Evaluation of the Creative Local Growth Fund

Executive Summary

Arts Council England

Nordicity

and

Saffery Champness LLP

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About Nordicity

Nordicity is a leading international consulting firm providing private and public-sector clients with solutions for economic analysis, strategy and business, and policy and regulation across four priority sectors: arts, culture and heritage; digital and creative media; information and communication technologies (ICTs) and innovation; and telecommunications.

About Saffery Champness LLP

Saffery Champness is a well-established UK top 20 accountancy firm, with 71 UK partners and over 500 staff in nine offices in the UK, and a further five offices internationally.

1. 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.

This report highlights the key findings and learnings from the evaluation of the CLGF and forms the **executive summary** of the full report. For more details on the programme and its performance, please refer to the full report and appendices found in the **Evaluation of the Creative Local Growth Fund**.

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 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 £5.1m in other cash funding. In total, the CLGF projects received £18.3m in cash funding.

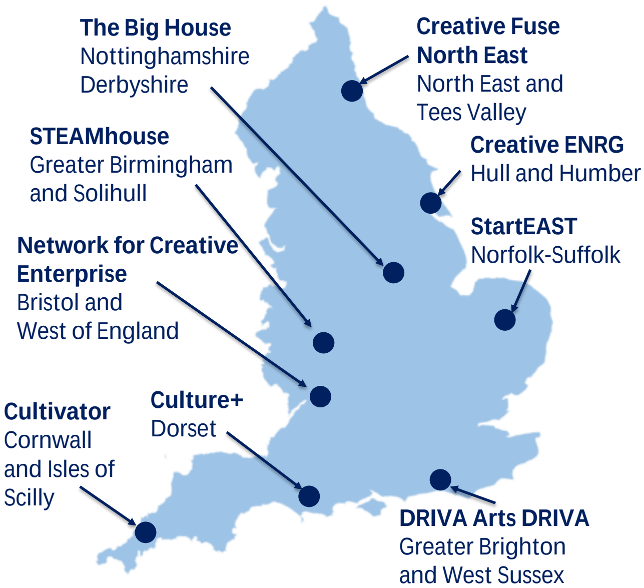


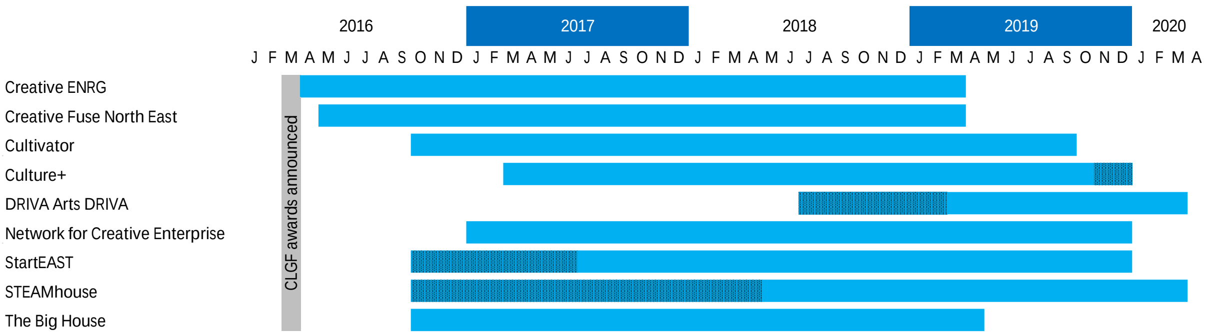
Table 1 List of CLGF projects and funding sources

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 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.

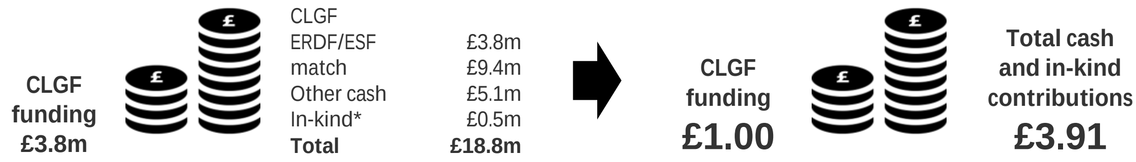
Figure 1 Timeline for CLGF projects



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 2). 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 the 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 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 before 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. 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**.

2. 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 nine[2] CLGF projects the programme outperformed **all** of its targets for the ERDF and ESF (Figure 3). The best aggregate performance was in terms of:

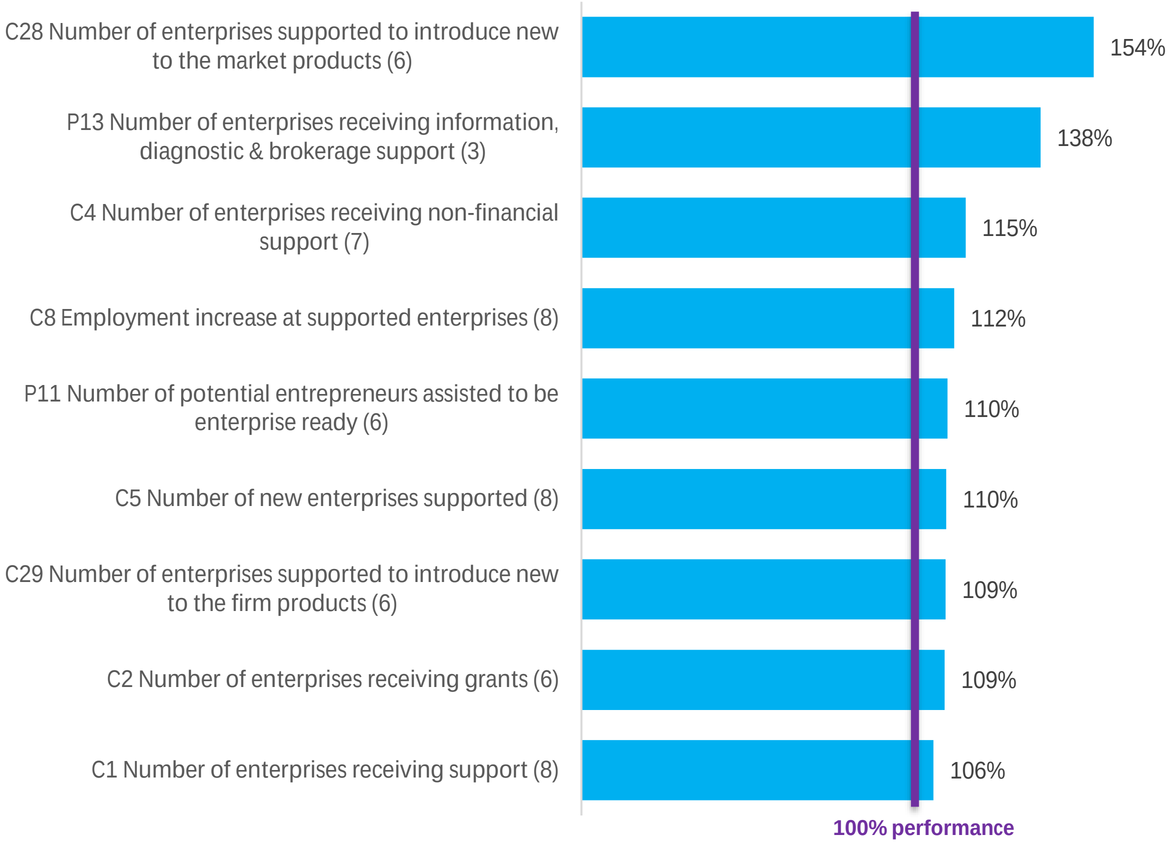
i. Number of enterprises supported to introduce new to the market products or services (+54%)
ii. Number of enterprises receiving information, diagnostic & brokerage support (38%)
iii. Number of enterprises receiving non-financial support (15%)

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 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 six[3] 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 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 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.

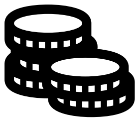
The study team supplemented the GVA data for these five projects, with GVA estimates for STEAMhouse, The Big House and Culture+ to arrive at an estimate of the overall combined net GVA impact of the CLGF at project end. In total, the study team estimated that eight (of nine) CLGF projects generated a 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 5 Summary of net economic impact of CLGF

Employment

110.4 FTEs*

Gross value added



£6.16m

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.

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[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 value[10]

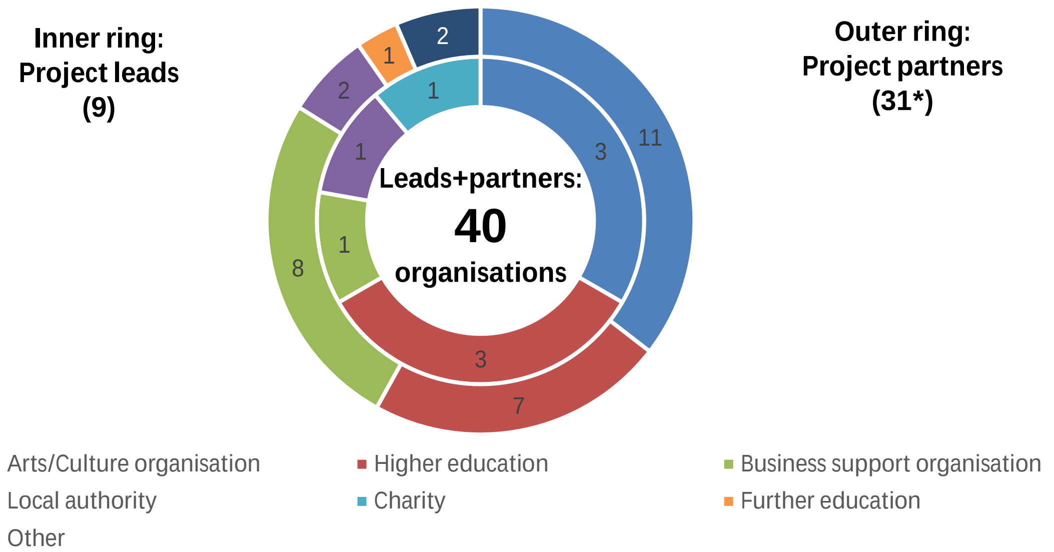
The design of the CLGF meant that it had the potential to generate strategic added value (SAV) beyond its impact by, among other things:

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 partners[11], 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 6). 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 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.

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[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.

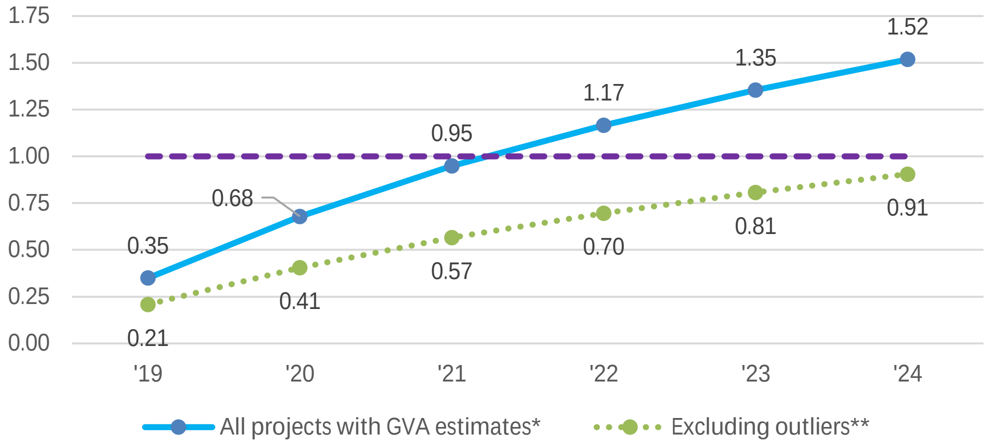
The **cost effectiveness** of the CLGF can be assessed by comparing the additional GVA generated by the projects to the total value of public funding required to deliver the projects. Of the eight projects for which the study team had reported or estimated GVA data, only one, Creative ENRG, generated 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 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 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 would likely lift the BCR higher than 1.00 when measured in monetary terms.

3. 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 small and medium-sized enterprises (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.

References

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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
DCLG	Department for Communities and Local Government
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
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
HEI	Higher education institution
LEP	Local enterprise partnership
MHCLG	Ministry of Housing, Communities and Local Government
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

Nordicity

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