



Report to the Partnership for Urban South Hampshire Overview and Scrutiny Committee

Date: **19 December 2017**

Report of: **Charles Freeman, Co-ordinator for the Culture Creative Industries and Built Environment Themed Panel**

Subject: **Business Plan for the Culture Creative Industries and Built Environment Themed Panel.**

SUMMARY

In June, the Joint Committee agreed to receive a report updating the Culture Creative Industries and Built Environment themed panel business plan following the appointment of Dawn Baxendale as Lead Chief Executive for the Panel.

RECOMMENDATIONS

It is RECOMMENDED that the Overview and Scrutiny Committee:-

1. NOTES the updated 2017-18 Business Plan for the Culture Creative Industries and Built Environment Themed Panel (see Appendix 1);
2. NOTES the Solent Creative Industries Declaration prepared by Creative Network South. See Appendix 2. (Note: Hard Copy will be available at the meeting);
3. NOTES the proposal to launch the Southampton Creative Industries Advice Service in Early 2018; and
4. NOTES the progress on preparation for 2018 Solent Design Awards.

1) Background

The Culture Creative Industries and Built Environment themed panel business plan currently has two active strands.

- *The Development of the Creative Economy* – This work is led by Creative Network South (CNS), which was established by PUSH in 2012, a sector led network which is now hosted by Hampshire Chamber of Commerce. Maureen Frost, Chief Executive of Hampshire Chamber of Commerce will become chairman of CNS at the networks November Meeting.

PUSH has made a budget allocation of £30,000 to support this strand of work. £10,000 covers the costs and activities of CNS, and £20,000 is being used to pilot a new creative industries business support service which will initially be based in Southampton.

- *Design in the Built Environment* – This strand of work is led by the PUSH design practitioners group made up of specialist design officers working for PUSH Local Authorities. In the current year PUSH has allocated £5,000 to help secure funding for the 2018 Solent Design Awards.
- Portsmouth Harbour Heritage Led Regeneration Project. From 2014 to 2017 PUSH supported a Heritage Led regeneration project initiated by Historic England. This project concluded with a workshop in Gosport in May 2017 . A provisional budget allocation of £5,000 was made by PUSH for a potential legacy project. This funding will now not be required.
- Panel Administration – An allocation of £2,500 has been made to cover panel administration. This work is carried out by Charles Freeman.

The full business plan is attached as appendix 1.

2) PUSH Support for Creative Industries and Lessons Learned

Over the past decade PUSH has consistently strived to support the growth of the creative economy in the South Hampshire area. This work has focused on five activities.

- 2.1 **Partnership Development** – Initially the PUSH Quality Place Delivery Panel worked with the Hampshire Economic Partnership Creative Industries Task Group. The Task Group was wound up in 2010 after which the delivery panel adopted a Creative Industry Development Framework which proposed a sector led approach.

In 2012 the delivery panel brokered the formation of Creative Network South, which included businesses and organisations with an interest in the development of the sector in particular the Four South Hampshire Universities.

In 2014, Stewart Dunn, then chairman of Hampshire Chamber of Commerce, agreed to become chairman of CNS. Hampshire Chamber of Commerce have since provided administrative support for CNS. At the November CNS meeting it was agreed that Maureen Frost Chief Executive of Hampshire should become the new CNS chairman and that CNS should become an associate member of Hampshire Chamber of Commerce.

- 2.1.1 **Lesson Learned** – The Creative Sector was frequently confused with the promotion of Arts and Cultural activity, rather than economic development . A clear business led approach is needed if the sector is to be considered as a driver of economic growth in the area. The close working relationship with Hampshire Chamber of Commerce has helped move CNS in this direction.

The creative economy is not just about creative businesses. 50% of creative jobs are in non creative businesses. Design and Marketing add value to all business sectors. At the Launch of CNS, Chris Allington, then of Oxford Innovation and a member of Solent LEP board, stressed the importance of the fusion between the creative sector and the rest of the Solent Economy.

- 2.2 **Evidence Base** – The Quality Place Delivery Panel have sought to ensure an evidence base using ONS data is regularly reviewed and updated. This has helped the panel and CNS gain a better understanding of the sector and helped the sector to more effectively influence economic strategy.

In 2010 the delivery panel worked with Dr Caroline Chapain of Birmingham University to analyse South Hampshire data in order to identify sector strengths using the same methodology as the original NESTA 'geography of creativity' report. This work was fed into the PUSH Economic Strategy being prepared by DTZ and Oxford Economics and Solent LEP strategic economic framework.

In 2012 PUSH, Screen South and Kent County Council commissioned Caroline to review creative industry growth in all the Local Enterprise Partnerships in the former South East Region. http://www.push.gov.uk/briefing_note_-_creative_industries_in_south_east_leps_-_february_2012.pdf

In 2016 CNS commissioned BOP to produce an analysis of ONS data and also reviewed the 2016 NESTA geography of creativity report (<https://www.nesta.org.uk/publications/geography-creativity-uk>) in order to inform the preparation of the Solent Creative Industries Declaration.

2.2.1 **Lessons Learned** – Good Data has been crucial if the sector is to be embedded in Economic Development Policy.

Despite several changes in the official definition of the creative industries and the creative economy all official data has shown very rapid growth in both the count of creative businesses and in creative employment over the past 20 years. Between 2010 and 2016, both creative employment and the number of creative businesses in the Solent Area has grown by about 30% (currently the creative economy in the Solent LEP area employs approximately 40,000 people and 5,600 creative business are located in the area; this figure has increased by 1,400 since 2010. The sector generates approximately £1.5bn GVA in the PUSH area, £37,500 per person employed.)

The most rapid trends in growth are radiating outwards from London. In 2005 when SEEDA commissioned a review of the creative economy in the South East, the fastest rates of growth were in towns such as Reading , Basingstoke and Guildford (approximately 30-45 mins from London). The 2012 work showed the fastest growth to be in Mid Hampshire in places such as Test Valley, Winchester and East Hampshire. The 2016 NESTA 'geography of creativity' report identifies both the Portsmouth and Southampton travel to work areas to be among the 15 areas of most significance for creative employment growth. Between 2010 and 2016 Creative Industries Employment increased by more than 40% in Southampton, Fareham, Gosport, Havant and on the Isle of Wight. The fast growth trend 60-90 mins from London is reflected in Dorset, Coast to Capital, South East LEP and East Midlands LEP.

Over 70% of employment growth is in parts of the creative sector which overlap with the government definition of the Digital sector. This figure rises to nearly 90% when digital aspects of design, architecture, advertising and marketing are considered.

The average size of business is very small and getting smaller. The average Creative Business employs 4 people . The average for all businesses is 8.4. Job growth is therefore frequently driven by business formation as much as business expansion.

2.3 **Business Support** – When the Quality Place Delivery Panel was formed it provided revenue funding to the Creative Industries Business Advisory Service run by the University of Portsmouth. Between 2009 and 2012 when SEEDA and Arts Council Funding stopped being available, CIBAS supported over 200 businesses, many of whom are still active.

After 2012, The University of Portsmouth was unable to offer CIBAS as an external service, however the university established a regular programme of training events at the innovation space, and with support from CNS ran a Digital Network and the Southern Independent Games Network in which both were

extremely well attended. After a couple of years the two networks stopped being active when key members of university staff left the area.

In 2016, Hampshire Chamber of Commerce and CNS ran a joint programme with Creative United to promote the Creative Industries Finance Initiative. The Creative Industries Finance Initiative is an Arts Council funded initiative which was aimed at enabling already trading creative businesses to raise funds to facilitate expansion. Selected businesses were offered 6 free coaching sessions to develop proposals. This event was launched at the University of Portsmouth and attracted over 70 people and the programme was almost immediately oversubscribed. Due to changes in arts council funding the programme only ran for 1 year.

- 2.3.1 **Lessons Learned** – Significant demand exists for 1-1 business coaching for creative businesses. Many people who experienced support from CIBAS stressed that that the sector specific approach was helpful and that they had found generic approaches offered by services such as Business Link less helpful.

The 2009 Institute of Education Report 'Creative Graduates Creative Futures', indicates that 40% of creative graduates freelance on their pathway to employment in the sector. Anecdotal evidence suggests many college leavers with Creative Industry qualifications also see self employment as a pathway into the sector. Very significant numbers of CIBAS client were local graduates, but also a number of mid career professionals chose to establish their own business.

The Portsmouth Creative Census 2016 revealed that very large numbers of creative freelancers in the city were turning over less than £10,000. A key need for support appear therefore to be in assisting freelancers and small creative businesses to be sustainable. Mainstream support is available for businesses which need to grow through the VAT threshold or which have rapid growth potential. Maintaining a skilled and flexible freelance talent pool is important in attracting larger scale creative businesses to the area.

Business support by itself is useful but both CIBAS and the studio provider Aspace Arts in Southampton also stressed the need for networking events, and training activity to ensure skills and knowledge are maintained. In 2016 CNS website advertised over 60 free training events focused on creative businesses promoted by local partners.

- 2.4 **Creative Workspace** – The Quality Place Panel and CNS have worked with the Aspace in Southampton to support the development of affordable creative workspace.

In 2010 The delivery panel commissioned a need assessment (http://www.push.gov.uk/push_creative_workspace_oct10_final.pdf). This advocated an increase in the amount of space available, the promotion of diversity of spaces to meet the needs of different types of creative businesses and the promotion of flexible hot desk type spaces.

Aspace has expanded in Southampton and now runs both Tower House and the Arches Studios. On behalf of CNS, Aspace established a studio provider network engaging 15 studios supporting 300 artists and businesses, (https://www.aspacearts.org.uk/projects/studio-providers-network-south/#.WhQ_fkpl82w). In 2017 Aspace also achieved Arts Council England NPO status.

Since 2009, PUSH has invested a significant amount of its Capital Budget into Creative Work Spaces project support, including:

The Sorting Office	- Eastleigh	Craft Workspace
The Tec Hub	- Eastleigh	Digital Workspace Minghella
Studio	- NTR Portsmouth	Creation Space / Creative Lab for performing artists
The Cell Blocks	- University of Portsmouth	Digital Creatives
The Hotwalls	- Portsmouth	Artists Workspace

Significant investment has also been made by other organisations.

- Oxford Innovation run a network of innovation spaces including centres in Southampton, Fareham and Portsmouth. These accommodate several digital and creative businesses amongst other clients.
- The University of Portsmouth have established a portfolio of incubators including the Cell Blocks, The Innovation Space for Data related businesses and Technopole (run with Oxford Innovation).
- Makers Guild has established a makers space in Portsmouth Guildhall, providing access to equipment including a 3d printer.
- Both Southampton City Council and Southampton Solent University are proposing new projects in Southampton City Centre.

2.4.1 Lessons Learned – The range of creative workspace in South Hampshire has greatly increased since 2009. This includes specialist spaces for performing artists, messy spaces for printing, metal work, paint work etc, clean spaces for graphic design/web design etc, and spaces for digital and tech businesses.

Being offered a desk in a creative workspace can be transformational. One business owner at the sorting office reported at a review meeting that until she was offered a space her family did not take her businesses seriously and she did not feel she was genuinely in employment. The business has gone on to grow and continues to thrive.

Demand for affordable spaces charging less than £200 per month appears to be strong particularly when this includes opportunities to work with likeminded professionals and access to coaching / mentoring.

Progression from affordable spaces is a challenge, unless very actively managed businesses tend to stick in affordable spaces. Very limited progression space is available and the jump to full commercial can be quite large.

Attempts to make a fitness club model with hot desks, access to some equipment, and a board room has proved hard to deliver. This model is popular in London but has been tried both in Portsmouth and Eastleigh and proved hard to make sustainable. It is proposed the Tech hub in Eastleigh will close. This may be because many of the target businesses find it easy to work from home and use café's/hotels as meeting spaces.

The level of value added services which it is possible to offer may also be significant. The service Oxford Innovation are able to offer to businesses in terms of business support, access to investment and introductions to potential collaborators, putting their service at a higher level all be it at a higher price. Without significant value added either in terms of business support, access to a creative community or access to technology which would otherwise be unaffordable for an individual business, the hot desk proposition appears uncompetitive compared with home working.

Compared with London the number of creative and digital businesses turning over £100k is still relatively small so the market for premium service business support is therefore still quite small. Furthermore scale is an important part of the attractiveness of London. Co-working spaces is the interaction between a community of frequently 50 or more like minded professionals.

A gap may still exist in providing affordable access to technology and equipment. Students learn on industry standard equipment and software, however when they leave college or university they lose software licences and access to equipment, and without significant investment they are at a disadvantage when starting a freelance career.

2.5 **Workbased learning** – Since 2010 the Quality Place Delivery Panel has been working with the Youth Arts Development Agency, Artsworld to promote work based learning in the creative sector.

Following discussions with Culture and Creative Skills and local colleges the delivery panel found that local providers were unable to deliver Creative Industry related apprenticeship frameworks as the small cohort size made delivery unviable.

Artsworld successfully applied first for learning and skills improvement agency, then Arts Council funding to establish a programme to deliver creative apprenticeships in the area. Since 2012, 32 apprenticeships (of 1 year length) have been delivered and over 100 people have benefited from traineeships or paid internships. More than 90% of trainees have progressed to employment in the sector or into Higher Education.

All the Arts Council National Portfolio organisations 2015-18 in the Solent area have employed at least one apprentice.

2.5.1 Lessons Learned – Many Creative and digital businesses are successfully employing generic (business administration apprenticeships) and using local colleges as training providers. However a number of creative and digital businesses would like to be able to employ apprentices working towards culture and creative skills or creative skillset apprenticeships.

It is very hard to make the delivery of apprenticeship cohorts of less than 15 viable without additional funding (in the case of the Artsworld project this has come from Arts Council England). Private providers such as 3aaa are also delivering some digital apprenticeships in the area.

Small creative employers often need support so that they feel confident to take on an apprentice, therefore a proactive training provider is helpful. However when they do employ an apprentice or paid intern they have frequently been very impressed. The use of innovative models where 2 or more employers share an apprentice has also proved highly successful. This enables very small organisations to benefit from employing an apprentice even when they can't justify employing a full time person.

3) The Solent Creative Industries Declaration

CNS has produced its Solent Creative Industries Declaration as an advocacy document in support of the sector. The Declaration draws attention to the rapid growth of the Creative and Digital Sector in the Solent area. The declaration also sets out four ambitions that CNS members believe are needed in order for the South Hampshire area to capitalise on the sectors potential to drive growth and employment.

- **Visibility** – The success of the creative and digital economy should be made more visible.

- **Enterprise** – Creative and Digital businesses in the Solent LEP area will be given the report so they can drive employment and growth.
- **Skills and Progression** – Creative and digital businesses should be able to recruit the talent they need so they can thrive. No one with talent should be excluded from developing a career in the creative and digital sector.
- **Connectivity** – The Solent area should aspire to be among the best connected location for creative business.

The declaration is timely as it coincides with the publication of Sir Peter Bazalgette's review of the Creative Industries which was commissioned by the government to inform the development of the proposed industrial strategy <https://www.gov.uk/government/news/bazalgette-review-sets-recommendations-for-continued-growth-of-uks-creative-industries>. Included in the review recommendations is a proposal for a £500m city deal type completion for local creative clusters.

A copy of the Declaration is attached as Appendix 2. Hard copies will also be available.

4) Southampton Creative Business Advice Service

A partnership has been formed between Southampton City Council, Southampton Solent University, Culture Southampton, Aspace Growing Creative Communities, Creative Network South, the Solent Growth Hub, Hampshire Chamber of Commerce and PUSH, to deliver a pilot project to support early stage creative and digital businesses in the Southampton Area.

The project draws on the experience of Creative Industries Business Advice Service in Portsmouth and the partnership between CNS and Creative United, and will initially contain two elements:

- 1-1 business coaching.
- A programme of basic training and networking events made up of stand alone 1-2 hour sessions.

The target audience for the coaching will be businesses with some trading experience with a turnover of £10,000 to £30,000. The key aim being to help businesses to sustain their owner in full time employment and prepare for growth. It is envisaged 75-100 businesses will be engaged and 25-50 businesses will access sustained input.

The training sessions will be targeted at anyone considering starting a business but will have a particular creative and digital flavour. The networking events will aim to support the growth of the creative community.

The new service will be launched in January 2018.

CONCLUSION

It is RECOMMENDED that the Overview and Scrutiny Committee:-

1. NOTES the updated 2017-18 Business Plan for the Culture Creative Industries and Built Environment Themed Panel (see Appendix 1);
2. NOTES the Solent Creative Industries Declaration prepared by Creative Network South. See Appendix 2. (Note: Hard Copy will be available at the meeting);
3. NOTES the proposal to launch the Southampton Creative Industries Advice Service in Early 2018; and
4. NOTES the progress on preparation for 2018 Solent Design Awards.

Appendices: Appendix 1- Business Plan;
Appendix 2 - Creative Industries Declaration.

Background Papers: None

Enquiries:

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