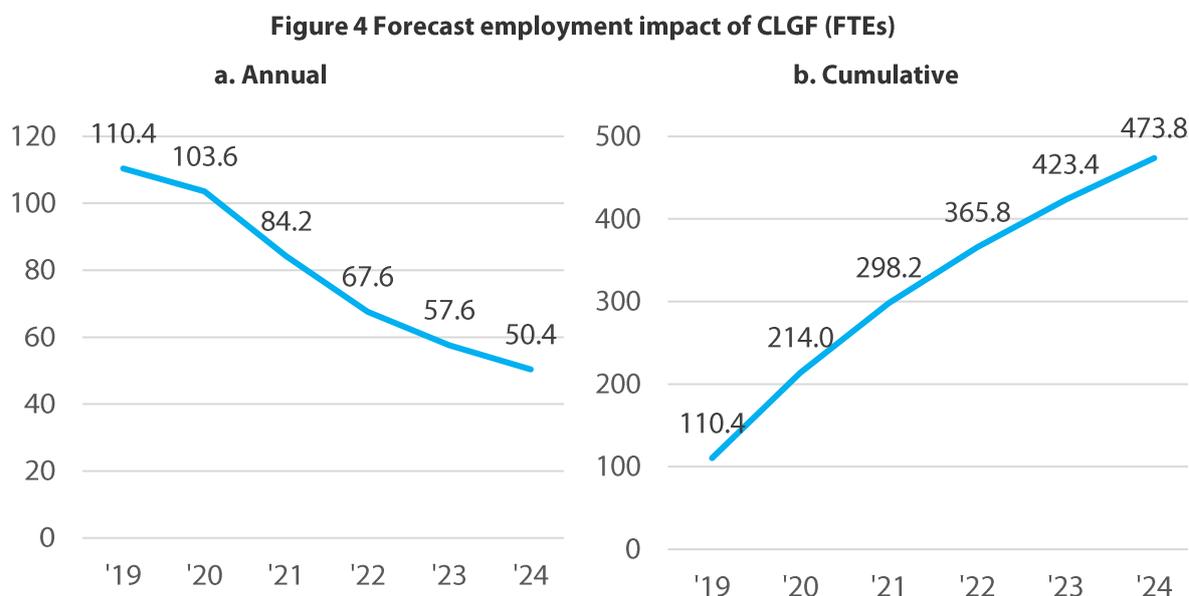
⁵² The results in Table 7 do include multiplier effects, and thereby should reflect some of the employment of freelancers within beneficiaries' supply chain.

⁵³ The Innovation Partnership Ltd. (2019), *Creative Fuse North East: Final Summative Assessment Report*, pp. 21-22.

⁵⁴ The Innovation Partnership Ltd. (2019), pp. 21-22.

employment impact of the CLGF. The structure and assumptions of this model are described in Box 7 in Appendix E.

When applied in the context of the CLGF, the forecast model indicates that the total additional annual employment across surviving beneficiaries will decline from 110.4 FTEs in 2019 to 50.4 FTEs in 2024 (Figure 4a), primarily as a result of the business survival rate. However, from an impact perspective, it is the *cumulative* number of FTEs generated by CLGF beneficiaries that is important. **On a cumulative basis, the model forecasts that by 2024, the cumulative employment impact of CLGF will total 473.8 FTEs** (Figure 4b).⁵⁵



Source: Nordicity analysis based on data from [ONS Business demography UK](#)

6.3 Gross value added

Evaluation questions

1. To what extent has the CLGF met its aim to deliver and support local economic priorities and outputs through arts and cultural investment?
 - c. What impact has the CLGF had on gross value added (GVA)? Business creation? Skills development? The employment rate in supported regions?
 - g. Have the projects calculated their total economic impact, and if so, what was it?

Along with employment, gross value added (GVA) is another key measure of economic impact. GVA is essentially the monetary value of the economic value 'added' by an organisation or industry. In this respect, it can be calculated as the difference between the market value of an organisation or industry's output (i.e. the goods or services it produces) and the monetary value of the inputs that it purchases from other organisations or industries. This difference typically consists of the costs of employment (i.e. wages, salaries and employee benefits) and mixed income. The latter includes the portion of an organisation or industry's income that is retained as profit and paid to suppliers of capital, IP or other non-labour inputs. For small businesses, mixed income also includes the compensation that owners pay themselves, such as dividends.

⁵⁵ Whilst the differences in the models and assumptions used by projects to estimate their employment impact may preclude project-to-project comparisons or mean that the aggregate impact may not be representative, for the purposes of this evaluation report, the study team has nonetheless used the figures on an 'as reported basis' from each of the available projects.

At the time of writing, GVA data was available for five of the nine projects (Table 8 GVA impact of CLGF-supported projects (£m)). The study team prepared its own estimates of the GVA for three projects – Culture+, STEAMhouse and The Big House – based on those projects’ employment impacts or other data available from the projects. In total, therefore, GVA data was available for eight of nine projects. As was the case with employment, GVA was measured and reported on a gross and net (i.e. additional) basis, after taking into account economic deadweight, leakage, displacement, substitution and multiplier effects.⁵⁶

On a combined basis, the eight projects had a net GVA impact of £6.16m. However, the project-to-project GVA impact varied considerably – from £0.02m to £2.04m. This wide range in GVA outcomes was to a combination of differences in (i) project performance (particularly in terms of job creation), (ii) economic models used to estimate GVA and (iii) differences in the underlying economic conditions within the projects’ local economies (and thereby the additionality of the local economic impacts). Consequently, it is not possible to categorically attribute these differences to any fundamental differences in the economic efficacy of the projects and their delivery models.

Table 8 GVA impact of CLGF-supported projects (£m)

	Gross impact (£m)	Net impact (£m)
Creative ENRG ¹	1.66	2.04
Creative Fuse North East	3.69	1.55
Cultivator ¹	0.71	0.71
Culture+ ²	0.04	0.02
DRIVA Arts DRIVA	--	--
NfCE	0.57	0.27
StartEAST	0.80	0.39
STEAMhouse ¹	0.26	0.11
The Big House ¹	2.33	1.07
Total	10.06	6.16

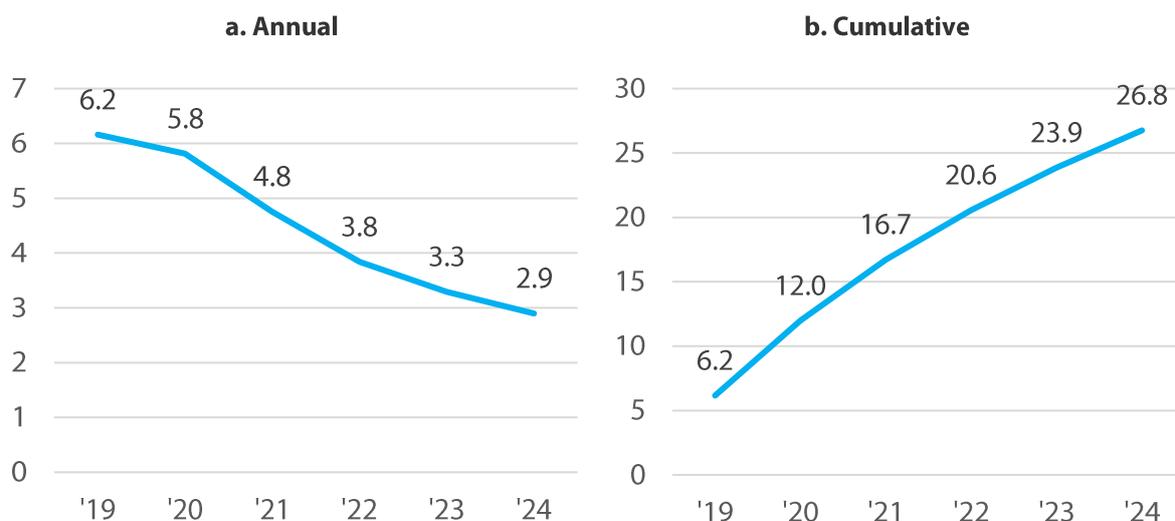
Source: Project summative assessments and Nordicity estimates

- Note that Creative ENRG and Cultivator both displayed (in their summative assessment reports) ratios of net to gross economic impacts that were greater than one, even though such ratios are typically less than one. Please see Appendix E for further discussion.
- Since no GVA data was available in the project’s summative assessment, the study team prepared a GVA estimate on the project’s reported employment impact or other data available from the project.

As with employment, the ‘investment’ nature of CLGF’s business support programmes implies that one should attempt to forecast the GVA impact beyond the end of the projects. To do this, the study team developed a forecast model similar to that which it developed for employment, except that the study team added a variable for growth in worker productivity to the model. The model is described in Box 8 in Appendix E.

When the forecast model was applied to the estimate of the aggregate project-end net GVA impact of the CLGF of £6.2m (see Figure 5 Forecast GVA impact of CLGF (£m)a), the study team found that the annual net GVA impact of surviving beneficiaries would decline from £6.2m in 2019 to £2.9m in 2024 (Figure 5a), primarily as a result of the business survival rate. However, from an impact perspective, it is the *cumulative* amount of GVA generated by CLGF beneficiaries that is important. **On this cumulative basis – across the eight projects for which the study team had estimates of GVA impact (i.e. all but DRIVA Arts DRIVA) – the model forecasts that by 2024, the cumulative surviving CLGF beneficiaries will have generated a total £26.8m in GVA** (Figure 5 Forecast GVA impact of CLGF (£m)b).

⁵⁶ For all but one project, GVA was reported on a project-end basis. The exception was Creative Fuse North East, which prepared estimates of its gross and net GVA impact to include a forecast of its impact beyond the end of the project. In order to present the GVA impact estimates on a consistent basis, we have removed the effects of this long-term impact modelling from Creative Fuse North East GVA estimates.

Figure 5 Forecast GVA impact of CLGF (£m)


Source: Nordicity analysis based on data from [ONS Business demography UK](#)

6.4 Delivery models

Evaluation questions

2. How has the type of grantee organisation affected the delivery of the programme and achievement of outputs and outcomes?
 - a. How do the attributes of the different types of grantee organisations affect cashflow? Procurement? Performance monitoring? Project administration?

Apart from the requisite that each CLGF project had to be a partnership, the generally non-prescriptive approach taken by ACE meant that every CLGF project was unique in how it was delivered. This created the opportunity to identify the strengths and weaknesses that each partnership configuration may have afforded.

At a headline level, there were four different lead delivery agents:

- i. cultural sector body,
- ii. HEI,
- iii. charity / social enterprise, and
- iv. local authority.

Where a cultural sector body was not the lead, they were nonetheless always present as part of the partnerships. Similarly, HEIs were present in all but two partnerships – Creative ENRG and StartEAST. In addition, organisations that had a specialism in delivering business support were a core presence in four of the partnerships. Table 9 details each project's partnership composition and configuration.

Overlaying the partnership structure, there was a geographic dimension, as the CLGF projects were trying to deliver their outcomes over very different social and economic geographies. Some projects were town/city-based, others county-based, and the remainder multi-county in their geographic coverage – all with a different urban-rural balance. Furthermore, one project, Creative Fuse North East, operated across a geography covered by two LEAs.

The research interviews indicated that there was a clear need within the partnerships for at least one partner to have the financial capacity to be able to withstand significant cashflow fluctuations. This was largely on account of the sizeable sums of grant money due from the ERDF, the timing of which were contingent upon factors that were not fully within the control of the projects. This was especially the case if delivery of the

project outputs had already started before cash funding had been received. In fact, several projects experienced such delays. Large ERDF-funded projects such as CLGF also needed significant administrative capacity available to efficiently manage the procurement and other administrative requirements.

The cashflow and administrative requirements of a large multi-year match-funding project such as the CLGF imply that there is a strong need for a large organisation to be involved, even if that organisation is not the delivery lead. In fact, for five of the nine CLGF projects, a large organisation such as a LA or HEI served as the accountable body, whilst a smaller organisation operated as the delivery lead (i.e. Cultivator, Culture+, NfCE, StartEAST and The Big House).

Table 9 Projects' profile

Project	Type of lead organisation	Geographic focus	LEP	Additional cash funding partners*
Creative ENRG	Charity	Urban centre	Humber LEP	Charity / Social enterprise Local Authority
Creative Fuse North East	HEI	Multi-county-wide	North East LEP (NELEP); Tees Valley Combined Authority and LEP (TVLEP)	Each university partner AHRC
Cultivator	Cultural sector body	County-wide	Cornwall and Isles of Scilly LEP	ESF (instead of ERDF) Local Authority
Culture+	Cultural sector body	County-wide	Dorset LEP	None
DRIVA Arts DRIVA	HEI	Multi-county-wide	Coast to Capital LEP	--
Network for Creative Enterprise	Jointly led by cultural organisation and HEI	Dual urban centre	West of England LEP (WELEP)	--
StartEAST	Local Authority	Multi-county-wide	New Anglia LEP	None
STEAMhouse	HEI	Urban centre	Greater Birmingham and Solihull LEP	--
The Big House	Cultural sector body	Multi-county-wide	D2N2 LEP	Each project partner

Source: Nordicity / Saffery Champness research

* In addition to ACE and ERDF funding.

6.5 Funding leverage

Evaluation question

1. To what extent has the CLGF met its aim to deliver and support local economic priorities and outputs through arts and cultural investment?
 - d. What funding has been leveraged beyond ACE and the EU? What are the monetary values and in-kind values of this leveraged funding? What are the sources for each type of this leveraged funding?

Table 10 details the cash and in-kind funding received by the CLGF projects. The financial data indicate that the CLGF achieved a high degree of leverage – even beyond the cash funding obtained from the ERDF/ESF.

ACE provided a total of £3.8m in funding through the CLGF. This funding helped projects obtain an additional £9.4m in match funding from the ERDF or ESF. The projects report that they also raised nearly £5.1m in cash funding from other third-party sources. These other sources included HEIs, the Arts and Humanities Research Council (AHRC) and LAs. In some cases, ACE National Portfolio Organisations (NPOs) also contributed cash funding. The largest third-party cash contributions were for Creative Fuse North East and STEAMhouse. The former received £1.6m from AHRC and a further £1.5m from its four HE partners. STEAMhouse received £1.3m from Birmingham City University.

Overall, the CLGF projects received a total of £18.3m in cash funding, of which CLGF funding was £3.8m. In other words, for every £1 of CLGF funding, projects received an additional £3.78 in cash funding.

In many cases, large project partners such as HEIs or LAs also provided in-kind contributions to CLGF projects in the form of staff resources or physical premises. In the case of NfCE, Watershed's Pervasive Media Studio and the other smaller network hub members (i.e. The Guild, Knowle West Media Centre, Spike Island) also provided in-kind contributions. Outside of NfCE, however, it would appear that large organisations could, alongside their financial capacity, also provide in-kind support.

Four projects placed a value (£522,770) on these in-kind contributions.⁵⁷ Adding in-kind contributions to the funding profile of CLGF project raised the total value of project inputs to £18.8m. The inclusion of in-kind contributions raised the leverage of CLGF funding to £3.91 for every £1.

Table 10 CLGF funding leverage

	CLGF award (£)	ERDF/ESF (£)	Other cash funding (£)	Total cash funding (£)	Value of in-kind contributions (£)	Total value of CLGF project inputs (£)
Creative ENRG	300,000	1,060,000	180,430	1,540,430	0	1,540,430
Creative Fuse NE	271,362	801,301	3,100,000	4,172,663	0	4,172,663
Cultivator	500,000	2,998,092	130,082	3,628,174	0	3,628,174
Culture+	482,200	482,200	0	964,400	0	964,400
DRIVA Arts DRIVA	266,610	500,000	245,124	1,011,734	0	1,011,734
NfCE	500,000	500,000	0	1,000,000	132,400	1,132,400
StartEAST	500,000	609,770	112,000	1,221,770	111,962	1,333,732
STEAMhouse	500,000	1,764,001	1,250,383	3,514,384	13,614	3,527,998
The Big House	500,000	658,894	40,145	1,199,039	264,794	1,463,833
Total	3,820,172	9,374,258	5,058,164	18,252,594	522,770	18,775,364

Source: ACE, projects and MHCLG

⁵⁷ Note that other projects may have also received in-kind contributions from the project partners, however, these contributions have not been assigned a financial value by the partner or project. For example, the University of the West of England provided NfCE with staff resources at no cost as part of its project administration role, however, the value of these staff resources has not been isolated and assigned a financial value. Therefore, the in-kind valuation used here, underestimates the true value of this type of contribution, and as a consequence, the final leverage figure should be considered to be a conservative one.

6.6 Urban vs. rural

Evaluation question

4. Are there are observable differences in outcomes or processes between rural and urban places?

Two of the CLGF projects were focused on high-density urban centres (Creative ENRG and STEAMhouse), the remainder operated across jurisdictions with both urban and rural areas, though the balance between the two varied considerably. The evaluation research indicated that several projects experienced challenges in serving rural areas.

- In many cases, projects delivered a large portion of their business support through workshop events. Whilst the location of these events could be rotated around project partners, they typically remained within urban areas, making it difficult for rural beneficiaries to attend, or making the business support offer less attractive to rural beneficiaries.⁵⁸
- For projects that incorporated a makerspace (i.e. NfCE and STEAMhouse), the urban concentration of activity was even more acute, since there was no way to have a ‘travelling makerspace’.
- Among the projects, Cultivator was probably the most committed to ensuring it had effective reach into rural areas within Cornwall. However, even Cultivator found it challenging to reach beneficiaries or potential beneficiaries in the north and east of the county, where creative businesses are fewer in number and less clustered.
- Going forward, projects believe that more webinars, video-conferencing and Zoom-based 1-to-1 mentoring would have to be deployed to make business support programmes more attractive and effective for rural beneficiaries.

6.7 Business confidence and resilience

Evaluation question

7. Have CLGF projects had a positive impact on artists’ confidence and self-perception as businesspeople?

Alongside the more tangible impacts such as company formation and job-creation, there is evidence that CLGF projects also had a significant effect on softer – but arguably longer-lasting – skills and attitudes. An outcome of the CLGF has not only been to shift the perception of the arts and culture sector within the economic growth agenda, but to also shift artists’ own perception of themselves as businesspeople and as having the confidence to operate more effectively in a commercial environment.

”

... A confidence is given by the faith shown by Cultivator in my work that would not otherwise be there...

[Creative ENRG] helped me to understand how to manage my time better, how to promote myself, and more importantly to believe in myself, my ideas and my goals.

Creative ENRG helped me regain confidence in what I want to achieve...

Though I didn’t learn new skills [through StartEAST], I do feel more confident in my abilities...

[I] have made lots of contacts, gained confidence in myself to drive the business forward and am now more organised and focussed. I accept my way of working and can structure my workflow better. (NfCE)

⁵⁸The concentration of workshops raised other non-geographical challenges, since their scheduling made them difficult to attend for people who had to work during the day or with family responsibilities in the evening.

Many projects reported that artists viewed their participation in the CLGF business support programmes as key to starting to see themselves as businesspeople and gaining personal confidence as well as confidence to conduct business activities (e.g. negotiate with clients or suppliers). According to Ash Futures (who prepared Cultivator’s ERDF summative assessment), there was a “clear link” between personal confidence and business development, particularly for creative businesses in which the products are often a “personal representation” of a person’s business practice.⁵⁹

- 70% of Cultivator beneficiaries reported that the programme had “already helped increase their confidence to develop a business” and approximately 60% reported that it had “already increased their confidence in running an existing business”.⁶⁰ Indeed, Cultivator’s evaluators concluded that it “had some very positive impacts on the confidence of its business beneficiaries”.⁶¹
- In the case of Creative Fuse North East, the increase in confidence was viewed as broader than simply business confidence and incorporated what the project termed ‘Creative Confidence’ (see video testimonials [here](#)).
- Increasing, gaining and boosting confidence was also a theme coming out of the beneficiary feedback and case studies from Creative ENRG (see video testimonials [here](#)).⁶²
- 71% of respondents to a survey of StartEAST participants felt confident in their ability to negotiate with clients or customers; up from 41% before entering the business support programme.⁶³ Fifty-seven percent reported that they were more confident about their ability to cope with risk, up from 27% before entering the programme.⁶⁴

6.8 Inclusivity

Evaluation question

8. How have artists and entrepreneurs in the cultural sector with protected characteristics or disadvantaged backgrounds benefitted from the CLGF?

All of the projects appear to have been very much aware of the challenges in reaching under-represented groups within the cultural and creative sectors, and the specific challenges that many of these groups face in launching and maintaining creative businesses. Most, but not all, projects closely monitored their inclusivity through the collection of statistics. Indeed, some projects had some real success stories, particularly in terms of engaging with women.

- Whilst Creative ENRG did not explicitly report on the inclusivity of its project, the fact that the Goodwin Trust was the lead organisation, with a history of working with young people and people at-risk of social exclusion on the Thornton Estate and in Hull, meant that both groups would have likely been among the project beneficiaries.
- Creative Fuse North East reported that 42% of academic participants were female.⁶⁵ It also highlighted the issue of ethnic and gender diversity of its project.⁶⁶
- Participation in Cultivator by younger-age workers and women was higher than the average within the population of Cornwall and Isles of Scilly.⁶⁷ In terms of ethnicity and disability, participation in Cultivator was similar to the county averages – although the measurement of the latter was

⁵⁹ Ash Futures (2019), p. 68.

⁶⁰ Ash Futures (2019), p. 46.

⁶¹ Ash Futures (2019), p. 68.

⁶² Creative ENRG (2019), *Your Creative Enterprise Journey*.

⁶³ BOP Consulting (2019), p. 29.

⁶⁴ BOP Consulting (2019), p. 29.

⁶⁵ Creative Fuse North East (2019), *Project Report 2019*, pp. 16-17.

⁶⁶ Creative Fuse North East did ask project beneficiaries to provide data on gender, ethnicity and diversity. Although many beneficiaries opted out, the recorded data was reported to MHCLG.

⁶⁷ Ash Futures (2019), p. 70.

challenged by differing definitions.⁶⁸ In particular, Cultivator was very interested in helping young people enter the creative workforce/ecosystem and helping women re-enter it.

- Participation in Culture+ from black and ethnic minority groups was nearly triple their share of Dorset's county population. Although only 4.4% of Dorset's population classify themselves as not White-British, 12% of Culture+ participants came from this group.⁶⁹ Culture+ was also consistently effective at reaching female entrepreneurs, reporting that 75% of its project participants were female.⁷⁰
- According to NfCE, only 9% of its residents⁷¹ identified as Black, Asian and Ethnically Diverse,⁷² which was below the 16% Black, Asian and Ethnically Diverse share within Bristol's population, but above the 5.4% share within Bath's population. This perceived under-performance with respect to Black, Asian and Ethnically Diverse participation, led the NfCE partners to launch a new programme in 2019 called 'Creative Workforce for the Future' to offer paid internships for those from a Black, Asian or Ethnically Diverse background, and/or from a disadvantaged socio-economic background.⁷³ The NfCE programme did, however, permit The Guild in Bath to "attract new kinds of residents" who would not normally gravitate to or be able to afford a shared workspace.
- StartEAST set out targets for project participants who were female (50%), Black, Asian and Ethnically Diverse (5%) or had a registered disability (5%).⁷⁴ It met or exceeded all three targets. Women accounted for 67% of participants; Black, Asian and Ethnically Diverse participants accounted for 5%; and persons with registered disabilities accounted for 8%.⁷⁵
- Although The Big House did not report statistics on the diversity of its beneficiaries, its ERDF evaluators did point to the project's engagement with Black, Asian and Ethnically Diverse communities as one of its strengths.⁷⁶

⁶⁸ Ash Futures (2019), pp. 56, 70.

⁶⁹ The Arts Development Company (2019), "[Culture+ Participants Demographic Report](#)".

⁷⁰ The Arts Development Company (2019).

⁷¹ NfCE refers to its beneficiaries as 'residents'.

⁷² Simon Moreton et al. (2019), p. 41.

⁷³ Simon Moreton et al. (2019), p. 41.

⁷⁴ BOP Consulting (2019), p. 8.

⁷⁵ BOP Consulting (2019), p. 4.

⁷⁶ Carney Green (2019), p. 67.

6.9 Strategic added value

Summary of strategic added value (SAV)⁷⁷ evaluation questions

1. To what extent, with whom and where has the CLGF developed and established new partnerships locally and nationally?
2. To what degree have the nine CLGF projects shared best practices and other information, and benefitted from this sharing?
3. Has the CLGF improved the perception among LEPs, LAs and other local public bodies of arts and culture as drivers of economic growth, locally, and more widely?
4. Have CLGF projects had an impact on the development of local industrial strategies by LEPs?
5. How can ACE, LEPs and other organisations capitalise on the programme-delivery capacity generated by the CLGF?
6. How can ACE, LEPs and other organisations harness the data and information gathered by CLGF projects to continually improve the design of place-based economic support programmes in the future?

6.9.1 New local and national partnerships:

Evaluation questions

1. To what extent, with whom and where has the CLGF developed and established new partnerships locally and nationally?

All the CLGF projects led directly to new local partnerships or strengthened existing ones. This was hardly surprising since the CLGF guidelines required that applicants collaborate with one or more arts/cultural organisation, HEI, FEI, LA or other public body.

- Table 11 below summarises the various organisations that partnered with the lead organisation to deliver each of the CLGF projects. The table also lists partners that may not have been officially part of a project's CLGF funded activities, but rather, helped to deliver only ERDF-funded activities.
- In total, the nine lead organisations had a combined 31 partner organisations involved in the delivery of their CLGF initiatives, plus another four partner organisations involved in the delivery of ERDF-only projects.
- Where lead organisations (i.e. CLGF grantees) had already been in operation prior to the CLGF – either through ESIF or other programmes (e.g. Goodwin Development Trust, Creative Kernow, Watershed) – some of the local partnerships likely already existed; although even these longer-standing delivery organisations would have been new to working with arts/cultural organisations, in some cases.
- For Creative Fuse North East, the project brought all the North East region's HEIs together working on a single project. It is true to say that because of the AHRC involvement, this project was one that would likely have gone ahead regardless of whether it had received funding from the CLGF.

⁷⁷ Strategic added value (SAV) refers to the benefits of an intervention over and above those commonly associated with its outputs, outcomes or impacts. The term and concept of SAV was first developed to help assess how the former Regional Development Agencies (RDAs) were able to leverage their funding to influence stakeholders' behaviour, decisions and outcomes. SAV is often achieved through strategic leadership, influence, financial leverage, improved information exchange and knowledge sharing, improved engagement with stakeholders. For more information and examples, see [Evaluating the Impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework \(PA Consulting and SQW Ltd.\)](#).

Nonetheless, it does demonstrate that external actors can be coordinating agents bringing together HEIs on a region-wide basis.

- For the newly formed lead organisation The Creative Quarter, most of the partnerships – whether with local arts/cultural organisations, HEIs or business support hubs – would have been new.
- Some projects’ summative assessments did indicate that there could have been better integration and collaboration with local growth hubs.

Table 11 Summary of project partners

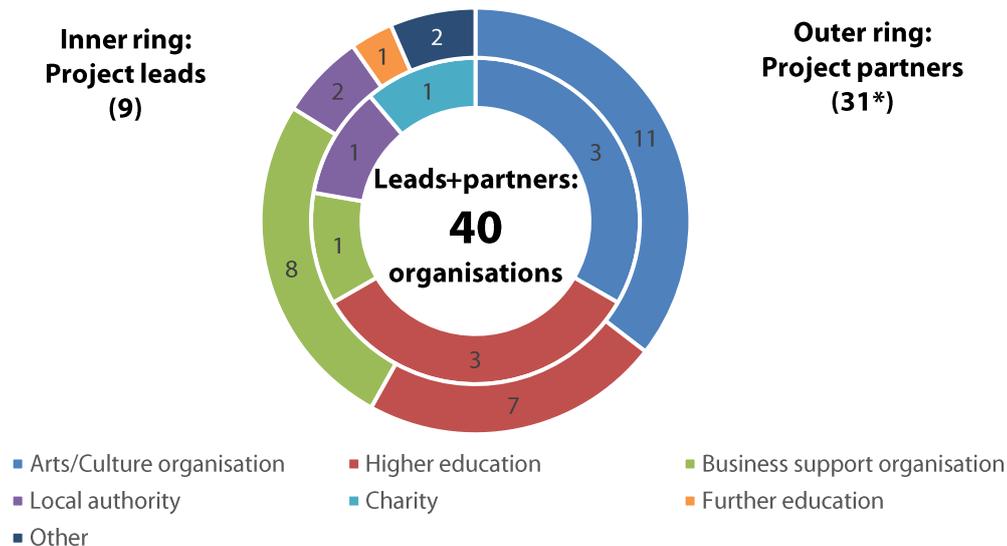
Project name	Lead organisation	Partner organisations
Creative ENRG	Goodwin Development Trust	Hull City Council*, British Library Business & IP Centre (Hull), Hull Culture & Leisure Ltd.
Creative Fuse North East	Newcastle University	University of Sunderland, Northumbria University, Teesside University*, Durham University, Tyneside Cinema (on behalf of Newcastle Gateshead Cultural Venues)*
Cultivator	Creative Kernow	Cornwall College, Plymouth University, Business West, Real Ideas Organisation*
Culture+	Arts Development Company	WSX Enterprise, Silicon South, YTKO (OutSet and GetSet for Growth), DORMEN
DRIVA Arts DRIVA	University of Brighton	University of Sussex, Wired Sussex, Gatwick Airport
NfCE	Watershed	University of the West of England, The Guild (Bath), Knowle West Media Centre*, Spike Island*, Watershed’s Pervasive Media Studio*
StartEAST	Norfolk County Council	Suffolk County Council, New Wolsey Theatre*
STEAMhouse	Birmingham City University	Eastside Projects* (through a purpose-built makerspace)
The Big House	The Creative Quarter	Derby Theatre*, New Art Exchange*, Derby QUAD*, Broadway Cinema* ERDF only: NBV Enterprise Solutions, Nottingham Business School at Nottingham Trent University, The Hive, University of Derby

Source: Nordicity/Saffery-Champness research

* ACE National Portfolio Organisations 2018-2022

A total of 40 organisations participated in the CLGF, including 9 lead organisations and 31 partners. Among the 31 CLGF partners, there were 11 arts/culture organisations, 8 business support organisations, 7 HEIs, 2 LAs, 1 FEI and 2 other organisations (i.e. Gatwick Airport and The Guild shared workspace in Bath) (Figure 6). Among the 31 partners, 13 were ACE NPOs.

In addition, it is worth noting that all of the arts/cultural organisations and business-services partners were either not-for-profit bodies or social enterprises. Without the intervention and support from ACE, it is unlikely that most of these arts/cultural organisations would have formed the partnerships that they had. The partnerships with HEIs were viewed as particularly valuable, since HEIs often brought administrative capacity, experience working with the ERDF and MHCLG, cash flow resources and programme-assessment expertise to projects.

Figure 6 Types of project organisations, leads and delivery partners


Source: Nordicity research
 * Includes 13 ACE National Portfolio Organisations

6.9.2 Sharing of best practices

Evaluation question

- To what degree have the nine CLGF projects shared best practices and other information, and benefitted from this sharing?

Whilst ACE convened shared learning meetings at the national level, where the projects gathered to network, share and learn from each other, our consultations indicated that outside of the South West, the depth of the sharing and cross-learning was not strong.

- All grantees did mention that they found the learning days hosted by ACE to be useful, but few could point to specific learnings that they subsequently implemented for their own projects.
- As noted, the key exception has been in the South West where three projects – NfCE, Cultivator and Culture+ – all fall under the oversight of a single ACE Relationship Manager. These three projects were able to convene quarterly meetings, and through these meetings share best practices – particularly with regards to managing the relationship with MHCLG, as required to navigate and fulfil their ERDF obligations.
- Indeed, one project outside of the South West pointed to Cultivator as an interesting model of how to combine monies from both ERDF and ESIF to deliver a combination of business support and skills development.

6.9.3 LEPs' perception of arts and culture as a driver of economic growth

Evaluation questions

3. Has the CLGF improved the perception among LEPs, LAs and other local public bodies of arts and culture as drivers of economic growth, locally, and more widely?
4. Have CLGF projects had an impact on the development of local industrial strategies by LEPs?

All of the seven LEPs and three Combined Authorities (for STEAMhouse, NfCE and Creative Fuse North East) were approached for an interview. All but Dorset LEP, Coast to Coast LEP and Tees Valley Combined Authority responded. For Dorset LEP and Tees Valley Combined Authority, other area stakeholders or project partners were consulted for their views on LEP engagement in the CLGF (See Appendix C for a full list of consultees).

In summary, where arts and culture were important for a LEP or other public bodies, it remained so or was reinforced. Where it was not important, there was little noticeable impact on changing the perception. However, this was not an intrinsic statement of a lack of value in arts or culture, but perhaps more that different local areas prioritised larger sectors of their economies, which offered – and may continue to offer – the opportunity for greater economic growth and job creation than even the fast-growing cultural and creative sectors.

The wide spectrum of engagement by LEPs can be exemplified by the experience of three CLGF projects. For example, Creative ENRG had seemingly no engagement from the Humber LEP, whereas StartEAST had a stronger relationship with the New Anglia LEP (NALEP). Creative Fuse North East, meanwhile, experienced different levels of engagement with its two LEPs – North East LEP (NELEP) and the Tees Valley Combined Authority.

- Goodwin Development Trust (lead organisation for Creative ENRG) reported that there had been no active engagement from Humber LEP, after the project received its ERDF funding. Indeed, despite Hull being UK City of Culture 2017, arts and culture has been absent from the LEP's Local Industrial Strategy, which focuses on energy, engineering and ports. However, the Local Industrial Strategy (published in 2018) does recognise digital technology as being part of one of its strategic sectors driving growth. Previously in the Strategic Economic Plan, the potential of the region's digital economy – particularly in digital gaming, content creation and the creative sectors – had been highlighted as a sector of strategic importance. The sectors' potential linkages with 'Hull: UK City of Culture 2017' had also been identified.
- At the other end of the scale there is StartEast and NALEP, which has prioritised arts and culture since its inception. The LEP set up its own New Anglia Culture Board which published a culture strategy, *Culture Drives Growth: The East's Cultural Strategy 2016-22*.⁷⁸ The Board worked closely with ACE to develop its strategy and the strength of this was recognised by being endorsed by Darren Henley, Chief Executive of ACE at its launch.⁷⁹ NALEP has always invested in projects in these sectors, including capital investment as well as in service and policy programmes. Nevertheless, StartEAST's evaluators did find that the project had "increased recognition from local policymakers of the value of the culture sector and the potential of cultural enterprise".⁸⁰ Moreover, NALEP reported to us that they use the CLGF as a case study of best practice in policy delivery. Without the CLGF, NALEP categorically stated that StartEAST would not have proceeded, as the sector by itself would not have been able to have met the match-funding requirement. NALEP also felt that the inclusion of the ERDF gave the project additional credibility.
- In contrast, in the North East, where the Creative Fuse North East operated across two different, neighbouring LEPs – NELEP and the Tees Valley Combined Authority – the study team's research found that the CLGF had limited effect on the priority of arts and culture at NELEP. Prior to the CLGF,

⁷⁸ John Knell and New Anglia Cultural Board (2016), [Culture Drives Growth: The East's Cultural Strategy 2016-2022](#), November.

⁷⁹ Arts Council England (2016), [New Anglia LEP launches 'Culture Drives Growth' strategy for Norfolk and Suffolk](#), news article, 14 November.

⁸⁰ BOP Consulting (2019), p. 36.

the cultural and creative sectors were not among the NELEP's priorities. Indeed, the NELEP's current focus is on advanced manufacturing; subsea, offshore and energy technologies; and health and life sciences.⁸¹ The 'digital' sector is one of its priorities, and this is how the creative industries are integrated into the NELEP's industrial strategy.⁸² However, the focus on 'digital' and 'creative' excludes arts and culture to some degree.

- Tees Valley Combined Authority, meanwhile, is more focused on culture and sees the value-add that culture has as a result of social impact, not just economic impact. Indeed, the Tees Valley Combined Authority includes culture as a priority sector and has a defined Cultural Strategy. As part of Creative Fuse North East, Newcastle Gateshead Cultural Venues (NGCV) was contracted to broker beneficiary projects between the creative, digital and information technology sector, and arts and culture. In this regard, NGCV supported and extended the project's relationship with the local cultural organisations and programmes, such as those forged by Creative Fuse North East's five HEIs. Tees Valley Combined Authority was also viewed as being far more open to the culture and creative sectors than NELEP, though the former lacks the extensive cultural infrastructure that NELEP has. Overall, in the North East the cultural and creative sectors are still seen as being either 'digital' or tourism-related.

6.9.4 Capitalising on the programme delivery capacity generated by CLGF

Evaluation question

5. How can ACE, LEPs and other organisations capitalise on the programme-delivery capacity generated by the CLGF?

Most projects cited the fact that one of the biggest challenges had been to maintain and preserve the programme-delivery infrastructure. By its very design, the CLGF projects injected a significant amount of financial resources into what were often small organisations that could not maintain the administration funded by the CLGF without ongoing funding. Unless the lead organisations developed a plan to pursue a second generation of funding, then the project's delivery capacity and learnings would inevitably be lost. Several CLGF projects also cited challenges in retaining staff during the tenure of their projects. In fact, some projects had to delay their public-facing start dates because of changes in personnel. This made it challenging for several projects to maintain and capitalise on the programme delivery capacity.

Several of the lead organisations are continuing to operate by pursuing other funding from ACE or ESF. The organisations behind Cultivator, Creative ENRG, NfCE, Creative Fuse North East, for example, are all moving forward in some form. In some cases, these lead organisations have had to shift their emphasis from business support to skills development in order to access funding. Some projects, however, have not yet found a clear legacy path. For example, if StartEAST is unable to continue, it may look into the option of transferring some of its programme assets to the New Anglia Growth Hub – although it is unclear if this was suggested by the project or by another stakeholder.⁸³ This would be ironic, since it was partly the gaps in the growth hubs' offering that instigated the CLGF project.

⁸¹ NELEP (2019), "[Areas of business growth opportunity](#)".

⁸² NELEP (2019).

⁸³ BOP Consulting (2019), p. 37.

6.9.5 Harnessing programme data to improve place-based programmes

Evaluation question

6. How can ACE, LEPs and other organisations harness the data and information gathered by CLGF projects to continually improve the design of place-based economic support programmes in the future?

Each of the projects implemented their own data collection plan in order to fulfil their ongoing ERDF and CLGF reporting requirements, and to complete their interim and summative assessments. However, there appears to have been little, if any, consideration given to feeding data to ACE to support future programme design. Furthermore, there appears to have been no upfront guidance or plan put in place by ACE to coordinate the collection of project data beyond what projects were required to submit for their regular reporting.

- It would seem that ACE viewed this particular programme evaluation (being conducted by the study team) as the main vehicle through which it would collect data and information from projects to inform the design of any future place-based support programmes. That is a valid approach. In fact, ACE was already collecting a lot of data through projects' regular and final reporting for CLGF. However, this reporting was very much focused on projects' activities and outputs, and to some degree, beneficiary outcomes, but delved very little into projects' impacts. This impact data would be vital to making any evidence-based recommendations for programme design.
- Other than this particular programme evaluation, no mechanism was put in place to 'upwardly share' the impact data that most projects were collecting via beneficiary surveys.
- Related to this, projects reported that there was very little harmonisation or mapping across the ACE and ERDF reporting. More clearly defined reporting requirements by ACE at the beginning of the CLGF programme would have aided in collecting data. This would have ensured that data collected for both ERDF and ACE was harmonised; and for non-ERDF data and information, it would have ensured that the different projects could have taken a harmonised approach too.

”

Cultivator has a lot of statistics that it could share, including the aggregated analysis results that we have put together for this evaluation. Whilst Cultivator data is only partial and represents four sub-sectors only, it could still be valuable knowledge and data...

- Ash Futures (2019), p. 61

7. Value for money

7.1 Cost-efficiency

Evaluation questions

1. How do different types of grantee organisations deliver different rates of value for money?
2. What alternative models are available for delivering the CLGF or similar place-based initiatives?
3. Would any of these alternative models achieve the same level of outputs and outcomes at a lower cost to ACE?

The cost efficiency of the CLGF can be measured in terms of the cost of achieving outputs, outcomes and even impacts. In particular, most of the projects assessed their own cost-efficiency by examining the **cost-per-supported-business** and the **cost-per-FTE-created**.

In terms of **cost-per-supported business**, cost efficiency varied by a factor of nearly five from the best-performing (i.e. lowest cost) to the worst performing (i.e. highest cost) project. Across the eight projects that had reported data at the time of writing, the cost-per-supported business ranged from £3,444 to £15,746 (Table 12). The weighted average was £10,244.

Comparison with external benchmarks indicates that the CLGF under-performed on the basis of cost-per-supported business. Guidance published by the Department for Communities and Local Government (DCLG) in 2013 suggested that ERDF projects aim to achieve unit costs of £2,500 to £4,700 per business for low-intensity assistance and £10,000 per business for high-intensity assistance.⁸⁴ In 2018 currency, having taken account of consumer price inflation, the benchmarks would be £2,750 to £5,200 and £11,000.⁸⁵

The CLGF projects provided a combination of high-intensity (e.g. 1-to-1 mentoring, makerspaces) and low-intensity (e.g. workshops) to their beneficiaries, so the midpoint between the high-intensity (£11,000) and low-intensity benchmarks (£3,975), or approximately £7,500 is probably a suitable benchmark. The CLGF's average cost-per-supported business of £10,244 was 27% higher than the benchmark.

Table 12 Cost per supported business

	Total value of project inputs (£)	No. of supported businesses	Cost per supported business (£)
Creative ENRG	1,540,430	163	9,450
Creative Fuse North East	4,172,663	265	15,746
Cultivator	3,628,174	266	13,640
Culture+	964,400	90	10,716
DRIVA Arts DRIVA	--	--	--
NfCE	1,132,400	122	9,282
StartEAST	1,333,732	146	9,135
STEAMhouse	3,527,998	257	13,728
The Big House	1,463,833	425	3,444
Total	17,763,630	1,734	10,244

Source: Project summative assessments

⁸⁴ Regeneris Consulting (2013), [England ERDF Programme 2014-20: Output Unit Costs and Definitions](#), prepared for DCLG, 18 December 2013, p. 6.

⁸⁵ The annual consumer price index published by the Office for National Statistics indicates that the total rate of inflation between 2013 and 2018 was 10.5%. We have used 2018 since it represents an approximate midpoint for the operation of the CLGF projects and have adjusted the benchmarks published in 2013 accordingly.

When viewed in terms of **cost per gross FTE**, cost-efficiency can be assessed not only in terms of the impact achieved at the time of the project (or contemporaneous impact), but also the discounted forecasted long-term impact (see Section 6.2).

External benchmarks would suggest that the CLGF also underperformed when its cost efficiency was measured just on the basis of its cost-per-gross FTE at project end.⁸⁶ As noted in Table 13, CLGF projects operated with a weighted average cost-per-gross-FTE of £96,541. This was more than three times the cost-per-FTE benchmark published by DCLG in 2013, which translates from £26,000 into £28,600 in 2018 currency, after inflation.⁸⁷

This underperformance is not surprising, however, given the problems already discussed in Sections 5.2.2 and 6.2 with the ERDF definition of job creation as a KPI and the strong case that this KPI under-measures the true employment impact of the CLGF. The ERDF's definition of employment not only failed to capture freelancers and job creation within beneficiaries' supply chains but, in many cases, a large portion of the employment impact – unlike the business support output –likely to be realised in the years after entrepreneurs were no longer participating in the CLGF programme.

Table 13 Cost per gross FTE

	Total value of project inputs (£)	Project-end gross employment impact (FTEs)	Cost per gross FTE at project end (£)	Long-term employment impact (FTEs)	Cost per FTE, long-term (£)
Creative ENRG	1,540,430	27.5	56,016	118.5	13,003
Creative Fuse North East	4,172,362	22.0	189,667	94.8	44,027
Cultivator	3,628,174	18.0	201,565	77.5	46,789
Culture+	964,400	4.0	241,100	17.2	55,966
DRIVA Arts DRIVA	--	--	--	--	--
NfCE	1,000,000	41.5	27,287	178.8	6,334
StartEAST	1,333,732	5.0	266,746	21.5	61,919
STEAMhouse	3,527,998	6.0	588,000	25.8	136,490
The Big House	1,463,833	60.0	24,397	258.5	5,663
Total	17,630,929	184.0	96,541	792.7	22,410

Source: Project summative assessments and Nordicity analysis based on data from [ONS Business demography UK](#).

7.2 Cost-effectiveness

Evaluation questions

1. Did the additional GVA attributable to CLGF exceed the total cost of the programme?
2. Will the CLGF generate GVA beyond the observable programme period and how can this GVA be discounted and included in any current cost-benefit calculation?

Cost effectiveness was assessed by comparing the additional GVA generated by a project to the total value of the inputs (i.e. cash funding and in-kind contributions) required to deliver that project. When viewed in terms of only the GVA generated at project end, the CLGF projects yielded a benefit-cost ratio (BCR) of only 0.35. In other words, for every £1.00 worth of inputs contributed to the CLGF programme, only £0.35 was recovered in terms of additional GVA in the local economies hosting the CLGF projects.

⁸⁶ Since the benchmark has been calculated in terms of gross FTEs (i.e. before accounting for deadweight, displacement, substitution and multiplier effects), cost-efficiency has also been assessed in terms of the gross FTEs generated by the projects.

⁸⁷ Regeneris Consulting (2013), *England ERDF Programme 2014-20: Output Unit Costs and Definitions*, prepared for DCLG, 18 December 2013, p. 10. The published rate of £26,000 for 2013 has been adjusted for consumer price inflation between 2013 and 2018. The published benchmark rate was based on an analysis of 1,185 project that comprised the 2007-2013 English Regional ERDF programmes.

When viewed in terms of long-term GVA impact, however, the BCR rises to 1.52. In other words, for every £1.00 worth of inputs contributed to the CLGF programme, £1.52 of additional GVA was generated for the local economies hosting the CLGF projects.

Examining the BCRs across the eight projects with reported or estimated GVA data, it appears that most were within the range of 0.1 to 1.6.⁸⁸ Two projects were outside this range and may be considered outliers.

- The Big House displayed a BCR of 3.2. However, the GVA underpinning this BCR was estimated by the study team and not actually reported in the project's summative assessment.
- Creative ENRG displayed a BCR of 5.7. However, the GVA underpinning this BCR appears to have been calculated without taking into account deadweight.

In addition to these two projects, the fact that Cultivator displayed an additionality rate of greater than 1.00 suggests that it would be prudent to also consider it an 'outlier' in so far as calculating BCR.

When The Big House, Creative ENRG and Cultivator are removed from the calculations, the aggregate BCR drops to 0.91. In other words, even after taking into account the potential long-term impact of the CLGF on beneficiaries and GVA, the programme would still only deliver £0.91 in economic benefits for every £1.00 invested in programme inputs. We note, however, that the narrow calculation of the BCR based strictly on GVA does not take into account the monetary value of social impacts and other impacts that cannot be readily quantified but are part of the overall impact that an intervention such as CLGF would have on social welfare.

Table 14 Cost effectiveness of CLGF

	Total value of project inputs (£m)	Project-end net GVA (£m)	Project-end BCR	Long-term net GVA impact (£m)	Long-term BCR
	[A]	[B]	[C=B÷A]	[D]	[E=D÷A]
Creative ENRG	1.54	2.04	1.32	8.9	5.7
Creative Fuse North East	4.17	1.55	0.37	6.7	1.6
Cultivator	3.63	0.71	0.20	3.1	0.8
Culture+ ¹	0.96	0.02	0.02	0.1	0.1
DRIVA Arts DRIVA	--	--	--	--	--
NfCE	1.13	0.27	0.24	1.2	1.0
StartEAST	1.33	0.39	0.29	1.7	1.3
STEAMhouse ¹	3.53	0.11	0.03	0.5	0.1
The Big House ¹	1.46	1.07	0.73	4.7	3.2
Total	17.76	6.2	0.35	26.7	1.52
<i>Adjusted total²</i>	<i>11.13</i>	<i>2.3</i>	<i>0.21</i>	<i>10.2</i>	<i>0.91</i>

Source: Project summative assessments and Nordicity analysis based on data from [ONS Business demography UK](#).

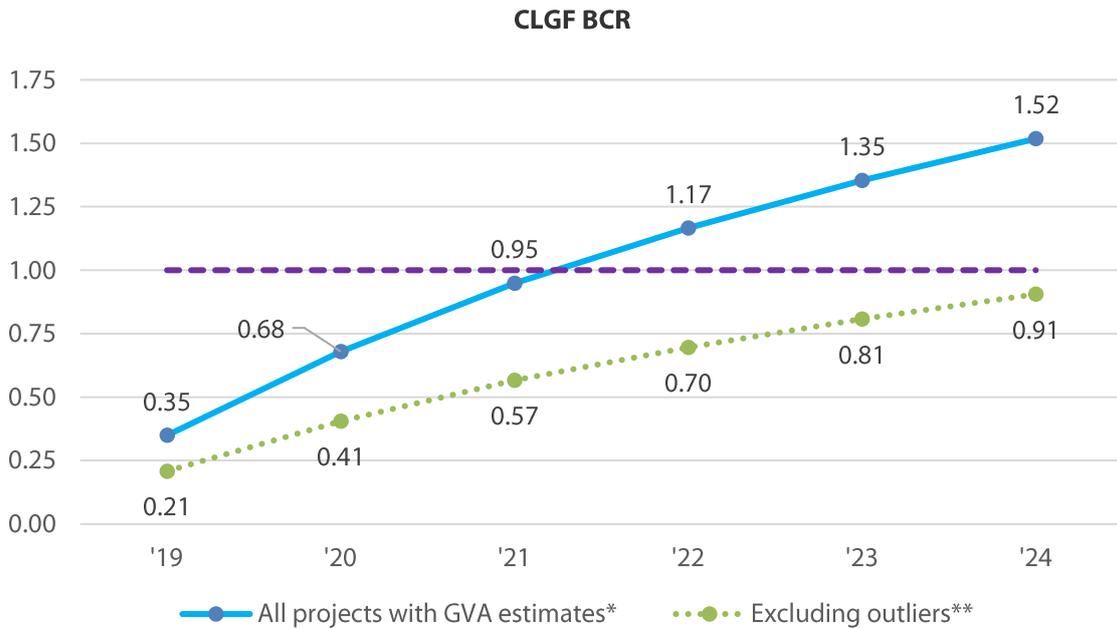
Note: Some totals may not sum due to rounding.

1. Since no GVA data was available in the project's summative assessment, the study team prepared a GVA estimate on the project's reported employment impact or other data available from the project.
2. Excludes Creative ENRG, Cultivator and The Big House.

⁸⁸ This range in BCR was due to a combination of observed real differences in GVA impact and differences in the methodologies used to estimate GVA impacts.

Box 4 Forecast of CLGF's cost-effectiveness

The chart below traces the path of the CLGF's BCR through the five-year forecast period used to assess its overall impact. It shows that the CLGF's BCR was below the breakeven rate of 1.00 in 2019, 2020 and 2021. In 2022, the CLGF's BCR is forecast to move above the 1.00 threshold. From that point, it will continue to increase, such that by 2024 it is forecast to be 1.52. This steady increase in the BCR beyond the end of the project is not surprising. Beyond the end of the project, project costs no longer increase, so the cost side of the BCR does not increase (or decrease). At the same time, the cumulative value of the economic benefits continues grow, even if the rate of growth slows after the end of the project.



Source: Project summative assessments and Nordicity analysis based on data from [ONS Business demography UK](https://www.ons.gov.uk/business-demography)

** Excludes Creative ENRG, Cultivator and The Big House

8. Conclusions and key learnings

8.1 Conclusions

When we reviewed the objectives originally set out by ACE at the launch of the CLGF programme in 2016, we concluded that the CLGF had largely been successful. However, the quantifiable impacts of the programme suggest that some of those objectives may not have been achieved in a cost-effective manner. It is clear that the full impacts of the programme have not been captured by the metrics employed by the projects. In particular, it is too early to conclude what the overall attributable economic impacts of the CLGF programme are.

Funding and delivering the CLGF programme have given ACE, and others potentially interested in investing in place-based initiatives, a rigorous look at how to address the unique business support needs of entrepreneurs in the cultural and creative sectors. This programme evaluation should inform the design and objectives of future place-based support programmes introduced by ACE and others.

This report is particularly timely as the impacts of the Covid-19 pandemic and Brexit on the cultural and creative sectors and the wider economy are still unfolding. The learnings from this programme evaluation will be invaluable to a wide audience as these sectors, potential funders and others navigate changing business and economic conditions.

Box 5 CLGF programme objectives

Increase the contribution of arts and culture to local economic growth by:

- i. securing long term partnership between LEPs, ACE and other local partners to support the cultural sector;
- ii. leveraging ESIF – particularly the ERDF – investment within the LEP area into the cultural sector; and
- iii. investing in new approaches to achieve these objectives, while at the same time developing learnings that can inform policy and practice.

Long-term partnerships

The ultimate objective of the CLGF was to increase the contribution of arts and culture to local economic growth. It was designed to achieve this in several ways. Firstly, the CLGF was designed to help arts and culture organisations secure long-term partnerships with LEPs, and other local partners. All the CLGF projects have **led directly to new local partnerships or deeply strengthened existing ones**. In total, the nine lead organisations worked with a combined 31 different delivery partners, of which 11 were arts/culture organisations, 8 business support organisations, 7 higher education institutions, 2 local authorities, 1 further education institution and 2 other organisations (i.e. an airport and a shared workspace). In particular, the partnerships with HEIs were viewed as valuable by lead organisations, since HEIs often brought administrative capacity, experience working with MHCLG and ERDF, cash flow resources and programme-assessment expertise to projects.

The long-term resilience of these partnerships is mixed, however. In some cases, the partnerships forged by CLGF are outliving the programme (e.g. NfCE). In other cases, partners may be going ahead, but without an arts and culture partner as part of the core consortium (e.g. Creative Fuse North East).

The CLGF has not, however, had a significant impact on the LEPs' perception of arts and culture within the economic growth agenda. Where the arts and culture sector was important for a LEP or other public bodies, it has remained so or been reinforced, where it was not there has been little noticeable impact on changing the perception.

Levering resources into the cultural sector

The CLGF also sought to raise the contribution of arts and culture to economic growth by leveraging ESIF funding. This was novel for ACE and for interventions into the arts and culture sector. The CLGF did achieve a high degree of **funding leverage**, going beyond the cash funding obtained from the ERDF/ESF. ACE

provided a total of **£3.8m** in funding through the CLGF, which helped projects obtain an additional **£9.4m** in match funding from the ERDF/ESF, and nearly **£5.1m** in cash funding from other third-party sources. Overall, the CLGF projects received a total of **£18.3m** in cash funding, or an additional **£3.78 in cash funding for every £1** of ACE funding. Adding in-kind contributions to the funding profile of CLGF project raises the total value of project inputs to **£18.8m**, thereby raising the leverage of CLGF funding to **£3.91 for every £1** of ACE funding.

Investing in new approaches and gathering learnings for future policy

Apart from the requirement that each project had to be a partnership, the generally non-prescriptive approach taken by CLGF meant that **every project was unique in how it was delivered**. This resulted in a diversity of approaches across the nine projects. Business support was at the core of each project's delivery of the CLGF in their locations; however, within this core activity, the nine projects adopted different approaches. Furthermore, by taking different approaches, each of the nine projects was able to customise its offer to the unique circumstances facing the cultural and creative sectors in their LEP area.

A number of key learnings came out of these diverse approaches. **Physical space** was found to be important. Artists and practitioners often benefited from being able to access a physical hub – whether it was a workspace or makerspace. Related to this was the success that many projects had in promoting the development of softer skills and capabilities such as **confidence and resilience**. In particular, most projects reported that artists viewed their participation in the CLGF business support programmes as key to starting to see themselves as businesspeople and gaining personal confidence, as well as the confidence to conduct business activities (e.g. negotiate with clients or suppliers).

The experience of the CLGF has brought to light – and even brought evidence to – the position that standard metrics of growth such as employment do not perfectly suit the cultural and creative sectors. Instead, many start-ups in the cultural and creative sectors are focused on achieving income growth and sustainability, rather than workforce growth. This learning will likely have significant bearing on the design of programmes similar to the CLGF in the future.

In the case of NfCE, the CLGF also stimulated innovative approaches to monitoring and evaluation, which could be applied to similar programmes in the future. This particular outcome was partly driven by the nature of the partnerships, since this innovation arose from HEI partners.

Value for money

Despite the strong performance of the CLGF in relation to its original objectives, the evidence suggests that the cost of achieving these objectives was relatively high when compared to available benchmarks, particularly when measured at project end. In part, this relatively high cost may be linked to recognition and measurement of the CLGF's employment impacts. As noted, the employment impacts may have been significantly understated. This understatement would drive the programme's cost-efficiency. Outside of this 'numerical' explanation, there is little specific information that would permit a deeper analysis of what other characteristics of the CLGF programme and projects may have contributed to its high-cost of performance-achievement.

The **cost efficiency** of the CLGF can be measured in terms of cost-per-supported-business-and the cost-per-FTE-created, and most CLGF projects adopted these measures of cost-efficiency. The cost per supported business varied widely across projects – ranging from £3,444 to £15,746. The weighted average worked out at £10,244, which for the CLGF as a whole, suggests 27% underperformance against the benchmark of £7,500 that the study team derived from research published by MHCLG. These same MHCLG benchmarks would suggest that the CLGF has underperformed on the basis of cost-per-gross-FTE, when FTEs are measured at project-end. However, this FTE metric would have been affected by the under-measurement of the programmes' full employment impact. In conclusion, therefore, just considering cost-per-business, the CLGF clearly required more resources than average to realise its objectives.

The **cost effectiveness** of the CLGF can be assessed by comparing its additional GVA impact to the total value of public funding required to deliver the projects. Across eight projects (for which the study team had reported or estimated GVA), the weighted average BCR was 0.35. In other words, the value of CLGF economic impact was equal to 35% of the value of its programme inputs. Public policy analysis typically requires a BCR of above 1.00 in order for a programme or policy to be considered an economic success. On

this basis, therefore, the economic value of the CLGF's impacts were well short of the resources invested in the programme.

That being said, the study team's forecast of additional net GVA indicates that the CLGF's BCR is likely to pass the breakeven threshold in 2022 and reach 1.52 by 2024. In other words, by 2024, the cumulative GVA impact of the CLGF programme will be equal to 152% of the value of the inputs to the programme. However, when removing the two projects with outlier values in terms of net GVA impact – Creative ENRG and The Big House – the BCR drops to 0.91 in 2024.

It is important to note, however, that GVA only captures the monetisable and quantifiable benefits of CLGF and does not capture the wider positive effects that the CLGF has on wellbeing and other social impacts. When measured in monetary terms, the inclusion of these other impacts would likely lift the CLGF's BCR higher than 1.00 – at both project end and in the long-term.

8.2 Key learnings for future initiatives

Appropriate metrics

1. Consistent methods should be established at the programme design stage to quantify programmes' employment and GVA impacts within the cultural and creative sectors. These methods should take account of the high levels of self-employed workers within the sectors, whilst also offering guidance on tracking and calculating long term impacts on employment and GVA.
2. Business support programmes should focus their efforts on the 'start-up' phase of business development, rather than the 'scale-up' phase. The former was where most of the demand for CLGF came from; the latter may be more readily addressed via the regional growth hubs or central government programmes such as [Creative Scale Up](#).

Programme delivery partnerships

3. In regions where LEPs have not included the cultural and creative sectors among their priority economic sectors, ACE should build awareness of the relative longer-term economic potential of these sectors in terms of digital global exports, higher resistance to job losses due to automation and positive spillovers.⁸⁹
4. In order to achieve wider delivery objectives, business support programmes within the cultural and creative sectors should include the following types of partners:
 - *Local authorities or HEIs* that have the financial and administrative capacity to support the cashflow requirements of a large-scale business support programme delivered over a long period of time.
 - *Local HEIs and further education institutions* that can foster local collaboration and research and provide rigorous approaches to monitoring and evaluation (see monitoring and legacy below).
 - *Forward-thinking arts/cultural organisations* that can bring a visionary approach, are open to innovation, and offer access to a network of local and national creative expertise.
 - *Social/community bodies* that can help reach socially and economically at-risk beneficiaries.

Programme content

5. Alongside traditional forms of business support, programmes should incorporate 'resiliency support' that helps artists develop their business confidence. Such development improves personal confidence and helps them directly engage and access more generic business support via regional growth hubs.

⁸⁹ In context of the cultural and creative sectors spillovers refer to the "process by which activity in the arts, culture and creative industries has a subsequent broader impact on places, society or the economy through the overflow of concepts, ideas, skills, knowledge and different types of capital." (Source: Tom Fleming Creative Consultancy (2015), [Cultural and Creative Spillovers in Europe: Report on a preliminary evidence review](#), p. 15.).

Operationalising programmes

6. Integral to 'resiliency support' should be the use of physical hubs and human networks. This helps creative practitioners build their contacts, learn in informal settings, and integrate themselves into a community. Also, by including multiple physical hubs with differing creative profiles, programme participants can benefit from an even richer and more diverse creative community.
7. Grantees that manage business support programmes should be encouraged to staff projects by assigning existing employees to roles on a part-time basis, rather than recruiting dedicated staff that will not outlast the project funding. This will reduce costly personnel turnover and preserve human capacity for future place-based programming within the delivery organisation.
8. Projects should incorporate a high degree of responsiveness in order to mitigate the need for multi-year resource reallocation. A 'change protocol' should be agreed upfront to govern the operation of the programme and any revisions. The importance of this is accentuated if multiple partners need to agree, as not all may have the capacity to expedite *ad hoc* decisions.
9. Business support should be made available outside the 9-to-5 workday, so that part-time entrepreneurs and people with family-care responsibilities are not excluded. To avoid being urban-centric, programmes should leverage online video technologies to deliver both group and 1-to-1 business support services, particularly given that the Covid-19 pandemic has increased peoples' experience with such tools.
10. To ensure place-based programmes can be more inclusive and reach socially and economically at-risk beneficiaries, funded consortia should include at least one long-standing social/community-level body.
11. ERDF rules around grants can be very onerous for SMEs – namely the upfront payments to claim funding. In so far as UK-based public funding bodies take a similar approach, then micro-grants should be permitted so that small organisations can afford the outlays or beneficiaries can more readily achieve any match-funding requirements.

Monitoring and legacy

12. Engagement of organisations familiar with programme monitoring and evaluation, such as an academic institution, can help ensure that assessment and evaluation is embedded within the design and operationalisation of a programme and that this remains a 'live' element as the programme proceeds.
13. ACE should embed legacy monitoring of its beneficiaries into its programmes, so it can at least attempt to monitor the long-term impacts on employment and GVA on a longitudinal basis. This will help capture the majority of business support impacts, which occur beyond the tenure of such programmes.

References

- Arts Council England (2013), [Great art and culture for everyone: 10 year strategic framework 2010-2020](#), originally published in 2010 as *Great art for everyone* but updated in 2013.
- Arts Council England (2015), [Creative Local Growth Fund: round one 2015/16: Guidance for applicants](#).
- Arts Council England (2016), ["New Anglia LEP launches 'Culture Drives Growth' strategy for Norfolk and Suffolk"](#), news article, 14 November.
- Arts Council England (2019), [Shaping the next ten years: Draft strategy for consultation](#), summer 2019.
- Arts Council England (2020), [Let's Create: Strategy 2020-2030](#).
- Birmingham City University (2019), *ERDF Project Progress Report: STEAMhouse*, submitted to DCLG.
- BOP Consulting (2017), *StartEAST; Building the Cultural Economy: Evaluation Framework*, prepared for StartEAST.
- BOP Consulting (2018), *Creative Local Growth Fund: Evaluation framework*, prepared for Arts Council England.
- BOP Consulting (2019), *StartEAST: Building the Cultural Economy: Final Report*, prepared for Norfolk County Council.
- Carney Green (2018), *The Big House Project: Interim Evaluation Report FINAL*, prepared for Nottingham City Council.
- Creative Fuse North East (2019), [Project Report 2019](#).
- Creative Kernow Ltd. (2019), "ERDF Project Progress Report: Cultivator", submitted to DCLG.
- DCMS (2016), [Culture White Paper](#), 23 March.
- DCMS (2019), [Five areas to share £20million to unleash creativity across the nation](#), press release, 18 January.
- DCMS (2020), [DCMS Sectors Economic Estimates 2018 \(provisional\): Gross Value Added](#).
- Department for Business, Energy & Industrial Strategy (2017), [Industrial Strategy: building a Britain fit for the future](#), 27 November.
- Department for Business, Energy & Industrial Strategy (2018), [Creative industries: Sector Deal](#), 28 March.
- Department for Business, Energy & Industrial Strategy (2018a), [Local Industrial Strategies: policy prospectus](#), 1 October.
- Department for Business, Energy & Industrial Strategy (2019), [Tourism: Sector Deal](#), 28 June.
- Department for Business, Innovation & Skills (2015), [Local Growth Fund: accountability systems](#), 27 March.
- Department for Business, Innovation & Skills, (2013), [Growth Deals: initial guidance for local enterprise partnerships](#), 25 July.
- EBS Consulting (2020), *Interim Assessment of the Dorset Business Growth Programme*, 21 April.
- European Commission (undated), ["European Regional Development Fund"](#).
- European Union (2019), *Summative Assessment Guidance (ESIF-GN-1-033)*, April.
- European Union (2019a), *European Regional Development Fund Summative Assessment Guidance – Appendices (ESIF-GN-1-034)*, April.
- Foundation for SME Development, University of Durham (2002), [A Study of Business Support Services and Market Failure](#), prepared for Enterprise Directorate General of the European Commission, July.
- HM Treasury (2018), [The Green Book: Central Government Guidance on Appraisal and Evaluation](#).
- Klomp, L., Santarelli E. and Thurik, R. (2006), "Gibrat's Law: An Overview of the Empirical Literature", *Entrepreneurship, Growth, and Innovation: The Dynamics of Firms and Industries*, ed. Santarelli, E., New York: Springer.

Knell, J. and New Anglia Cultural Board (2016), [*Culture Drives Growth: The East's Cultural Strategy 2016-2022*](#), November 2016.

Loxley Consultancy (2019), *ENRG2 Summative Assessment Report*, prepared for Goodwin Development Trust.

Mansfield, E. (1962), "Entry, Gibrat's Law, Innovation, and the Growth of Firms", *American Economic Review*, vol. 52, issue 5, 1031.

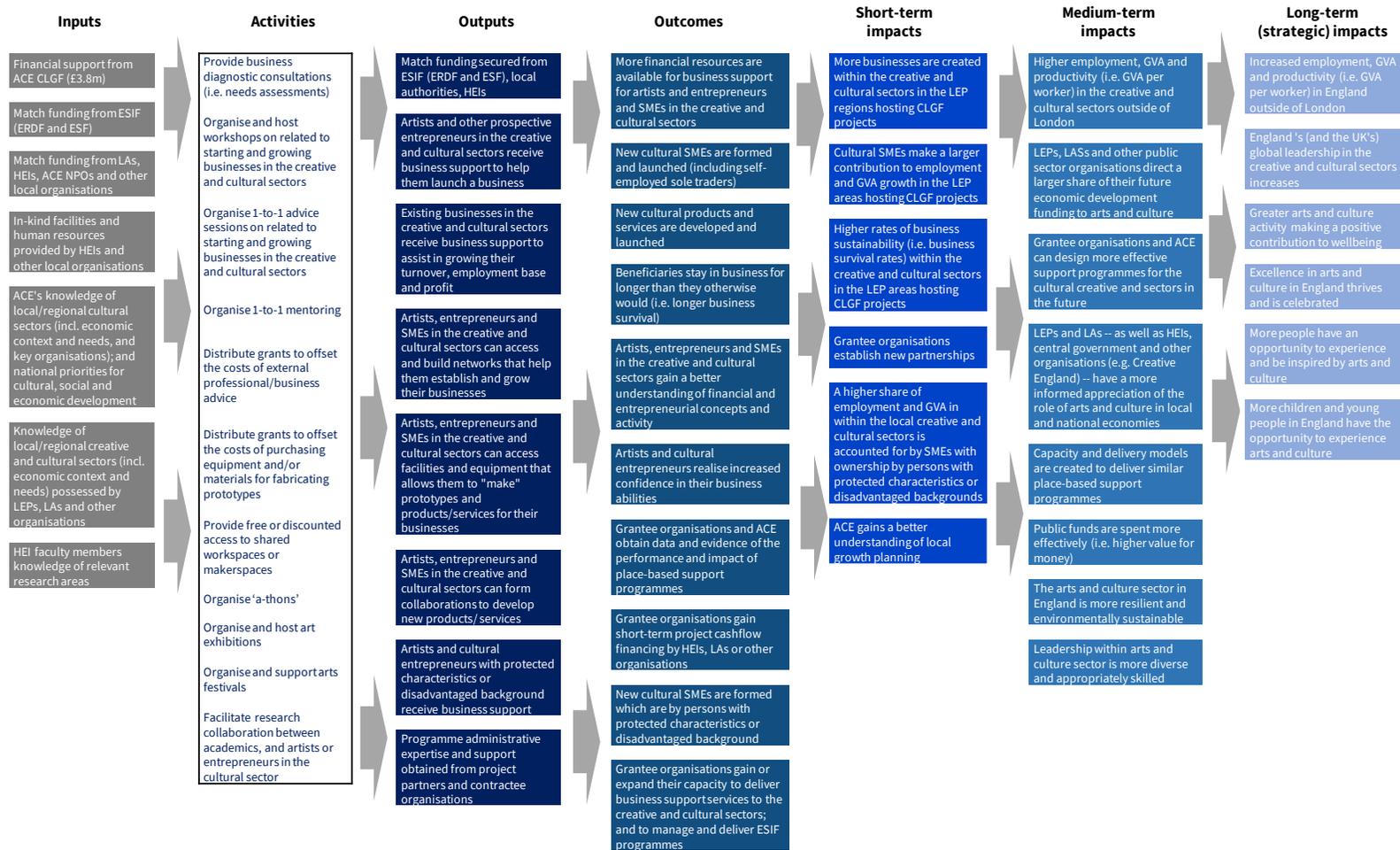
MHCLG (2019), [*100 places to benefit from new Towns Fund*](#), 6 September. Press Release.

Moreton, S., Dovey, J., Johnson, M. P. and Bellar Spruijt, V. S. (2019), *NFCE Final Report*, Bristol: Watershed/UWE/Bristol.

ONS (2020), [*Business demography, UK*](#).

Regeneris Consulting (2013), [*England ERDF Programme 2014-20: Output Unit Costs and Definitions*](#), prepared for DCLG, 18 December.

Appendix A: Programme logic model



Appendix B: KPIs and data plan

In the following section, we outline the various key performance indicators (KPIs) that could be used to measure the inputs, outputs, outcomes and impacts of the CLGF. We also outline the data sources and collection that we plan to use to gather the data to construct these KPIs.

Inputs

What financial and non-financial resources did ACE and other project partners provide to generate CLGF outputs?

Inputs	Key performance indicators	Sources of data/analysis
Financial support from ACE CLGF (£3.8m)	- £ funding	- ACE
Match funding from ESIF (ERDF and ESF)	- £ funding	- Grantee reports
Match funding from LAs, HEIs, ACE NPOs and other organisations	- £ funding	- Grantee reports
In-kind facilities and human resources provided by HEIs	- £ value	- Grantee reports/survey
In-kind facilities and human resources provided by other organisations	- £ value	- Grantee reports/survey
ACE's knowledge of local/regional cultural sectors (incl. economic context and needs, and key organisations); and national priorities for cultural, social and economic development	- Subjective opinion of grantees (and other stakeholders)	- Grantee survey/interviews
Knowledge of local/regional creative and cultural sectors (incl. economic context and needs) possessed by LEPs, LAs and other organisations	- Subjective opinion of grantees (and other stakeholders)	- Grantee survey/interviews
HEI faculty members knowledge of relevant research areas	- Number of faculty members involved in research work with projects and areas of research	- Grantee survey/interviews
The capacity for short-term project cashflow financing by HEIs, LAs or other organisations	- Average monthly value (£) of cashflow financing provided by HEIs	- Grantee survey/interviews

Outputs

What are the products or services generated by the grantee organisations' activities?

The outputs are the direct products of the programme activities and can typically be observed and tabulated by the programme administrator without additional data from programme beneficiaries.

Outputs	Key performance indicators	Sources of data/analysis
Match funding secured from ESIF (ERDF and ESF), local authorities, HEIs	- £ match funding - total and by source	- ACE, grantee organisations
Artists and other prospective entrepreneurs in the creative and cultural sectors receive business support to help them launch a business	- Number of new enterprises supported (ERDF C5) - Number of potential entrepreneurs assisted to be enterprise ready (ERDF P11) - Total number of hours of business support provided to new enterprises (C5s) and potential entrepreneurs (P11s)	- Grantees' ERDF assessment reports - Grantees' commissioned programme evaluations
Existing businesses in the creative and cultural sectors receive business support to assist in growing their turnover, employment base and profit	- Number of enterprises receiving support (ERDF C1) - Number of enterprises receiving grants (ERDF C2) - Number of enterprises receiving non-financial support (ERDF C4) - Private investment matching public support to enterprises (ERDF C5) - No. of enterprises supported to introduce new to the market products (product or service) (ERDF C28) - No. of enterprises supported to introduce new to the firm products (ERDF C29)	- Grantees' ERDF assessment reports - Grantees' commissioned programme evaluations
Artists, entrepreneurs and SMEs in the creative and cultural sectors can access and build networks that help them establish and grow their businesses	- Number of networking events - Total number of enterprises attending networking events - Beneficiaries' subjective rating of the networking value of events and other project activities - Beneficiaries' subjective rating of other networking pathways and the effect on the ability to expand their contacts	- Grantees' ERDF assessment reports - Grantees' commissioned programme evaluations - Grantee-commissioned survey

Outputs	Key performance indicators	Sources of data/analysis
<p>Artists, entrepreneurs and SMEs in the creative and cultural sectors can access facilities and equipment that allows them to "make" prototypes and products/services for their businesses</p>	<ul style="list-style-type: none"> - Number of beneficiaries using makerspaces provided by grantee organisations - Number of beneficiaries receiving grants to purchase fabrication equipment or materials 	<ul style="list-style-type: none"> - Grantees' ERDF assessment reports - Grantees' commissioned programme evaluations
<p>Artists, entrepreneurs and SMEs in the creative and cultural sectors can form collaborations to develop new products/services</p>	<ul style="list-style-type: none"> - Number and types of collaborations 	<ul style="list-style-type: none"> - Grantee questionnaire
<p>Artists and cultural entrepreneurs with protected characteristics or disadvantaged background receive business support</p>	<ul style="list-style-type: none"> - Number of beneficiaries with protected characteristics or disadvantaged background 	<ul style="list-style-type: none"> - Grantees' ERDF assessment reports - Grantees' commissioned programme evaluations
<p>Programme administrative expertise and support obtained from project partners and contractee organisations</p>	<ul style="list-style-type: none"> - Number of project partners providing administrative support - Value (in GBP or FTEs) of administrative expertise provided by project partners 	<ul style="list-style-type: none"> - Grantee questionnaire

Outcomes

What direct changes do the projects' outputs cause among beneficiaries?

The outcomes consist of the changes in the performance – business, economic or otherwise – experienced by programme beneficiaries as a result of their exposure to the programme outputs. The causal relationship between outputs and outcomes should be strong.

Outcomes	Key performance indicators	Sources of data/analysis
More financial resources are available for business support for artists and entrepreneurs and SMEs in the creative and cultural sectors	- Portion of match funding additional to cultural sector -- i.e. total match funding vs. amount that would have been allocated to artists and cultural SMEs in the absence of CLGF?	- Interviews with LEPs and other match-funding organisation
New cultural SMEs are formed and launched (including self-employed sole traders)	- Number of new enterprises supported (ERDF C5) - Number of potential entrepreneurs assisted to be enterprise ready (ERDF P11)	- Grantees' ERDF assessment reports
New cultural products and services are developed and launched	- No. of enterprises supported to introduce new to the market products (product or service) (ERDF C28) - No. of enterprises supported to introduce new to the firm products (ERDF C29)	- Grantees' ERDF assessment reports
Beneficiaries stay in business for longer than they otherwise would (i.e. longer business survival)	- Percentage survival rates among beneficiaries (one, two, three, etc. years after formation) compared to national averages for cultural sector	- Grantees, Companies House, D&B, ONS
Artists, entrepreneurs and SMEs in the creative and cultural sectors gain a better understanding of financial and entrepreneurial concepts and activity	- Beneficiaries' subjective assessment of changes in their level of business confidence	- Beneficiary survey
Grantee organisations gain or expand their capacity to deliver business support services to the creative and cultural sectors; and to manage and deliver ESIF programmes	- Number of grantee organisations that plan to continue to deliver business support services to artists and SMEs in the cultural sector after the end of the project - Number of grantee organisations that, with funding, would continue to deliver business support services to artists and SMEs in the cultural sector after end of project	- Grantee questionnaire

Outcomes	Key performance indicators	Sources of data/analysis
<p>Artists and cultural entrepreneurs realise increased confidence in their business abilities</p>	<ul style="list-style-type: none"> - Beneficiaries' subjective assessment of changes in their level of business confidence 	<ul style="list-style-type: none"> - Beneficiary survey
<p>Grantee organisations and ACE obtain data and evidence of the performance and impact of place-based support programmes</p>	<ul style="list-style-type: none"> - Number of project evaluations conducted by grantees - Number of beneficiary surveys conducted by grantees - Number and type of performance indicators collected by grantees from beneficiaries 	<ul style="list-style-type: none"> - Grantees' ERDF reports - Grantees' project interim evaluation reports and summative assessments

Short-term impacts

How did the outcomes realised by project beneficiaries generate direct and immediate changes within the economy and society?

The short-term impacts consist of changes that occur within the cultural and creative sectors, or the wider economy in the short term. In particular, these changes would occur outside of the boundaries of the programme beneficiaries but can be linked back to the outcomes experienced by beneficiaries with some degree of causality.

Short-term impacts	Key performance indicators	Sources of data/analysis
More businesses are created within the cultural sector in the locations hosting CLGF projects	- Number of new businesses created in the cultural sector	- ONS, D&B
Cultural SMEs make a larger contribution to employment and GVA growth in the locations hosting CLGF projects	- Number of FTEs (employees + self-employed freelancers) generated at beneficiaries plus local upstream (i.e. suppliers) and downstream (e.g. theatre companies, venues) organisations - Additional GVA generated at beneficiaries plus local upstream (i.e. suppliers) and downstream (e.g. theatre companies, venues) organisations - Cultural sector's' share of employment and GVA growth in location - Higher rates of business formation in the creative industries within the location	- Economic modelling based on beneficiary survey and/or D&B - ONS employment statistics at local level - ONS GVA statistics at local level (if available on ad hoc basis)
Higher rates of business sustainability (i.e. business survival rates) within the cultural sector in the locations hosting CLGF projects	- Percentage of new businesses created with project that are still operating one, two, three, etc. years after first intervention (i.e. business survival rates) - Ratio of project survival rates to average for the cultural sector and all sectors	- Grantees, Companies House, D&B, ONS
Grantee organisations establish new partnerships	- Number of project beneficiaries, plus new project partners and contractees, plus other stakeholder organisations	- Grantee questionnaire
ACE gains a better understanding of arts and culture in local economic growth.	- Subjective perceptions of ACE's knowledge	- Interviews with grantees and other stakeholders

Medium-term impacts

What changes occur within and outside of beneficiaries beyond the time horizon of the intervention on account of the short-term impacts generated by beneficiaries?

The medium-term impacts will be realised if their antecedent short-term impacts occur. The causal link between the medium-term impacts and beneficiary outcomes and programme outputs is weaker than it is for short-term impacts.

Medium-term impacts	Key performance indicators	Sources of data/analysis
Higher employment, GVA and productivity (i.e. GVA per worker) in the creative and cultural sectors outside of London	<ul style="list-style-type: none"> - Employment growth outside London - GVA growth outside London - GVA per worker outside London - Higher rates of business formation and survival outside London 	<ul style="list-style-type: none"> - Economic modelling based on beneficiary survey and/or D&B - ONS employment statistics at local level - ONS GVA statistics at local level (if available on ad hoc basis)
Public sector organisations direct a larger share of their future economic development funding to arts and culture	<ul style="list-style-type: none"> - Change (before and after) in the portion of LEPs total funding allocated to arts and culture 	<ul style="list-style-type: none"> - Interviews with LEPs
Grantee organisations and ACE can design more effective support programmes for the cultural creative and sectors in the future	<ul style="list-style-type: none"> - Similar place-based support programmes introduced in the future achieve higher value for money (VFM) than previous programmes 	<ul style="list-style-type: none"> - Interviews with other partner organisations
LEPs and LAs -- as well as HEIs, central government and other organisations (e.g. Creative England) -- have a more informed appreciation of the role of arts and culture in local and national economies	<ul style="list-style-type: none"> - Change (before and after) in the portion of total funding allocated to arts and culture 	<ul style="list-style-type: none"> - LEP activity reports, interviews with LEPs
Capacity and delivery models are created to deliver similar place-based support programmes	<ul style="list-style-type: none"> - Number of persons employed by grantee organisations, partners and contractees in administration and delivery of projects - Number of project models that could be replicated in other regions of the England the UK 	<ul style="list-style-type: none"> - Grantee questionnaire/interviews - Interviews with ACE and grantees
The arts and culture sector in England is more resilient and environmentally sustainable	<ul style="list-style-type: none"> - ACE organisational KPIs 	<ul style="list-style-type: none"> - ACE
Leadership within arts and culture sector is more diverse and appropriately skilled	<ul style="list-style-type: none"> - ACE organisational KPIs 	<ul style="list-style-type: none"> - ACE

Public funds are spent more effectively (i.e. higher value for money)

- Value for money of new support programmes for the cultural sector vs. historical performance

- Programme evaluations

Long-term impacts

What changes within the wider economy and society are likely to occur if the medium-term impacts by beneficiaries are achieved?

The long-term impacts are aligned with ACE's organisational goals.

Long-term impacts	Key performance indicators	Sources of data/analysis
Increased employment, GVA and productivity (i.e. GVA per worker) in England outside of London	<ul style="list-style-type: none"> - Employment growth outside London - GVA growth outside London - GVA per worker outside London - Higher rates of business formation and survival outside London 	<ul style="list-style-type: none"> - Economic modelling based on beneficiary survey and/or D&B - ONS employment statistics at local level - ONS GVA statistics at local level (if available on ad hoc basis)
England 's (and the UK's) global leadership in the creative and cultural sectors increases	<ul style="list-style-type: none"> - UK's relative performance in cultural exports - Creative industries exports 	<ul style="list-style-type: none"> - DCMS/ONS
Greater arts and culture activity making a positive contribution to wellbeing	<ul style="list-style-type: none"> - Wellbeing impact of arts and culture 	<ul style="list-style-type: none"> - DCMS bespoke surveys and studies
Excellence in arts and culture in England thrives and is celebrated	<ul style="list-style-type: none"> - ACE organisational KPIs 	<ul style="list-style-type: none"> - ACE
More people have an opportunity to experience and be inspired by arts and culture	<ul style="list-style-type: none"> - ACE organisational KPIs 	<ul style="list-style-type: none"> - ACE
More children and young people in England have the opportunity to experience arts and culture	<ul style="list-style-type: none"> - ACE organisational KPIs 	<ul style="list-style-type: none"> - ACE

Appendix C: List of consultees

Organisation

Arts Council England
 Cornwall and Isles of Scilly LEP
 Creative ENRG
 Creative Fuse North East
 Creative Kernow/Cultivator
 Culture+
 DRIVA Arts DRIVA
 Greater Birmingham and Solihull LEP
 Greater Birmingham and Solihull LEP
 Hull City Council
 Humber LEP
 Ministry of Housing, Communities & Local Government
 Network for Creative Enterprise
 Network for Creative Enterprise
 Network for Creative Enterprise
 New Anglia LEP
 New Wolsey Theatre
 Newcastle Gateshead Cultural Venues
 North East LEP
 North East LEP
 StartEAST
 StartEAST
 STEAMHouse
 STEAMHouse
 The Big House
 West of England Combined Authority (West of England LEP)
 West Midlands Combined Authority
 WSX Enterprise

Name

Bill Vince
 Claudia West
 Helen Parrott
 Hugh James
 John Cairns
 Nema Hart
 Paul Bristow
 Peter Davison
 Richard Brown
 Emmie Kell
 Clive Darnell
 Mark Adamson
 Jane Sutherland
 Jane Showell
 Donna Close
 David Furmage
 Wendy Edwards
 Paul Burnley
 Jon Brunton
 David Morrall
 Vanessa Bellaar Spruijt
 Simon Moreton
 Dick Penny
 Madeleine Coupe
 Rob Salmon
 Declan Baharini
 Alan Welby
 Laura Partridge
 Lindsay Evans
 Mary Muir
 Clayton Shaw
 Ruth Claxton
 Catherine Mayhew
 Nona Hunter
 Fiona Latter
 Linda Lengvinaite

Appendix D: Profile of CLGF projects

Table 15 Summary profile of CLGF projects

Project name	Dates	ACE region	LEP area(s)	Lead organisation	Project partners	Brief description
Creative ENRG (Enterprising Neighbourhoods Renewal and Growth)	Apr 2016- Mar 2019	North	Humber LEP (Hull, East Riding, North Lincolnshire and North East Lincolnshire)	Goodwin Development Trust, Hull	Hull City Council, Hull Culture & Leisure, British Library Business & IP Centre (Hull)	Provides workshops, networking events, 1-to-1 advice and funding brokerage services to individuals and small businesses in Hull and East Yorkshire
Creative Fuse North East	May 2016 - Mar 2019	North	North East LEP Tees Valley LEP	University of Newcastle	University of Sunderland, Northumbria University, Teesside University, Durham University, Tyneside Cinema (on behalf of Newcastle Gateshead Cultural Venues)	Conduct an intensive mapping of the region's digital, creative and cultural sectors Provides business and innovation support for digital, creative and cultural sectors through events, workshops, "a-thons", 1-to-1 support, placement programmes and hothouse programmes
Cultivator	Oct 2016- Sep 2019	South West	Cornwall and Isles of Scilly LEP	Creative Kernow	University of Plymouth, Cornwall College, Real Ideas Organisation, Business West	Provides events, workshops, 1-to-1 advice to individuals and small businesses in the creative industries in Cornwall and Isles of Scilly
Culture+	Mar 2017 - Dec 2019	South West	Dorset LEP (Dorset County)	The Arts Development Company	WSX Enterprise, Silicon South, DORMEN, YTKO	Provides 1-to-1 mentoring, courses and workshops to individuals and small businesses in Dorset, Poole and Bournemouth; has also commissioned a signature cultural event and supports local businesses to promote arts and culture as part of the region's tourism offer
DRIVA Arts DRIVA	Jul 2018- Mar 2020	South East	Coast to Capital LEP (Greater Brighton and West Sussex)	University of Brighton	University of Sussex, Gatwick Airport, Wired Sussex	Provides free, intensive support, access to facilities, resources and expertise and cash awards to creative and technology organisations and practitioners Provides technology SMEs, creative arts practitioners and cultural organisations unprecedented access to Gatwick Airport's big data.

Project name	Dates	ACE region	LEP area(s)	Lead organisation	Project partners	Brief description
Network for Creative Enterprise (NfCE)	Oct 2017 - Dec 2019	South West	West of England LEP (Bath & North East Somerset, Bristol and South Gloucestershire)	Watershed, Bristol	University of West England, Knowle West Media Centre, Watershed's Pervasive Media Studio, The Guild Bath, Spike Island,	Provides workshops, networking events, 1-to-1 advice and mentoring, and bursaries to individuals and businesses in the creative industries in Bristol, Bath and the West of England.
StartEAST	Oct 2016 – Dec 2019	South East	New Anglia LEP (Norfolk and Suffolk Counties)	Norfolk County Council	New Wolsey Theatre, Suffolk County Council	Provides workshops, events, 1-to-1 advice and mentoring and grants to cultural sole traders and SMEs in Norfolk and Suffolk counties
STEAMhouse	Oct 2016 - Mar 2020	Midlands	Greater Birmingham & Solihull LEP	Birmingham City University	Eastside Projects	Provides workshops, networking events, co-working space, grants and access to fabrication facilities for creative sole traders and SMEs in Birmingham
The Big House	Oct 2016 – Apr 2019	Midlands	D2N2 LEP (Nottinghamshire and Derbyshire)	Creative Quarter Nottingham	The Broadway, Nottingham Trent University Derby Theatre, New Art Exchange, Derby QUAD	Provides workshops, networking events, 1-to-1 advice and grants to individuals and businesses in the creative industries in Nottinghamshire and Derbyshire

Source: Nordicity/Saffery-Champness research

Table 16 CLGF project delivery partnerships

Project	Model	Lead organisation	Partnership description
Creative ENRG	Charity-led	Goodwin Development Trust	<p>Administrated and delivered by Goodwin Development Trust Additional funding from Hull City Council Additional delivery partners: British Library Business & IP Centre (Hull), Hull Culture & Leisure,</p> <p>Charity-Local Authority-Sector-Business Support Partnership</p>
Creative Fuse North East	HEI-led	Newcastle University	<p>Administrated by Newcastle University Delivered by Newcastle University, University of Sunderland, Northumbria University, Teesside University, Durham University Brokerage provided by Tyneside Cinema on behalf of Newcastle Gateshead Cultural Venues (NGCV) to connect prospective project beneficiaries with the project</p> <p>Multi-University-Sector Partnership</p>
Cultivator	Sector-led	Creative Kernow	<p>Administrated and delivered by Creative Kernow Additional delivery partners: University of Plymouth, Cornwall College, Business West, Real Ideas Organisation (RIO)</p> <p>Sector-Business Support-University Partnership</p>
Culture+	Sector-led	Arts Development Company	<p>Administrated by The Arts Development Company Delivered by: The Arts Development Company, WSX Enterprise, Silicon South, YTKO (OutSet), DORMEN All are partners in the Dorset Growth Hub Partnership</p> <p>Sector-Business Support Partnership</p>
DRIVA Arts DRIVA	HEI-led	University of Brighton	<p>Administrated by University of Brighton Delivered by: University of Brighton, University of Sussex, Wired Sussex Data partner is Gatwick Airport</p> <p>University-Sector-Private Business Partnership</p>

Project	Model	Lead organisation	Partnership description
Network for Creative Enterprise	Sector-led	Watershed	<p>Administrated and delivered by consortium of Watershed and University of West England (UWE) Who contracted additional delivery partners: The Guild (Bath), Knowle West Media Centre, Spike Island, Watershed’s Pervasive Media Studio</p> <p>Sector-University-Workspace Partnership</p>
StartEAST	Local Authority-led	Norfolk County Council	<p>Administrated by Norfolk County Council Steering partner: Suffolk County Council Delivered by New Wolsey Theatre</p> <p>Local Authority-Sector Partnership</p>
STEAMhouse	HEI-led	Birmingham City University	<p>Administrated by Birmingham City University (BCU) Delivered by BCU in partnership with Eastside Projects (EP) through a purpose-built makerspace.</p> <p>University-Sector Partnership</p>
The Big House	Sector-led	The Creative Quarter	<p>Administrated by The Creative Quarter (TCQ) Distinct but overlapping CLGF & ERDF projects Joint delivery partners: Derby Theatre, New Art Exchange, Derby QUAD Delivery partner for CLGF only: Broadway Cinema Delivery partner for ERDF only: NBV Enterprise Solutions, Nottingham Business School at Nottingham Trent University, The Hive (Nottingham Trent University’s incubator), University of Derby</p> <p>Sector-University-Business Support Partnership</p>

Source: Nordicity / Saffery Champness research

Appendix E: Technical economic analysis

Employment

All of the projects tracked their employment impact in accordance with ERDF metric C8 'employment increase at supported organisations'. Four of the eight projects for which final outcome data were available (at the time of writing), fell short of the project target for metric C8 (Table 17). That being said, the strong over-performance at NfCE (+118%) and The Big House (+30%) meant that the overall aggregate performance of the CLGF projects was 12% above their combined ERDF target. Even among the four projects that fell short of their employment target, three projects – Creative ENRG, Creative Fuse North East and STEAMhouse– were still within 10% of their target.

Table 17 Increase in employment at CLGF-supported organisations (number of FTEs)

	Target	Final outcome	Variance
Creative ENRG	30	27.5	-8%
Creative Fuse North East	23	22.0	-4%
Cultivator	27	18.0	-33%
Culture+	4	4.0	0%
DRIVA Arts DRIVA	--	--	--
NfCE	19	41.5	+118%
StartEAST	5	5.0	0%
STEAMhouse	10	6.0	-40%
The Big House	46	60.0	+30%
Total	164	184.0	+12%

Source: Project summative assessments

The employment statistics in Table 17 only reflect the relatively narrow definition of employment set out by the ERDF guidelines. To provide a better indication of the full employment impact of the CLGF projects, there are two adjustments that could be made to the ERDF-defined employment figures.

- i. Additionality adjustment
- ii. Longitudinal adjustment

Additionality adjustment

In order to identify what the unique impact of any CLGF project was on employment, it is necessary to take the gross employment measure, as defined by the ERDF metric C8, and remove any employment that would have resulted in the absence of the intervention of the CLGF project. This is achieved by estimating what is known as the additionality. The product of this additionality and the gross employment results in the net employment, which can be attributed to the CLGF project. In accordance with ERDF and HM Treasury Green Book guidelines, the additionality can be isolated by estimating the deadweight, displacement, substitution, leakage and multiplier effects⁹⁰ (for definitions see Box 6).

Table 18 summarises the assumptions used by the various CLGF projects in calculating additionality and their net employment impact.⁹¹ In most cases, the ratio of net to gross employment impact was in the range of 0.40 to 0.50. That is, the net impact was 40%-50% of the gross impact directly observed or measured by projects. Two projects, however, displayed net-to-gross impact ratios that were above 1.00, namely because they assumed limited or no deadweight associated with their projects' interventions. In other words, the two

⁹⁰ Whilst multiplier effects are not typically applied to assessments of additionality on a UK-wide basis, HM Treasury Green Book guidance does permit them to be applied to analyse the additionality of place-based interventions that impact upon local economies. The CLGF projects fit this profile.

⁹¹ The rationales for the assumptions incorporated into the calculation of projects' additionality and net employment impact can be found in their respective summative assessments.

projects assumed that virtually all of the employment and GVA generated by their interventions would not have occurred in the absence of those interventions.⁹²

Box 6 Factors that affect the additionality of public interventions

Deadweight refers to the employment and GVA that would have occurred in the absence of an intervention.

Displacement refers to the degree to which any increase in outputs and outcomes generated by an intervention reduces outputs and outcomes elsewhere in the geographic area. Displacement can take the form of either product-market displacement or factor-market displacement (see Glossary for additional explanations). Furthermore, the smaller the geographic domain of an intervention, the less likely that displacement will occur within that domain.

Substitution refers to situations where a government intervention results in consumers or businesses substituting one activity for another. For example, a programme that subsidises businesses that hire new employees may actually replace existing employees with new ones in order to take advantage of the subsidy.⁹³

Leakage refers to the degree to which an intervention generates benefits such as employment or income for individuals or businesses located outside the geographic, sectoral or other domain targeted by the intervention.

Multiplier effects refer to the additional employment and GVA generated within a local, regional or national economy when income is re-spent within that local economy. Multiplier effects occur when direct beneficiaries of intervention spend within their supply chain, thereby generating higher income and employment at these upstream suppliers, and in turn, at their suppliers. Multiplier effects also occur when direct beneficiaries and workers within supply chain re-spend their additional income on consumer purchases within a local, regional or national economy. This type of multiplier effect is also referred to as an induced impact.

Table 18 Additionality assumptions

Project name	Dead-weight	Displacement	Leakage	Multiplier	Net to gross ratio ¹
Creative ENRG	-- ²	8%	5%	1.50x	1.31
Creative Fuse North East	48%	29.3%	25%	1.51x	0.42
Cultivator	10%	25%	0%	1.50x	1.01
Culture+ ³	50%	25%	10%	1.50x	0.51
DRIVA Arts DRIVA	--	--	--	--	--
NfCE	50%	25%	5%	1.30x	0.46
StartEAST	59%	12%	2%	1.45x	0.49 ⁴
STEAMhouse	52%	25%	10%	1.30x	0.42
The Big House	48%	25%	10%	1.30x	0.46

Source: Project summative assessments

Notes:

1. Equals net employment impact ÷ gross employment impact

2. Creative ENRG's summative assessment did not take into account deadweight in the calculation of additionality. In other words, it assumed 0% deadweight.

3. Additionality assumptions sourced from the summative assessment of the Dorset Business Growth Programme, which was the ERDF match-funded programme associated with Culture+.

4. StartEAST's evaluators also included a 4% negative adjustment to account for economic substitution, even though ERDF guidance does not require that substitution necessarily be taken into account for business support programmes.

⁹² We also note that Creative ENRG also assumed a relatively low rate of displacement (8%) in the estimation of its net economic impact. However, this low rate of displacement is probably consistent with the weak economic conditions in Hull and the Humber LEP area in which it operated.

⁹³ Whilst substitution is a factor in assessing additionality, the ERDF does not consider it particularly relevant to business support programmes, and therefore, it is not considered any further in this analysis. However, it has been included in this list for sake of completeness vis-à-vis HM Treasury Green Book Guidance.

Table 19 details the gross and net employment impacts of each project in relation to the ERDF definition of employment. After adjusting for additionality factors, the overall net employment impact across all reporting CLGF projects was 110.4 FTEs, compared to a gross impact of 187.8 FTEs.

Table 19 Net employment impact of CLGF projects

	ERDF metric ¹	Gross impact	Net impact ²
Creative ENRG ³	27.5	27.5	27.5
Creative Fuse North East ⁴	22.0	22.0	9.2
Cultivator ⁵	18.0	18.0	18.2
Culture+	4.0	4.0	2.0
DRIVA Arts DRIVA	--	--	--
NfCE	41.5	41.5	19.1
StartEAST	5.0	8.8	4.3
STEAMhouse	6.0	6.0	2.5
The Big House	60.0	60.0	27.6
Total	184.0	187.8	110.4

Source: Project summative assessments

Notes:

1. Metric C8: increase in number of permanent full-time equivalent (FTEs) employees at supported enterprises. If project beneficiaries employed two part-time workers on a permanent basis for the entire work year, this could be counted as one FTE
2. Net employment impact estimated by projects after applying additionality assumptions.
3. Creative ENRG reported its net employment impact of 27.5 FTE jobs for its ERDF performance metric, and so this has been taken to also represent its gross employment impact. For this reason, the employment data in this table will not correspond to the ratio found in Table 18.
4. The discounted long-term impact (three years) impact on employment that was reported by the project has been removed from the estimates of gross and net impacts in order to make the statistics comparable across all projects.
5. Cultivator's summative assessment reported ratio of net to gross employment impacts of greater than one, even though this ratio is typically less than one. Please see Appendix E for further discussion.

Longitudinal adjustment

Even after accounting for additionality and incorporating self-employed workers and supply chain adjustments, the employment impact only encompasses an estimate of the employment impact at project-end: that is, the employment impact that is observed among beneficiaries during the duration of the project. However, for the types of business-support programmes funded by CLGF, the vast majority of the employment impact and other economic benefits will likely occur beyond the life of the programme, as the businesses formed during the programme strengthen their position in the marketplace and begin to grow or continue to grow.

In this regard, the CLGF – and other business support programmes – should be viewed as ‘investments’ that will yield economic benefits into the future. As indicated in Section 5.2.2, only one CLGF project, Creative Fuse North East, took into account its future economic impacts. The Innovation Partnership Ltd., which prepared the ERDF summative assessment of Creative Fuse North East, used a three-year projection of the project impacts but also applied a 10% decay rate. In other words, the economic impact in year 1 (the first full year after the end of the project) was assumed to be 90% of the impact observed during the project; and the impact in year 2 was assumed to be 81% of those observed in year 1 (i.e. 90% of 90%), and so on.⁹⁴ These projected impacts were discounted back to the present using the social discount rate of 3.5% as recommended in the HM Treasury Green Book.⁹⁵

To attempt to capture the longer-term employment impact of all the projects (not just Creative Fuse North East), Nordicity developed a model based on business demographic data published by ONS, in order to forecast the potential growth in employment of all CLGF project beneficiaries and the consequent overall employment impact of the CLGF. The structure and assumptions of this model are described in Box 7.

⁹⁴ The Innovation Partnership Ltd. (2019), *Creative Fuse North East: Final Summative Assessment Report*, pp. 21-22.

⁹⁵ The Innovation Partnership Ltd. (2019).

Box 7 Forecasting the future employment impact of CLGF

To estimate the overall employment impact of CLGF – particularly beyond the life of the programme – Nordicity developed a forecast model. The model uses data from ONS for business survival rates⁹⁶ to forecast how the project impact of the programme could change in the five years after programme completion.

To account for the growth in employment at surviving companies, the model adheres to Gibrat’s Law, (also referred to as the Law of Proportionate Effect) which states that:

*The growth rate of a given firm is independent of its size at the beginning of the period examined. In other words, the probability that a firm will grow by a certain proportion (i.e. percentage) in a given period is the same for all firms regardless of their size at the beginning of the period.*⁹⁷

Data from ONS indicate that between 2010 and 2018, employment at all private sector businesses in the UK grew at a compound annual growth rate (CAGR) of 1.8%. Taking into account Gibrat’s Law, the study team assumed that the mean annual rate of employment growth at surviving companies is similar to that observed across the entire economy.

The forecast model’s assumptions are summarised in the table below.

Key assumptions of employment impact forecast model

Year	Business survival rate	Annual growth rate in employment at surviving firms
0	100%	1.8%
1	92%	1.8%
2	74%	1.8%
3	58%	1.8%
4	49%	1.8%
5	42%	1.8%

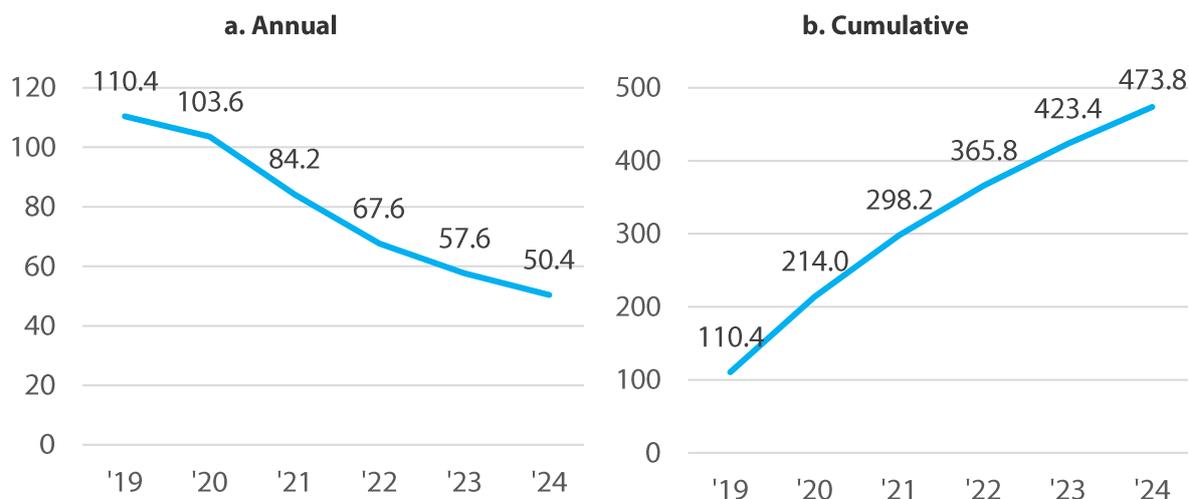
Source: Nordicity analysis based on data from [ONS Business demography UK](#).

When applied in the context of the CLGF, the forecast model indicates that the total additional annual employment across surviving beneficiaries will actually decline from 110.4 FTEs in 2019 to 50.4 FTEs in 2024 (Figure 7a), primarily as a result of the business survival rates. However, from an impact perspective, it is the *cumulative* number of FTEs generated by CLGF beneficiaries that is important. **On that basis, the model forecasts that by 2024, the cumulative employment impact of CLGF will total 473.8 FTEs** (Figure 7b).⁹⁸

⁹⁶ Note that the forecast model treats all CLGF beneficiaries as new businesses and does not take into account that some beneficiaries were already in a later stage of business development (e.g. scale-up phase). This is a simplifying assumption within the forecast model; however, it does reflect the fact that projects reported that most beneficiaries were in their business-launch or start-up phase. Furthermore, this simplifying assumption likely results in a more conservative forecast than would occur if beneficiaries’ stage of business development was also taken into account.

⁹⁷ Luuk Klomp, Enrico Santarelli and Roy Thurik (2006), “Gibrat’s Law: An Overview of the Empirical Literature”, *Entrepreneurship, Growth, and Innovation: The Dynamics of Firms and Industries*, ed. Enrico Santarelli, New York: Springer, p. 42; and Edwin Mansfield (1962), Entry, Gibrat’s Law, Innovation, and the Growth of Firms, *American Economic Review*, vol. 52, issue 5, 1031.

⁹⁸ Whilst the differences in the models and assumptions used by projects to estimate their employment impact may preclude project-to-project comparisons or mean that the aggregate impact may not be representative, for the purposes of the evaluation analysis, the study team has nonetheless used the figures on an ‘as reported basis’ from each of the available projects.

Figure 7 Forecast employment impact of CLGF (FTEs)


Source: Nordicity analysis based on data from [ONS Business demography UK](#)

Gross value added

Along with employment, GVA is another key measure of economic impact. GVA is essentially the monetary value of the economic value 'added' by an organisation or industry. In this respect, it can be calculated as the difference between the market value of an organisation or industry's output (i.e. the goods or services it produces) and the monetary value of the inputs that it purchases from other organisations or industries. This difference typically consists of the costs of employment (i.e. wages, salaries and employee benefits) and mixed income. The latter includes the portion of an organisation or industry's income that is retained as profit and paid to suppliers of capital, IP or other non-labour inputs. For small businesses, mixed income also includes the compensation that owners pay themselves, such as in the form of dividends.

Measuring, reporting and analysing GVA provides an important additional dimension to economic impact analysis because it places a monetary value on the employment generated by government intervention. Looking at job creation alone may not always reveal information about how standards of living have actually improved because employment can come with varying levels of compensation. Looking at GVA provides a better indication of how an intervention has affected economic wellbeing. That being said, GVA should not be viewed as a sole indicator of economic success. GVA growth without employment growth means that only capital holders may be benefitting from a policy intervention, i.e. those with wealth accrue greater wealth. This type of growth is not aligned with government policy and the desire to level up poorer parts of society.

Five projects reported their GVA impacts as part of their summative assessments. In general, most projects calculated their GVA impact by multiplying the number of jobs they created by the average GVA per job in their region. Some projects, however, did collect data on the components of GVA in order to tabulate GVA impact across their beneficiaries.

For three projects, GVA estimates were prepared by the study team.

- For **Culture+**, the study team estimated the GVA impact by apportioning the GVA impact of the Dorset Business Growth Programme.
- For **STEAMhouse** and **The Big House**, the study team estimated the GVA impact, by multiplying their employment impacts by an estimate of the average GVA per job filed in SIC 90 *Creative arts and entertainment activities* within their LEP area.⁹⁹

⁹⁹ The index of GVA per job filled for each LEP area was multiplied by the UK-wide average for GVA per job filled for SIC 90. This process yielded a GVA-per-job of £43,607 for STEAMhouse (Greater Birmingham and Solihull); and a GVA-per-job of £38,834 for The Big House (Derby, Derbyshire, Nottingham and Nottinghamshire).

In total, therefore, the study team had reported or estimated GVA data for eight (of nine) projects – i.e. all but DRIVA Arts DRIVA.

As was the case with employment, GVA was measured and reported on a gross and net (i.e. additional) basis, after taking into account economic deadweight, leakage, displacement, substitution and multiplier effects.¹⁰⁰

On a combined basis, the eight projects had a net GVA impact of £6.2m. However, the project-to-project GVA impact varied considerably – from £0.02m to £2.04m. This wide range in GVA outcomes was to a combination of differences in (i) project performance (particularly in terms of job creation), (ii) economic models used to estimate GVA and (iii) differences in the underlying economic conditions within the projects' local economies (and thereby the additionality of the local economic impacts). Consequently, it is not possible to categorically attribute these differences to any fundamental differences in the economic efficacy of the projects and their delivery models, per se.

Table 20 GVA impact of CLGF-supported projects (£m)

	Gross impact (£m)	Net impact (£m)
Creative ENRG	1.66	2.04
Creative Fuse North East	3.69	1.55
Cultivator	0.71	0.71
Culture+ ¹	0.04	0.02
DRIVA Arts DRIVA	--	--
NfCE	0.57	0.27
StartEAST	0.80	0.39
STEAMhouse ¹	0.26	0.11
The Big House ¹	2.33	1.07
Total	10.06	6.16

Source: Project summative assessments

1. Since no GVA data was available in the project's summative assessment, the study team prepared a GVA estimate on the project's reported employment impact or other data available from the project.

As with employment, the 'investment' nature of CLGF's business support programmes implies that one should attempt to forecast the GVA impact beyond the end of the projects. To do this, the study team developed a forecast model similar to that which we developed for employment, except that we added a variable for growth in worker productivity to the model. The model is outlined in Box 8.

¹⁰⁰ For all but one project, GVA was reported on a project-end (or contemporaneous) basis. The exception was Creative Fuse North East, which prepared estimates of its gross and net GVA impact to include a forecast of its impact beyond the end of the project. In order to present the GVA impact estimates on a consistent basis, we have removed the effects of this long-term impact modelling from Creative Fuse North East GVA estimates.

Box 8 Forecast of the future GVA impact of CLGF

To estimate the overall GVA impact of CLGF – particularly beyond the life of the programme – Nordicity developed a forecast model. The model incorporated the same assumptions for business survival rates and employment growth (at surviving companies) as in the employment-impact project model.

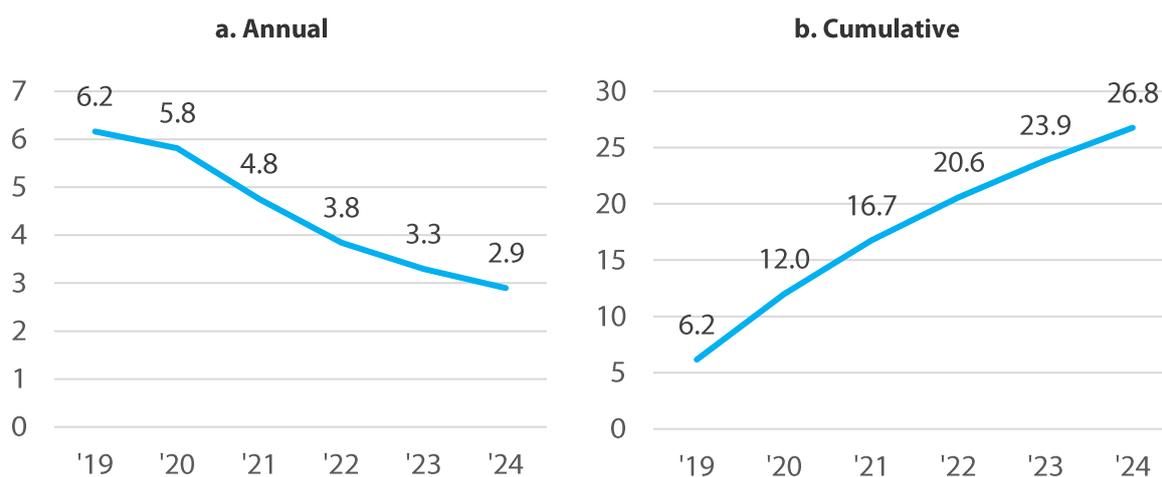
This GVA impact version of the model also included an additional assumption for the growth in productivity at surviving firms – i.e. the growth in GVA per FTE. Between 2010 and 2018, real GVA per job filled grew at an annual average rate of 0.6%. This figure was incorporated into the projection models' assumptions. The forecast model's assumptions are summarised in the table below.

Key assumptions of CLGF GVA impact forecast model

Year	Business survival rate	Annual growth rate in employment at surviving firms	Annual rate of growth in GVA per employee at surviving firms
0	100%	1.8%	0.6%
1	92%	1.8%	0.6%
2	74%	1.8%	0.6%
3	58%	1.8%	0.6%
4	49%	1.8%	0.6%
5	42%	1.8%	0.6%

Source: Nordicity analysis based on data from [ONS Business demography UK](#).

When the forecast model is applied to our estimate of the aggregate project-end net GVA impact of the CLGF of £6.2m (see Figure 8 Forecast GVA impact of CLGF (£m)a), we find that the annual net GVA impact of surviving beneficiaries will actually decline from £6.2m in 2019 to £2.9m in 2024 (Figure 8 Forecast GVA impact of CLGF (£m)a), primarily as a result of the business survival rate. However, from an impact perspective, it is the *cumulative* amount of GVA generated by CLGF beneficiaries that is important. **On this basis – across the eight projects for which we had GVA impact data – the model forecasts that by 2024, the cumulative surviving CLGF beneficiaries would have generated a total £26.8m in GVA** prior to the shock of the Covid-19 pandemic (Figure 8 Forecast GVA impact of CLGF (£m)b).

Figure 8 Forecast GVA impact of CLGF (£m)


Source: Nordicity analysis based on data from [ONS Business demography UK](#).

Appendix F: Case studies

Creative Computing Club – supported by StartEAST

Learning has led to a transformation in operation and a scale-up in delivery capacity and turnover

Matthew Applegate, the founder of the Creative Computing Club (CCC), has been working with young people across Suffolk since 2012 to help them to engage in worthwhile and inspiring technology-based activities. CCC provides an informal and non-competitive environment, which helps children to gain confidence and qualifications in areas that interest them in today's tech sector.

CCC's operational ethos of 50% work and 50% play has resulted in excellent outcomes for the young people they teach in Suffolk. CCC are Ukie's (the UK trade body for interactive entertainment and video games) only Digital Schoolhouse in Suffolk – providing local primary schools with free creative computing workshops. In addition, the BAFTA Young Game Designers Awards have recognised Matthew's inspirational talent by presenting him with the Mentor 2019 award.

CCC is a Community Interest Company (CIC) whose positive impact on young people's lives through social and educational opportunities is of greater priority than generating a profit. These impacts are achieved in-school through the curriculum, through Saturday clubs and evening classes. Though primarily focused on children and young people up to the age of 19, CCC has started to work with NEETs (young people Not in Education, Employment or Training). Importantly, they also work with teachers to help them understand digital technology and provide them with the pedagogical tools to teach it.

The StartEAST project was part-funded by Arts Council England's Creative Local Growth Fund and was developed by the New Anglia Culture Board, to make Norfolk and Suffolk places where creative, enterprising people can build sustainable cultural enterprises. It was managed by Norfolk County Council in partnership with Suffolk County Council and delivered by the New Wolsey Theatre. StartEAST provided targeted, specialist business support to cultural and creative enterprises.

Matthew was able to take advantage of the bespoke business support service that StartEAST offered. This included business skills development, a capital grant of £7,097 and, crucially, bespoke mentoring. Initial training was through general workshops but later it was 'laser-focused' on what Matthew and CCC needed, including a mentor who provided 'the best mentoring I had ever received'.

The mentoring was not just motivational but 'reality-based' and relevant, as the mentor was someone who also ran a CIC and understood Matthew's commitment to social objectives. Additionally, the grant allowed CCC to buy some equipment, so that they were not wholly dependent on partners' kit to deliver tuition.

Matthew cannot overstate the transformative personal impact that engaging with StartEAST has had and the consequent impact on CCC. The support has allowed him to understand and develop his role in the enterprise, he has learnt to delegate and have the confidence to hire the right people. He has gone from being the primary trainer doing 25 hours of teaching a week and doing all the administration to now doing eight hours of teaching weekly and a PhD, with a complement of talented and empowered staff. CCC had a turnover of approximately £25,000 prior to StartEAST, which for 2020/21 will be of the order of £200,000, even under Covid-19 pandemic conditions.

CCC's resilience and Matthew's confidence and ability were such, that even with the Covid-19 pandemic stopping classroom delivery, they were able to pivot their operation to collect unused laptops from local businesses and redeploy them for distribution to the very large number of school children who did not have access at home to a laptop. Without engaging with StartEAST, Matthew would not have had the confidence to approach local organisations and the persistence to persuade them.

The impact on management has been profound too. For a £56,000 contract to set up an East Anglia digital incubator, Matthew recruited and empowered staff to deliver this project, which now only needs weekly oversight by Matthew. Indeed, he sees the evidence in his staff, even if they do not yet themselves, that some will be running their own enterprises in the future.

The bespoke training that the CLGF funded has had a radical impact that has resulted in an expansion of CCC's activities and its workforce but also in a capability to re-imagine itself that has seen CCC continue to expand during the pandemic without undermining its social objectives.

<http://www.creativecomputingclub.com/>

Network for Creative Enterprise – a CLGF project

A multi-disciplinary and multi-hub approach to delivering the Creative Local Growth Fund

The Network for Creative Enterprise (NfCE) was established by the University of the West of England, Bristol (UWE Bristol) and Watershed Arts Trust as a partnership between four creative hubs.

- a. Watershed's Pervasive Media Studio (Bristol);
- b. Knowle West Media Centre: The Factory (Bristol);
- c. Spike Island (Bristol); and
- d. The Guild (Bath).

The NfCE was part-funded by the CLGF and was designed to increase entrepreneurship in the creative and digital sector by providing creative sector micro, small and medium sized enterprises (SMEs) in the West of England Local Enterprise Partnership (WELEP) area with business development support. This was to be achieved by focusing on increasing their ability to effectively develop their talents and practice into businesses through the provision of bespoke strategic, creative, and operational support.

Where this project was particularly effective was in its partnership structure. UWE provided administrative infrastructure, cashflow and familiarity in dealing with ERDF funders and their processes. Furthermore, they were able to provide an academic approach to the monitoring and evaluation (M&E) of the project from inception and on an ongoing basis. This meant that the M&E evolved as the project proceeded responding to challenges as they developed. In addition, UWE was also able to incorporate the project into its own academic research and other academic institutions (e.g. Glasgow School of Art).

A significant result of NfCE's self-evaluation, coupled with research locally and nationally, was the recognition that the informal nature of the creative and cultural sector does not necessarily lead to greater diversity of gender, ethnicity, class, and sexuality without active intervention. As a result, there were a number of under-represented groups within the NfCE itself. For example, only 9% of their residents identified as being from a Minority Ethnic background. As a consequence, the NfCE hubs developed a new programme based on the NfCE, the [Creative Workforce of the Future](#) programme. This was intended to provide a flexible and bespoke programme of:

- professional development for companies to develop a more inclusive workforce and practices;
- paid placements for young people aged 18 - 30 from Black, Asian or Minority Ethnic backgrounds and/or those who identify as someone with a disadvantaged socio-economic background.

The programme supported training for about 40 creative SMEs in the West of England as well as 12 paid placements for 18-30 year olds over an 11-month period in 2020. The programme adopted a collaborative hub approach evolved from NfCE.

This academic rigour was matched by Watershed's open-minded and intersectional approach to the creative and digital sector, as well as a track record of providing business support to the sector.

Importantly, a strong emphasis was placed on ensuring these disparate creative hubs worked together and connected the residents from one hub to the others. This started with a shared development of a manifesto to guide how they would work together to deliver the project. The project was then managed through a monthly meeting between a single Network Producer for the whole programme and four Hub Producers based within each of the four hubs. The Hub Producers were highly connected in their respective industries and delivered the NfCE within their hubs. The Network Producer had the overview across all four hubs coordinating the day-to-day operation of NfCE, facilitating the partnership, and developing the network

strategically beyond its existing partners. The Network Producer was also instrumental in ensuring high quality activity and shared learning across the four hubs.

The non-prescriptive approach of the CLGF enabled a partnership that balanced administrative capability, delivery and vision. There was a focus on management, which achieved cohesion and self-reflective learning. The academic partner, UWE, provided insight into how best to monitor activity and evaluate impact. Lastly, the different specialisms of the hubs resulted in beneficiaries' exposure to a wider range of support when developing new work or for problem solving.

https://www.watershed.co.uk/sites/default/files/publications/2019-12-09/nfce_final_report_web.pdf

Unfolding Theatre – supported by Creative Fuse North East

Opening horizons through academic collaboration and digital engagement

Unfolding Theatre is a touring only theatre company with the ethos "Big-hearted theatre that delights in bringing people together". They are based in Newcastle and operate across the North East, as well as touring across England, primarily performing in theatres, community halls/spaces and outdoor locations. They have three long term aims.

- *More people are leading happier, more creatively fulfilled lives* – through live theatre, whether participating, creating or as audience.
- *Mainstream theatre better reflects England's diversity and drives excellence* – a focus on young people, under-represented groups, and those with particular difficult life experiences.
- *People with different life experience are better connected* – the bringing together of people from different experiences is becoming more important, as society is becoming more divided and conversations more divisive.

Also based in the North East, the Creative Fuse North East (CFNE) project was part-funded by Arts Council England's Creative Local Growth Fund (CLGF). This five-university collaboration sought to unlock the potential of the creative, digital and tech sectors in the North East in order to drive innovation and growth in the local economy. Academics worked alongside cultural organisations and industry, as well as with charities and the public sector to realise sustainable futures for a variety of creative, digital and IT enterprises. The project included offering competitive grants of up to £25,000 to 30 'Innovation Pilots'.

Wanting to work with universities and after some initial scepticism, Unfolding Theatre successfully applied to become one of the Innovation Pilots. The challenge they were seeking to address was the 'developing [of] digital tools to democratise theatre-making'. They were partnered with Teesside University, Northumbria University and Durham University, with additional contributions from Manchester International Festival, Young Writers' City, New Writing North and Queen's Hall Youth Theatre in Hexham.

From the initial grant of £5,000, Unfolding Theatre were able to learn about the potential of digital tools through two 'ideation days' spent with academics from all five universities. The ideas developed were tested with a group of 50 young people, and then developed further with the academics. Out of this process the concept of the *Multiverse Arcade* was born – a mechanism to capture and amplify young people's voices, in response to the question: 'what are you going to do when you're in charge?'

A follow-on grant from CFNE, also of £5,000, was then awarded to Unfolding Theatre to bring the [Multiverse Arcade](#) to life. At the heart of this was the commissioning of software developers at Teesside University to build the bespoke software needed to create the interactive arcade machines and recording booths. Young people's responses to the above question were captured using motion sensors.

As a result of Unfolding Theatre's learning, it has expanded its reach and deepened participation by using digital engagement in their performance and community projects. This learning has also supported the creation of a new post, Multiverse Arcade Production Assistant, which employed two interns, one of whom now has a permanent new job as Associate Artist Digital. The *Multiverse Arcade* has won funding from Virgin Money Foundation's #iwillfund to tour across the North East. Unfolding Theatre were commissioned by the National Institute of Health Research Newcastle, VOICE and Newcastle University to produce *Multiverse Lab*,

where the principles of the *Multiverse Arcade* are used to engage people who do not typically engage with health research.

Collaborating with academics, at both ideation and development stages, was highly valued by Unfolding Theatre and would not have happened without engaging with CFNE.

The organisation has gained in confidence and significantly expanded its practice. They have also realised the value of their non-digital skills and talent, which they use every day but had taken for granted. As a result, working with CFNE has had a transformative effect on Unfolding Theatre and shows the value of partnerships that lie at the heart of the CLGF. Unfolding Theatre now have a suite of digital skills and experience, and an understanding of the potential of digital tools. This, combined with their non-digital talent, has widened and raised their aspirations, thereby enriching the delivery of their vision.

<https://www.unfoldingtheatre.co.uk/>

Rising Arts Agency – supported by Network for Creative Enterprise

Critical self-analysis through mentoring has led to increased capacity to deliver

Rising Arts Agency is a social enterprise for young creatives aged 16–30 who are mobilising others for radical social, political and cultural change. As an agency of empowerment, it supports young artists through mentoring, professional growth and leadership development in the creative industries.

Rising is an agency whose aim is to nurture more diverse participation, staffing and leadership by helping to provide access into the creative industries for those who have been traditionally under-represented in the arts sector. A four-pronged approach is taken.

- *Early career support:* providing mentoring, training, networking and commissions.
- *Youth leadership:* providing training, knowledge and insight to young people to develop a transformative approach to leadership.
- *Creative Agency:* acting as an agent for emerging creatives, negotiating fair pay, brokering new partnerships and mediating risk with experienced project management.
- *Diverse boards:* working with cultural organisations to introduce young perspectives and insights into their governance and operational structures.

In addition to nurturing this dynamic community of young creatives, Rising advocates for sector and cultural change.

Established in 2016 by founder and Director, Kamina Walton, the agency is based at Spike Island in Bristol which provides an environment that complements Rising's collaborative activities. Spike Island is a physical hub with a mixed milieu of over 70 artists, 35 creative businesses, 160 associates and hundreds of BA/MA Fine Art students from University of the West of England (UWE) Bristol. It was also one of the four creative hubs that participated in the Network for Creative Enterprise (NfCE) project part-funded by the Creative Local Growth Fund (CLCF).

Rising received support from NfCE to develop their agency and create a sustainable operating model to deliver their agenda and widen access into the creative industries and arts sector. In addition to the core training opportunities, one of the key benefits of engaging with NfCE was Rising's introduction to a Business Development Advisor. Beginning with three NfCE mentoring sessions, this soon developed into a sustained working partnership, the results of which included a visioning session with the Rising Board to shape the agency's future. The Business Development Advisor was also written into a successful ACE two-year R&D bid as a Critical Friend. More recently, the advisor has been supporting the critical thinking around the transition journey that is underway, including the development of two team members to step up as Co-Directors in autumn 2021.

Crucially for Rising, the bespoke mentoring has catalysed critical self-analysis and a refined vision for taking the agency into the future with increased leadership capacity. This has meant that they are better able to sustain how they nurture and support their community of young creatives, which in turn will lead to a more diverse creative and cultural sector in Bristol, that better reflects the community within which it operates. As

an objective, this strongly aligns with ACE's *Inclusivity & Relevance* principle in its current *Let's Create* strategy for the next decade, which states 'England's diversity is fully reflected in the organisations and individuals that we support and in the culture they produce'.

www.rising.org.uk

Maison Foo – supported by The Big House

Enhanced social impact and financial sustainability through a fundamental restructuring of the operational model

Maison Foo are a theatre company based in Derby, that create highly visual and imaginative theatre that draws on diverse modes of expression including puppetry, clowning and physical theatre. They weave together a narrative with visual landscapes to create memorable works with a social conscience.

Maison Foo is led by Artistic Director Bethany Sheldon and Creative Producer Phoebe Wall Palmer. The company was originally founded by Bethany alongside Kathryn Lowe in 2008.

Maison Foo are a Theatre Company of Sanctuary and an associate artist of Derby Theatre, producing touring and street theatre, as well as running many co-creative projects with and for people currently seeking sanctuary in the UK. Their participation and creative consultancy work span a wide range of activities and settings, including arts and health, community outreach and education projects and residencies for young people from primary education to university level.

Their work has been presented at events, venues and festivals throughout the country including the Royal Festival Hall, London International Puppetry Festival, Edinburgh Festival and Birmingham Symphony Hall.

The theatre company wanted to restructure their business to ensure future sustainability and The Big House (TBH), a CLGF project, was instrumental in achieving this. As a micro-organisation, the then company directors (Bethany and Kathryn) had fallen into the pattern of 'wearing all hats' within the company. A restructuring was necessitated by motherhood, in order for there to be less reliance on the Artistic Directors for the day-to-day running of the company. The re-defining of roles, new recruitment and increased collaboration within the organisation were identified as important for the company's survival.

With support from TBH, the directors of Maison Foo received coaching from the Balance Collective in order to take stock and rebalance the company's priorities, focussing on the following themes:

1. Juggling a new work life balance better as working mothers; and
2. New structures and/or team members required for future sustainability.

As a result, the need for a regular Creative Producer was identified. Previously, they had only occasionally used a producer mentor for advice before doing the majority of the work themselves.

TBH supported Maison Foo by contributing funds towards securing a grass roots associate producer, Phoebe Wall Palmer. With match-funding from another grant, Maison Foo were able to employ Phoebe on a weekly basis for nine months.

Consequently, Maison Foo had the capacity to train, develop and embed Phoebe as their Creative Producer, working alongside their producer mentor. Together, they expanded company activity onto a financially sustainable footing that enabled the company to incorporate a Creative Producer as a permanent post. Two years on, the Creative Producer is a core member of Maison Foo's management team and works 2 days a week. Maison Foo have said that this unique intervention was 'life-changing', as otherwise they would not have been able to afford the time needed to create and develop the role.

Additionally, TBH also supported Maison Foo to adapt how they tour their work in order to accommodate motherhood. This was achieved by connecting them to:

- a. a technical manager for touring; and
- b. a specialist to develop their tour PR.

The former has meant the Artistic Directors have greater capacity to focus on the creative process for the show, as the technical manager has led on developing the technical aspects of the scripts and liaised with venues.

Jo McCleish, a PR Specialist, was introduced to Maison Foo and has liaised with media to create bespoke press releases and a press pack. Her experience of working with people seeking sanctuary and the refugee and migrant sector, as well as the theatre industry, meant that she was able to provide very specialised input into their show 'A THING MISLAID' that touched on the themes of migration. Again, this reduced the burden on the Artistic Directors and brought a great deal of expertise to Maison Foo that had previously been missing.

TBH has enabled Maison Foo to expand their management team and recruit the right people into the roles. The Artistic Directors have regained confidence, learned new ways of working alongside motherhood, and put their learning into practice. The company has not only survived but seen a massive shift in how they function and what they do as a company facilitated by TBH.

Beth, now Maison Foo's sole Artistic Director, has taken a step back from more "hands on" responsibilities and is able to be more focused on Maison Foo's artistic vision and strategic direction.

Babinko – supported by Network for Creative Enterprise

Intensive support has led to a more robust business case for a 'tech' publisher start-up

Babinko is a new, child-centred independent publisher based in Bristol that combines printed books with voice technology such as Alexa.

Jenny Grinsted is the co-founder of Babinko as well as a children's content developer and illustrated book editor, having previously worked for over 15 years in both licensed and generic children's publishing at the BBC, Penguin Books and Parragon Books.

Through Babinko, Jenny has been able to bring together:

- her previous children's publishing experience;
- her current experience as content developer for Bristol-based, cutting edge tech company Ultraleap¹⁰¹; and
- her experience as director of Educate Together UK¹⁰² and as an education campaigner.

As a consequence, Babinko has a research-based and child-centred ethos that seeks to occupy a space that brings together the visual and the verbal, digital and physical, concept and action - all in an effort to enrich children's and parents' experience.

Babinko was established in 2017 and is a resident of the Watershed's Pervasive Media Studio in Bristol. The studio hosts a community of over 100 artists, creative companies, technologists and academics exploring experience design and creative technology – an environment well-suited to the interface of tech with literature and education at which Babinko operates. The studio was also one of the four creative hubs that participated in the Network for Creative Enterprise (NfCE) project that was part-funded by the CLGF.

Babinko was able to take advantage of the business support and events offered by the NfCE, helping to stabilise and develop the newly established company. They participated in the *Artful Innovation Programme*, a five-day intensive course from the NfCE for small creative technology companies to examine their practice and to develop their business case into a stronger and more robust proposition. The course took participants on a task-based journey of learning, sharing, building and self-evaluation. It provided participants with the tools to take their ideas from prototype to marketplace reality, without sacrificing their values. The

¹⁰¹ *Ultraleap* uses technology that enables natural, controller-free interaction in virtual reality (VR) through the use of hand tracking and tactile sensations created through ultrasound.

¹⁰² *Educate Together UK* is an academy trust with a values-based and ethical curriculum running primary schools in the Bristol area.

programme was instrumental in helping Babinko advance their innovative concept and in developing the idea into something that was both creatively unique and which had an innovative business model.

Babinko is an example of how the CLGF has supported an art form through creative innovation to develop impacts which will be felt well beyond the arts. New technology has been applied to literature to break new pedagogical ground in children's education.

<https://www.babinko.com/>

Bharti Parmar – supported by STEAMhouse

Achieving technical and business development within a collaborative environment of makers

Bharti Parmar is a visual artist and academic in Birmingham with a practice of almost 30 years. Since July 2018, she has been a proactive member of STEAMhouse, using its facilities, technical and business support, and she has wholeheartedly participated in engagement events.

STEAMhouse was developed by Birmingham City University with funding from the European Regional Development Fund (ERDF) as a space to experiment, test and develop new knowledge using five key principles of conversation, exploration, collaboration, openness and newness. As a creative innovation centre, STEAMhouse brokered collaborative relationships between businesses, academics, arts and creative industries to support innovation and prototyping activity for social and economic benefit. With funding from the CLGF and the partnership with Eastside Projects, an Arts and creative dimension was added to augment STEM (Science, Technology, Engineering and Mathematics) subjects to create a so-called STEAM environment to drive innovation, skills, research and economic growth. Bharti's work at STEAMhouse has largely been concerned with an exploration of new techniques and processes concerning marquetry (a craft process of inlaying wood veneers). Her work there has been about craft and the mechanics and poetics of repair, and how a range of mechanical and digital tools can be used to replace the traditional hand-cutting of marquetry shapes.

The STEAMhouse project benefitted Bharti by providing access to the use of workshop facilities such as metalwork, woodwork, digital technologies and textile processes. Particularly invaluable were the technical expertise available and the collective and generous atmosphere of artists, designers and engineers working together in the same space and talking and sharing ideas.

In terms of Bharti's development, STEAMhouse enabled her to:

- extend her vocabulary and repertoire as an artist;
- to develop relationships with new clients to sell or commission new work by bringing them to STEAMhouse to see how the work was produced on site;
- to become more entrepreneurial in her engagement with potential marketplaces, particularly by a more strategic use of social media platforms;
- to develop this work specifically at STEAMhouse as she would not have been able to achieve this within her own studio or other fabricating spaces because of a lack of space, materials and technical expertise;
- to help make her business more sustainable by expanding her audiences for contemporary art and promoting sales through individuals and collections; and
- to have greatly widened her knowledge of skills and techniques to practice as an artist.

Since joining STEAMhouse, she has participated in various significant projects including #ITVcreates, the broadcaster's 'ident' refresh programme in 2019 (see film here [ITVCreates](#)). 'Idents' are the high-profile short sequences shown on television between programmes that identify the channel. Bharti was also commissioned to make a project called 'Matching Pairs', a set of marquetry playing cards for the [Coventry Biennial of Contemporary Art](#) in October 2019 which was produced at STEAMhouse.

Bharti has said that she could not have proceeded in the development of her work thus far without the opportunities afforded by STEAMhouse. Conversely, she has contributed to STEAMhouse's community by

her full engagement and has brought various clients (ITV, Arts Council England, Coventry Biennial of Contemporary Art, Ikon Gallery, National Trust) to the building for meetings, thereby showcasing the project and the other tenants to a wider audience and potential client base.

www.bhartiparmar.com

Red Cactus Media – supported by StartEAST

Bespoke business and personal development lead to increased confidence and business resilience

Red Cactus Media is a video and marketing agency that was founded in 2015 by Remi Morrison. It is based in the East of England and specialises in video production for entertainment and consumer clients, especially in the health and wellness sectors. Red Cactus Media work with local freelancers to deliver individual projects and have a range of creative and corporate clients.

The StartEAST project was part-funded by Arts Council England's Creative Local Growth Fund and was developed by the New Anglia Culture Board, to make Norfolk and Suffolk places where creative, enterprising people can build sustainable cultural enterprises. It was managed by Norfolk County Council in partnership with Suffolk County Council and delivered by the New Wolsey Theatre. StartEAST provided targeted, specialist business support to cultural and creative enterprises.

Red Cactus Media received a bespoke programme of business development support from StartEAST that included both one-to-one mentoring and grant support.

Business mentoring helped Remi to gain confidence in developing her business and taking a more strategic approach, including the use of business planning, marketing and developing expertise and specialist niches for her enterprise. Following on from this, Remi won the Suffolk Black and Minority Ethnic Business Female Entrepreneur of the Year Award 2019 and Red Cactus Media was also shortlisted for Suffolk Black and Minority Ethnic Business of the Year. Remi highlighted that it was particularly important that the mentoring support had been tailored to the needs of her creative business and delivered by someone who understood the particular needs and challenges of working in the creative industries.

A project grant of £5,220 awarded to Red Cactus enabled the business to invest in camera equipment and lighting. Having up-to-date high-resolution 4k equipment helped the business to develop in several ways. It enabled Red Cactus to work with a more diverse range of freelancers, not just those who can bring their own equipment. Consequently, this means they can support and encourage new and emerging talent. Remi found the grant process itself relatively simple and praised the 'no fuss' proportionate approach for a small business in applying for a grant.

Alongside the hands-on workshops, StartEAST also held 'Network Jam' sessions to showcase project beneficiaries and to bring together creative businesses who may not otherwise meet. The Jams offered beneficiaries a chance to develop networks and new collaborations. Red Cactus found these events particularly important for creating opportunities for collaborations and fostering aspirations for how it is possible to grow a creative business.

Together, these have helped Red Cactus Media build a stronger foundation as it looks to the future, helping them be a true partner to their customers in supporting their video and digital ambitions, rather than simply providing services.

<https://www.red-cactusmedia.com/>

Glossary

Additionality	The extent to which a government intervention causes a change in economic activity or other outcome, which would not otherwise have occurred in the absence of that government intervention.
Deadweight	Refers to the employment and gross value added (GVA) that would have occurred in the absence of an intervention.
Demand uncertainty	Refers to situations when a company or industry is unable to reliably forecast the sales or revenue that a new product or service will generate. Demand uncertainty often occurs when there is little scope for a prototype or pilot to be tested with consumers. For that reason, demand uncertainty is common to many types of creative products and services (e.g. films, books) because the vast majority of the costs of creating the product are spent before it enters the market.
Director employee	Refers to a self-employed individual who provides goods or services through a registered limited liability company for which he or she is a director. In contrast to sole traders, self-employed director-employees are not personally liable for certain actions performed by their companies.
Discount	Refers to the mathematical process by which financial or economic value events forecast to occur in the future can be converted (using a discount rate) into values that can be assessed or compared in the current period.
Displacement	Refers to the degree to which any increase in outputs and outcomes generated by an intervention reduces outputs and outcomes elsewhere in the geographic area. Displacement can take the form of either product-market displacement (see definition below) or factor-market displacement (see definition below). Furthermore, the smaller the geographic domain of an intervention, the less likely that displacement will occur within that domain.
Externality	Some products generate positive or negative effects beyond the parties involved in a market transaction – i.e. buyer and seller. When these externalities cannot be incorporated into the market price in some manner, a market failure will arise. Pollution is an example of a negative externality because, absent of regulation, the producers of pollution typically do not incur the cost of mitigating its effects on the environment or human health.
Factor market displacement	This occurs when, for example, an intervention promotes economic activity in one sector of the economy – and thereby increases that particular sector’s demand for labour – but then results in those newly hired workers simply quitting their existing employment in other sectors of the economy.
Freelancer	Refers to an individual who provides goods and services to different customers or clients but is not an employee of any of those customers or clients.

Imperfect information	When buyers and sellers possess an imbalance in information, market transactions can stall, thereby leading to an under-supply of a good or service. For example, if insurance companies are unable to verify the driving habits of the population then they may over-price or under-supply car insurance in relation to what consumers would pay or require.
Market power	Wherever some businesses can form barriers to entry or raise the operating costs of rivals, there is a risk that there will be an under-supply of a product in relation to what consumers demand. This is an economically inefficient outcome.
Moral hazard	When businesses or individuals are protected from the negative consequences of their risky behaviour, there can be an increase in this behaviour and risk within the economy beyond what the population would prefer.
Product market displacement	This occurs when an intervention causes businesses or consumers to increase their purchases of Product A (likely because it is being subsidised and is sold below market value) but commensurately decrease their purchases of Product B (because it is not being subsidised).
Public goods	Refer to the additional employment and GVA generated within a local, regional or national economy when income is re-spent within that local economy. Multiplier effects occur when direct beneficiaries of intervention spend within their supply chain, thereby generating higher income and employment at these upstream suppliers, and in turn, at their suppliers. Multiplier effects also occur when direct beneficiaries and workers within supply chain re-spend their additional income on consumer purchases within a local, regional or national economy. This type of multiplier effect is also referred to as an induced impact.
Strategic added value	Strategic added value (SAV) refers to the benefits of an intervention over and above those commonly associated with its outputs, outcomes or impacts. The term and concept of SAV was first developed to help assess how the former Regional Development Agencies (RDAs) were able to leverage their funding to influence stakeholders' behaviour, decisions and outcomes. SAV is often achieved through strategic leadership, influence, financial leverage, improved information exchange and knowledge sharing, improved engagement with stakeholders. For more information and examples, see Evaluating the Impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework (PA Consulting and SOW Ltd.) .

Nordicity

Nordicity is an international consultancy providing research and evaluation, strategy, policy and economics for the cultural, creative and tech sectors.

For more information, contact:

Dustin Chodorowicz

Partner

+44 (0)203 950 1273

dchodorowicz@nordicity.com