

# **Evaluation of London Objective 2 Creative and Cultural Industries Projects**

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*Introduction*  
*Executive Summary*  
*Afterword*

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## Introduction

The broad aim of the EU Structural Funds has been to try and close the gap between advanced and less developed regions. They have been a major source of finance for projects aimed at helping former industrial regions within the EU manage this shift, although some recent research seems to indicate that they have not been successful in fostering regional economic convergence.<sup>1</sup>

The significance of directing Structural Funds towards cultural activity was recognised by the Commission in 1996: “The increasing importance of culture for regional development has to be seen in the context of the restructuring of the economy as well as a result of changed ways of life. In this perspective, the cultural sector should be further exploited to enhance and diversify the local and regional development potential of both the least favoured regions and those suffering from structural change.”<sup>2</sup>

Two years later, this had become more explicit: “public or private expenditure in the field of culture should not be considered a cost purely and simply but a viable financial investment with medium and long-term prospects, notably in tax yield for the public purse. This investment can also have benefits for lasting employment and the vitality of a community or a region.”<sup>3</sup>

In 1999, a new Council Regulation considered that “cultural development, the quality of the natural and the man-made environment, the qualitative and cultural dimension of life and the development of tourism contribute to making regions economically and socially more attractive in so far as they encourage the creation of sustainable employment.”<sup>4</sup>

By the end of 2001, the European Parliament had requested that the Commission “provide Parliament and the Council with a report reviewing the funding of cultural activities as part of the subsidies granted by the Structural Funds.” Following the receipt of information from Member States, the final report<sup>5</sup> in 2004 updated an earlier report published in 1996<sup>6</sup> by summarising the amount of money spent on cultural projects funded by the Structural Funds in each country. The result was less than useful because, as the report recognised, there were differing ideas of the concepts of ‘culture’ and ‘projects with a cultural dimension’. In addition, the information the Member States could collect was fragmentary, and it was almost impossible for them to disaggregate what funding was spent on culture at a Programme level.

In the following table, the figures for cultural spend provided by the Member States (converted to euros at the rate for December 1999) is compared to the total value of Structural Funds received by them over the six years from 1994 to 1999. Even though each country’s basis for measuring the amount of money spent on culture from the Structural Funds differs, the proportional spend provides a much better indicator of the importance they attached to investing in cultural activities: Luxembourg, with the smallest budget, spent the highest proportion on culture; Portugal spent almost nothing. The UK, however, was the second highest investor in its cultural sector,

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<sup>1</sup> Bondonio, Daniele and Greenbaum, Robert T. (2006). Do Business investment incentives promote employment in declining areas? Evidence from EU Objective 2 regions. *European Urban and Regional Studies*, 13(3), 242.

<sup>2</sup> Commission of the European Communities (20 November 1996). *Cohesion policy and culture: a contribution to employment*. Brussels: European Commission, p14.

<sup>3</sup> Commission of the European Communities (14 May 1998). *Culture, the cultural industries and employment*, Commission Staff Working Paper. Brussels: European Commission, p25.

<sup>4</sup> Council Regulation (EC) No 1260/1999, 21 June 1999, *recital* 6.

<sup>5</sup> Commission of the European Communities (5 May 2004), *Application of Article 151(4) of the EC Treaty: use of the Structural Funds in the field of culture during the period 1994-1999*. Commission Working Document. Brussels: European Commission, p2.

<sup>6</sup> Commission of the European Communities (17 April 1996). *First report on the consideration of cultural aspects in European Community action*. COM(96)160 final. Brussels: European Commission.

spending the most, and more than five times that of France and Germany, which were closer to the average.

Although the percentage of Structural Funds the Member States spent on culture is a better indicator, there remains serious shortcomings with the data they supplied. In the words of the authors of the Commission Working Document: "Due to the difficulties of collection even within the Member States, the multi-sectoral nature of co-financed projects and the absence of a precise and uniform definition of the concept of culture, the following amounts should be considered simply as orders of magnitude."<sup>7</sup>

Member State	Total <sup>8</sup>	Cultural <sup>9</sup>	Percentage (%)
	(million euros)		
Luxembourg	48	5.365	0.112
United Kingdom	12,132	1217.687	0.100
Sweden	1374	97.8	0.071
Ireland	6126	389.935	0.064
Netherlands	2214	91.89	0.042
Finland	1500	36.9	0.025
Greece	15,234	293.18	0.019
France	12,420	219.417	0.018
Austria	1368	18.502	0.014
Germany	20,028	180.558	0.009
Denmark	516	4.464	0.009
Italy	20,640	148.04	0.007
Belgium	1758	8.591	0.005
Spain	34,026	59.279	0.002
Portugal	15,234	0.083	0.000
<b>Total EU</b>	<b>144,618</b>	<b>2771.691</b>	<b>0.019</b>

**Cultural spend (calculated independently by each Member State) as a percentage of total value of Structural Funds they received during 1994-99.**

During 1994-99, the Structural Funds for Objective 2 regions was used to redress imbalances by tackling barriers to economic opportunity in well-defined geographical areas suffering industrial decline, urban deprivation, low economic activity and social exclusion. Support for cultural activity related to three areas: (i) as a component of employment and training, (ii) the remodelling of the 'natural' environment, and (iii) the rehabilitation of buildings. Previous research across twenty Objective 2 regions showed that the share of total funding intended for cultural or culturally oriented activity was approximately 4%.<sup>10</sup>

In the UK, the 1994-96 and 1997-99 Single Programme Documents (SPDs) reflected these objectives in their priorities and measures by directly targeting the cultural industries. In London, both of the East London and Lee Valley (ELLV) Objective 2 Programmes provided ERDF support to develop the cultural industries through specific measures that aimed to create or preserve jobs, assist small cultural

<sup>7</sup> Commission Working Document (5 May 2004). Ibid., p9.

<sup>8</sup> Based on the financial allocations provided at [http://ec.europa.eu/employment\\_social/empl\\_esf/news/funds\\_en.htm](http://ec.europa.eu/employment_social/empl_esf/news/funds_en.htm).

<sup>9</sup> Cultural spend from the Commission Working Document dated 5 May 2004 (p9).

<sup>10</sup> Commission of the European Communities (17 April 1996). Ibid., p35.

businesses, and ESF support to up-skill those in employment, or offer routes into work through cultural projects.

Following the mid-term and ex-ante evaluations of the earlier Objective 2 Programmes, the London SPD and Complement for 2000-06 retained as a key focus the continued funding of support for the cultural industries, but unlike previously, as part of a broader cross-sector package of business support.<sup>11</sup>

Elsewhere in the country, Objective 2 measures supporting the sector were often part of the broader category of Tourism, Culture and Media (e.g. North West of England)<sup>12</sup> and these programmes did not always include ESF support. However, Objective 2 Programme areas could also benefit from Objective 3 ESF and national EQUAL ESF funding (see the Afterword).

In addition, the EU supported cultural activity between 1993 and 1999 through the Kaleidoscope, Ariane and Raphael sectoral programmes.<sup>13</sup> These encouraged creativity and mobility among artists, access to culture for as many people as possible, the dissemination of art and culture, intercultural dialogue and knowledge of the history of European peoples. Structural Fund support for culture was additional to these principally transnational programmes. These were followed by the Culture 2000 programme which ran from 2000 to 2006, and most recently the Culture 2007 programme (2007-2013).

### *Sector profile*

During the 1990s, there was increasing national, regional and local awareness of the economic role played by the cultural and creative industry sector. Its 'discovery' was first made public during a speech in the early 90s by the Rt Hon Michael Heseltine MP, when he was promoting London as a world city. Previous research had emphasised London's cultural status, but noted the gradual erosion of its cultural infrastructure, e.g. its training facilities, performance venues, networks, corporate institutions, and funding agencies.<sup>14</sup> Later comparative research between London, Paris, New York and Tokyo clearly identified the strengths and weaknesses of London's creative industries.<sup>15</sup>

A first attempt at mapping the sector nationally was made in 1998 for the Creative Industries Task Force, which had been established by the Department for Culture, Media and Sport (DCMS). Only then was it apparent how significant the sector was for the UK economy: it employed more than 1.4 million people (5% of the total employed workforce), and its net contribution to the economy in 1995 was nearly 4% of gross domestic product – greater than the contribution of any of the UK's manufacturing industries.<sup>16</sup>

In relation to the rest of the UK, London had the greatest share of creative jobs. In 2002, including the South East and East (Greater South East), it accounted for 62% of the UK's total. In 2004, GLA Economics, provided an estimate of the number of

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<sup>11</sup> Government Office for London (December 2004). *Objective 2 Programme for London 2000-2006: Single Programming Document*. London: GOL, p196.

<sup>12</sup> Sinclair, Peter (January 2000). *Measures supporting the cultural industries and the funding of cultural industry projects: an ad hoc analysis*. London: Haringey Arts Council/London Voluntary Sector Training Consortium, pp5-10, 26.

<sup>13</sup> Commission of the European Communities (14 July 2004). *Proposal for a decision of the European Parliament and of the Council establishing the Culture 2007 programme (2007-2013)*. COM(2004) 469 final. Brussels: European Commission.

<sup>14</sup> Comedia (October 1991). *London World City – moving into the 21st century: the position of culture*. London: Comedia, p3.

<sup>15</sup> Llewelyn-Davies (1996). *Four World Cities: a comparative study of London, Paris, New York and Tokyo*. London: Comedia, p173-243.

<sup>16</sup> Spectrum Strategy Consultants (1998). *Creative Industries: mapping document*. London: DCMS, p8.

creative sector jobs in London (these totals are being revised in February 2007, but too late for inclusion in this report):<sup>17</sup>

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Workforce employment	374,535
Self-employed	94,265
In creative occupation outside creative industry in main job	163,233
In creative occupation outside creative industry in second job	10,676
<b>TOTAL</b>	<b>642,709</b>

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Between 1995 and 2000, creative sector employment increased by an average of 5% annually – almost twice as fast as other sectors in the London economy (2.7%).

The total output of UK creative industries in 1995 was estimated to be around £46bn, increasing by almost 10% annually to £75bn in 2000 (at real 1995 £). In London, output increased by a slightly lower annual average growth of 8.5% (compared to 6.9% for other sectors of the London economy), from £12bn to £18bn (at real 1995 £) – second only to Financial and Business Services.

In 2002, almost one in seven people in London worked in the creative sector, which was more than manufacturing and construction combined, or health and education combined.

#### *Finding some answers*

The creative industries are now recognised as a vital and dynamic part of the UK economy, growing rapidly in the face of global competition and industrial decline, although not at quite as fast a pace in London as compared to other parts of the country.

But how sustainable are the new jobs and businesses? What is the quality of the jobs being created? Which sub-sectors are expanding, and which are static or facing serious infrastructural problems? How is new technology affecting the different sub-sectors? Does mainstream education adequately prepare people for employment in the cultural sector? Is there a clear enough understanding of the complex relationship between the arts and the creative industries, and their impact on social inclusion and regeneration? Finding answers to these questions remains a priority because significant EU funds have been made available to support cultural industry projects, and this is expected to continue.

Extrapolating from research carried out in 2000, at least 10% of the total 2000-06 London Objective 2 funding was likely to fund projects supporting the cultural industries, significantly more than the 4% suggested by earlier Commission research. Yet no evaluation has been made of the effectiveness of this funding, the impact of the measures and projects on the regional economy, or their relevance to the creative industries themselves.

The objectives of this research project were to do just that: identify cultural projects supported by the Structural Funds in the London Objective 2 area, analyse the outputs received by the Government Office for London (GOL), interview project managers to gain a better understanding of each project and its objectives, and try to estimate the impact they have had. The aim was to find out whether the measures targeting the CCI in previous Programmes had succeeded or failed to meet their objectives. This information would help to ensure that the new 2007-2013 London

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<sup>17</sup> GLA Economics (April 2004). *London's creative sector: 2004 update*. London: Greater London Authority, p22.

Objective 2 Programme adopted the most effective measures to benefit local communities and creative businesses.

### *The project*

The first proposal to undertake this research was made to GOL by Peter Sinclair, director of Frontline States Ltd, in July 2000. It was designed to study Objective 2 investment in cultural projects in three distinct regions – London, the rest of the UK, and European regions – and then comparing the results:

*London:* East London and Lee Valley 1994-96, 1997-99

*UK Regions:* including East Midlands, West Midlands, Greater Manchester, Plymouth, Thanet, Eastern Scotland, West of Scotland

*European Regions:* selected from Austria (Steiermark), Finland, France (Aquitaine, Bretagne, Languedoc Roussillon, Pays de la Loire, Picardie, Poitou-Charentes), Germany (Bayern, Bremen, Niedersachsen, Nordrhein Westfalen, West Berlin), Italy (Piemonte, Veneto), Netherlands (Arnhem-Nijmegen), Spain (Aragon, Navarra), Sweden (Norra Norrlandskusten).

It was not possible to obtain funding in 2000, but a reduced scheme focussing on London's Objective 2 programmes was agreed in 2005 with the support of the London Objective 2 Area Partners. The project obtained ERDF funding from GOL, matched by the London Development Agency's (LDA) Creative London programme.

### *Project management*

A Steering Group was set up to advise Peter Sinclair, who was to lead and manage the project. The Steering Group was responsible for agreeing the research methodology, monitoring the project, receiving regular reports, and recommending any actions necessary to ensure that the quality of the research remained high and the project stayed on target. The following agreed to form the Steering Group:

*Upper Lee Valley Area Partnership:* Del Goddard

*Inner/Outer/Thames Gateway:* Guy Nicholson

*West London Alliance:* Ian Nichol

*LDA/Creative London:* Maher Anjum/Manmeet Chahal

*GOL:* Kenroy Reid

*GLA Economics:* Matthew Waite

*London Metropolitan University:* Professor Graeme Evans

Since 1990, Peter Sinclair has initiated and managed a number of ESF and ERDF projects on behalf of the arts development agency Collage Arts (formerly Haringey Arts Council) at the Chocolate Factory in Wood Green. In 1996, he commissioned Objective 2 ESF-funded research into the training needs of the creative industries in the London Objective 2 area.<sup>18</sup> In 1998-99, he chaired the Steering Group that managed a destinations survey of Middlesex University arts graduates between 1993 and 1997.<sup>19</sup> In 2000, he mapped ERDF and ESF funding for Objective 2 cultural and creative industry projects during 1997-99 for the London Voluntary Sector Training Consortium.<sup>20</sup>

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<sup>18</sup> Lindsay, Serena, Nolan, Lisa and Putnam, Tim (February 1998). *Training needs of cultural industry SMEs in the ELLV Objective 2 area*. London: Haringey Arts Council/Middlesex University.

<sup>19</sup> Lindsay, Serena, Nolan, Lisa and Putnam, Tim (2000). *Higher Education and career patterns in the cultural industries: an educational needs analysis of cultural industries in North and East London surveying graduates from performing arts, art and design and English, modern languages and media and communication studies*. London: Haringey Arts Council/Middlesex University.

<sup>20</sup> Sinclair, Peter (January 2000). *Measures supporting the cultural industries and the funding of cultural industry projects: an ad hoc analysis*. London: Haringey Arts Council/London Voluntary Sector Training Consortium.

On behalf of North London stakeholders, he and Del Goddard produced a strategy and action plan for the arts and creative industries that was approved in 2005, drawing on the mapping of creative industry businesses in the boroughs of Barnet, Enfield, Haringey and Waltham Forest.<sup>21</sup> Peter now chairs the development of the strategic Four Greens cross-sector network of agencies and organisations that support the arts and creative industries in North London. Four Greens is also the Creative London 'hub' for North London, and acts as an advisory group to the Upper Lee Valley European Executive and the North London Strategic Alliance.

### *The research*

A research brief was drafted for approval by the Steering Group and tendered out to research organisations with a track record and familiarity with publicly funded CCI projects. The successful applicant was EKOS Ltd, a research organisation based in Glasgow.

The researchers were asked to define what makes up the creative industries in the local economy, and their relationship with the national and global economy; identify EU funded CCI projects; determine comparable features; analyse quantifiable outputs and outcomes against the local economic and social context; and evaluate the success or failure of projects to meet both their own and the SPD's objectives. This would entail desk research using GOL and partner databases, project descriptions, project closure reports, external and self-evaluations; interviews with project directors, strategic partners and beneficiaries.

If possible, the research was to be cross-referenced with two other evaluation projects: "Tackling Disadvantage, Disenchantment and Discrimination in London's Labour Market", an LSC pan-London Objective 3 project led by the Working Lives Research Institute (London Metropolitan University) that aimed to find out what range of measures have helped unemployed individuals from particular disadvantaged groups find jobs or develop their employability skills; and KPMG research into LDA-funded CCI training projects that was completed in June 2005.<sup>22</sup>

The EKOS research and their recommendations were presented to the Steering Group for comment and follow this Introduction. The funding available for the project limited research to ERDF funded projects, which meant that little time could be given to ESF funded projects. Given that there was less information available for ESF projects, a decision was made early in the project to concentrate on ERDF funded projects.

In the Afterword, Peter Sinclair has provided additional statistics about Objective 3 ESF and EQUAL ESF funding for CCI projects in London – including some that will have also benefited Objective 2 areas – and argues that a more appropriate model of the structure of the creative and cultural sector will better serve future regeneration strategies.

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<sup>21</sup> Sinclair, Peter and Goddard, Del (November 2005). *The arts and creative industries in North London: strategy and action plan 2006-2012*. London: Four Greens.

<sup>22</sup> KPMG (June 2005). *Evaluation of LDA skills and employment: cultural and creative industries projects 2000-2004*. London: London Development Agency.

# Executive Summary

## 1 Introduction

- 1.1 The Objective 2 (O2) Programme in London is funded by the European Regional Development Fund (ERDF) and European Social Fund (ESF). Three successive O2 Programmes (1994-1996, 1997-1999 and 2000-2006) have targeted the most deprived wards in the following areas: Inner East, Outer Thames, West London and the Upper Lee Valley.
- 1.2 Throughout each Programme, there has been a strong strategic emphasis on the creative and cultural industries (CCI) and, as a result, there has been significant investment of Structural Funds in the creative sector in London. The current study set out to examine the impacts of EU Objective 2 funded projects on CCI businesses, and their effects on disadvantaged communities.

## 2 Overview

- 2.1 Across the three O2 Programmes, 134 CCI projects have received £49.3m in ERDF with a further 100 CCI projects receiving £6.7m in ESF monies. Overall, CCI projects have accounted for 19% of all ERDF spend, and 13% of ESF monies. Including leverage, close to £150m has been invested in CCI projects over the three Programmes.

<b>CCI Projects – ERDF</b>				
	<b>1994-1996</b>	<b>1997-1999</b>	<b>2000-2006</b>	<b>Total</b>
CCI Projects	27	48	59	134*
Total Expenditure	£26.9m	£27.7m	£88.8m	£143.4m
ERDF	£9.7m	£10.7m	£28.9m	£49.3m
Total O2 ERDF	£55.8m	£51.4m	£153.6m	£260.8m
CCI share	17%	21%	19%	19%

Source: Programme data

<b>CCI Projects – ESF</b>				
	<b>1994-1996</b>	<b>1997-1999</b>	<b>2000-2006</b>	<b>Total</b>
CCI Projects	30	56	14	100
ESF	£1.7m	£2.0m	£3.0m	£6.7m
Total O2 ESF	£13.2m	£16.7m	£21.7m	£51.6m
CCI share	13%	12%	14%	13%

Source: Programme data

- 2.2 Across the Programme area, the Inner East has been the largest beneficiary both in terms of the number and value of ERDF projects. West London and Outer Thames were only included in the most recent Programme and have had very few CCI projects supported.
- 2.5 Over the three Programmes, CCI projects have grown in number and scale, and the data suggest a shift in time toward projects targeting business development (and capital infrastructure) measures. 60% of ERDF projects were delivered by third sector organisations, underlining the sector's critical role in the support infrastructure for the CCI across the Programme area.
- 2.6 The majority of ERDF supported CCI projects have been focussed on the provision of business support in one form or another. Sub-sector specialism is not the norm, with almost half of the CCI ERDF projects targeting the CCI generally. Inner East projects

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\* 102 CCI projects have completed and the figures assume that all ongoing projects will spend as allocated.

showed a slightly greater tendency towards sub-sector specialism, perhaps reflecting the deeper industry base in the area.

- 2.7 Assuming that ongoing projects achieve their targets, the CCI projects supported through the O2 Programme will generate the following *gross* impacts:
- 5,813 SMEs assisted and 1,521 new SMEs assisted;
  - 12,407 SMEs and 2,256 new SMEs given advice and information;
  - 179 business start ups (not a target in latest Programme);
  - 40,324 sq m of promises provided;
  - 3,228 jobs created and 1,072 temporary jobs created; and
  - 6,079 jobs safeguarded.
- 2.8 CCI projects appear to have been effective in creating employment for women and BME groups, reflecting both the diversity across the Programme area and within the CCI.
- 2.9 In terms of value for money, the completed CCI projects have performed well against the target cost per gross job for the three Programmes. However, when assuming that ongoing projects meet their targets, the cost per gross job for all CCI projects is 33% higher than that targeted by the Programmes.\*
- 2.10 When performance against targets is examined, the CCI projects have made a relatively modest contribution to the targets of the O2 Programme, although there are signs of clear and significant improvement over time. In addition, at a time in which the Programme as a whole appears to have significantly under-achieved against employment creation targets, the CCI have performed comparatively well.

### **3 Wider Impacts**

#### **Impacts on CCI Competitiveness**

- 3.1 The O2 Programme in London has impacted on the development and growth of the CCI in a number of important ways:
- it has helped to establish an infrastructure and network of support organisations and agencies that target resources across the CCI;
  - it has played a role in raising the profile of the industries in London and has helped to build new networks within and beyond the sector;
  - projects have delivered support and advice to more than 20,000 CCI businesses across the assisted areas; and
  - it has helped to support new business formation and create and safeguard more than 10,000 jobs (including temporary) across the Programme areas.
- 3.2 However, benefits have been unevenly distributed. In particular, the Inner East and Upper Lee Valley areas have dominated.
- 3.3 The balance of effort amongst supported projects has been on entry-level intervention with less focus on interventions to support high-growth businesses. In part, this may reflect the composition of the CCI in the assisted areas – the higher growth sub-sectors (digital media etc) are not well represented in parts of the O2 area.
- 3.4 While a general specialism in CCI is common, far fewer interventions have a tighter focus on specific sub-sectors. There are some, and these have generally achieved strong results, chiming with our experience that industry development comes best through very targeted intervention.

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\* Cost per gross job targets for the Programme were derived from the SPD targets and assume consistency across measures. As a result, they are estimates only.

- 3.5 There is evidence of duplication of provision, particularly in the Inner East where a large number of projects have been supported, suggesting a need for more strategic co-ordination.
- 3.6 Additionality was found to be high at the project level, but medium at the level of assisted businesses. Therefore, while the Programme enabled projects that would otherwise not have happened, some of the impacts of these projects would have happened in their absence. This will reduce the overall net impact of the Programme's investment in the CCI.
- 3.7 The level of displacement associated with support is an important factor in judging overall net impact. Our view is that the kind of support provided by O2 CCI projects and the nature of their target markets (small, local market focussed businesses and sole traders) reduced the overall *net* contribution to CCI growth and competitiveness through displacement effects.
- 3.8 While some of the output data are impressive, we have concerns and issues with the robustness of these data and we suspect a degree of double counting.
- 3.9 Finally, there are questions about the sustainability of a number of the impacts reported. In some of the CCI, barriers to entry are very low, and new business formation is relatively easy. Survival and growth are more challenging.

### **Impacts on Communities**

- 3.10 The Programme has supported a wide range of organisations using the arts and cultural industries as a tool for regeneration, providing important community resources.
- 3.11 Some projects have acted as catalysts for local area regeneration through physical development and renewal, and others have helped to engage hard to reach groups within local communities through arts and cultural activities.
- 3.12 It is also true that projects have helped to create local employment and assisted local people to develop their skills, raise their aspirations and even establish new businesses. However, there is a tension here between the ambition to develop competitive and successful CCI businesses and the low skills base found in the Programme areas.
- 3.13 There are also issues with displacement. As assisted areas become more economically successful, the relative prosperity brings with it growing pressure on property prices and workspace rents, forcing creative communities to move elsewhere in search of lower costs. Likewise, local communities can be edged out.
- 3.14 Overall, the Objective 2 Programme CCI projects have created benefits for local communities in the form of:
- community facilities and resources;
  - increased civic pride and environmental improvements through physical renewal and capital development projects;
  - growth in aspirations and support for entrepreneurial ambitions;
  - greater confidence and self-belief through training and involvement with arts and culture; and
  - employment opportunities through self-employment, freelance working and employability support.

## **4 Issues**

- 4.1 The evaluation process identified a set of broad strategic issues that can inform future policy, and have led to a series of recommendations.

### **Clarity of Purpose**

- 4.2 There is a degree of tension between the objectives of developing competitive CCI and improving the economic and social circumstances of local residents. Both are valid and important objectives, but they may not always be compatible, and may require different kinds of interventions and even different delivery organisations with appropriate skill sets.
- 4.3 In seeking to develop competitive CCI, there is a need to move beyond entry-level intervention and into more targeted industry development (although recognising that there will always be a need for the general entry-level approach). A degree of sub-sectoral targeting is also required, as not all sub-sectors of the CCI will offer strong and sustainable growth potential. Greater emphasis is also needed on internationalisation and access to global markets.
- 4.4 Training and skills projects should be strongly aligned with business development interventions and must be realistic in relation to industry needs. Entry-level opportunities will always exist, and may create opportunities for socially inclusive employment. However, in other areas, there is a need for high-end skills and talent, and that will pull intervention away from local communities.
- 4.7 The success of community initiatives is not always best measured in economic terms. Not all projects will create employment, but many will improve employability through increased confidence, skills and self-belief. These impacts are poorly recognised in current evaluation frameworks.

### **Strategic Approach**

- 4.8 This clarity of purpose must be at the centre of a more clearly articulated strategy for CCI development at regional and sub-regional levels. This requires clear identification of two strands of activity:
- focus for economic and industry growth (sub-sectors and geographic concentrations); and
  - identification of communities in which there are opportunities to use the CCI as a tool for wider regeneration and specification of community needs.
- 4.9 In each strand, there is a need to work with existing strengths, and there is a clear need for greater co-ordination of activity to remove duplication and focus resources. Each sub-region must identify its opportunities for growth and competitive advantage, as well as those areas in which resources should focus more on community regeneration objectives.

### **Sustainability**

- 4.11 The O2 Programme has helped to build capacity amongst a wide range of delivery organisations involved in the provision of support to the CCI and to communities across the Programme area. However, there are issues around the sustainability of funded activities and the organisations responsible for their delivery.
- 4.12 Future funding support should look more towards long-term interventions that can provide greater sustainability. Small projects create small impacts, and there is an argument for a bold approach that creates scale through partnership and even consolidation.

- 4.13 For the city partners, there is now a need to consider how best to work with this infrastructure. There is an important role here in providing business development advice and services to the social enterprises delivering CCI support.

## 5 Recommendations

- 5.1 Based on the evaluation findings, we have a number of recommendations for consideration in the context of future support for the CCI in London:
- 5.2 **Develop a detailed spatial map of the London CCI, identifying key concentrations of activity and areas of potential industry growth.** This mapping should also consider the distribution of key facilities and support providers at sub-regional and regional levels to identify duplication and relate provision to local CCI activities.
- 5.3 **Align sub-regional strategy development within a clearly articulated and agreed strategic framework for London.** This must address the dual objectives of CCI growth and competitiveness and economic and community regeneration.
- 5.4 **Focus community-based intervention on broad entry-level intervention** to unearth talent and provide local residents across London with opportunities for entrepreneurship and skills development.
- 5.5 **Develop a ladder of intervention** from the entry level to more targeted, sub-sector-specific industry growth programmes aimed at building competitiveness and innovation in the CCI.
- 5.6 **Broaden the focus across the supply chain** (i.e. not solely on the 'creative' end) to develop supply chains and facilitate market entry and internationalisation.
- 5.7 **Identify and work with key support providers at sub-regional levels,** developing a more strategic relationship and encouraging partnership working. It is essential that a sustainable and robust network of providers is developed and supported to deliver against a set of agreed strategic priorities for the CCI in London.
- 5.8 **Work to align funding streams,** both in terms of strategic priorities (an agreed CCI strategy will help) and the timing of funding rounds.
- 5.9 **Develop closer links with established industry structures and key players.**
- 5.10 **Continue to develop and support opportunities for physical regeneration through capital investment in cultural projects.** Such opportunities should be clearly identified within the strategic frameworks being developed.
- 5.11 **Skills and training programmes must be focussed on identified industry needs,** as well as on the needs of local people. There is a balance and one size will not fit all.
- 5.12 **Recognise that not all areas of London will share equally in the growth of the CCI.** While some have and will develop competitive clusters of creative businesses, for others the agenda will be more focussed on using artistic and cultural participation to develop employability, build confidence and re-engage hard to reach sections of the community. This should be reflected in frameworks for measurement and evaluation.

## **Afterword by Peter Sinclair**

As explained in the Introduction, this project was originally designed to research into Structural Fund investment in cultural projects in the Objective 2 regions in the UK and comparing the results from similar investment in other EU Member States. The aim was simple: to discover the successes and failures – and learn from them. When the project had to be reduced to the London programmes, without reference to the other regions, its smaller scale offered a unique opportunity to drill deeper into the data held by GOL and complement it by interviewing project managers and beneficiaries, and possibly designing specially targeted surveys of local communities.

*“The best laid schemes o’ Mice and Men, Gang aft agley.”*

The researchers found that accessing the ERDF project closure reports and extracting the statistical data was too time-consuming and they had to abandon doing anything as detailed with ESF projects. Arranging to meet project managers was also problematic because many had moved to other jobs after funding ended for 1994-96 and 1997-99 projects. There were obviously less problems with 2000-06 projects, but even then the managers were busy and occasionally suspicious that the researchers were going to report their findings directly to the funders. Their reticence to talk openly and honestly may have undermined the value of some of the interviews.

In many cases, project managers were unwilling, or unable, to let the researchers make direct contact with the businesses their projects had assisted. This meant that it was particularly difficult to find out whether the support they had received was suitable or not. To overcome this, the researchers asked the managers to inform their beneficiaries that there was an anonymous online questionnaire they could complete. The response was surprisingly good in the circumstances, but the small sample only included beneficiaries from a few projects and will have biased the results.

The task of measuring the impact of the CCI projects on local communities was a step too far. The researchers needed a great deal more time to develop collaborative relationships with local community partners and then find the right tools to measure project impact. Instead, they had to rely on information derived from interviews with the project managers and answers to specific online questions from beneficiaries. This was certainly the weakest research outcome and failed to provide a better understanding of which projects had the most (or least) impact. Even the task of comparing a project’s objectives as recorded in its ERDF application with the outcomes reported in its closure report required more time than funding allowed.

Another serious deficiency, although not the result of too little funding for the research, was the lack of detail that could be extracted from the data held by GOL. Identifying some CCI projects in the two earlier programmes was subjective, but those in the 2000-06 Programme had already been classified as CCI projects. During discussions at Steering Group meetings, it was considered important to understand how well ERDF funding for CCI projects aligned with the other partners’ funding objectives. This might have been achieved by obtaining a breakdown of how much match funding was made available to projects from sources like the Single Regeneration Budget (and later the LDA), the Learning and Skills Councils, Local Authorities, Higher Education etc. Unfortunately, this information was not available – even though it was recorded during the application process.

However, these difficulties aside, the net result of the research has established the level of support for CCI projects in London’s Objective 2 programmes. Many creative businesses and individuals have benefited, and a significantly higher proportion of ERDF funding has been invested in CCI projects than was previously expected.

### *Other Structural Fund support*

Although it was not possible for the researchers to consider other Structural Fund support beyond the tightly defined London Objective 2 areas, independent research was undertaken by Frontline States Ltd on behalf of the project. This was done so that Objective 2 funding could be seen in the context of wider Structural Fund investment in the creative sector. Frontline cannot claim that this additional research is complete, but it does provide – for the first time – an indication of the scale of total Structural Fund support for CCI projects in London during 2000-06.

### *Objective 3 (ESF)*

The principal aim of the Objective 3 programme was to tackle barriers to labour market participation experienced by the unemployed and the socially excluded. Support was also available to enhance adaptability and promote lifelong learning, and help young people within the schools system.

Using online data provided by GOL, it has been possible to search all the London Objective 3 ESF projects and identify those that offered training or capacity building to beneficiaries that were explicitly creative.<sup>23</sup> Only a limited amount of detail about each project was available, so there could have been selection errors.

There were 99 CCI projects funded by Objective 3 ESF in London during 2000-06. They received grant aid of £19.4m. Assuming that the ESF intervention rate was 45%, their total expenditure should have been close to £43.1m. However, the total derived from the online data was somewhat less (£32.2m). See Appendix C.

A cursory examination of the online data showed that the ESF grant aid to a project was often the same as the total expenditure, so either figure might have been correct. According to GOL, the total project expenditure should not be less than that stated by the applicant when the ESF grant of 45% was calculated. So, in all probability, the figures provided for ESF are the correct ones because they would have been used by GOL to compile returns for the Commission.

It was also possible to determine from the online data the total approved Objective 3 ESF funding for 2000-06: £418.7m. The proportion of grant supporting CCI projects was 4%, lower than the proportion of Objective 2 ESF funding (14%) and ERDF funding (19%), and the same as for 1999, derived from data collected by the London Voluntary Sector Training Consortium at the time. Interestingly, 4% was also the percentage of Structural Funds invested in cultural activity that was found during research across twenty Objective 2 regions in 1996 (see page v).

The difference between Objective 2 and Objective 3 ESF spend might be explained by the more developed strategic fit and targeting of CCI projects in the Objective 2 areas, but, conversely, it might be the result of a poorer understanding of local and regional cultural skills needs by Objective 3 co-financing partners. Certainly, there is a growing acceptance that the CCI require sector-specific skills training to be delivered through accredited programmes, and funded accordingly.<sup>24</sup> But there must also be equal funding opportunities for Non-Formal Learning Sector projects delivering non-accredited training that use the creative industries to attract hard to reach beneficiaries and provide the soft skills support they need to re-engage with work. STEP (Supporting Talent to Enterprise Programme), funded by Objective 3 ESF and Creative London during 2006-08 targets the unemployed, economically inactive and socially excluded, but specifically excludes training below level 1.

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<sup>23</sup> [http://www.go-london.gov.uk/european\\_structural\\_funds/objective\\_3/ESF\\_Projects\\_Directory/](http://www.go-london.gov.uk/european_structural_funds/objective_3/ESF_Projects_Directory/)

<sup>24</sup> KPMG LLP (17 June 2005). *Evaluation of LDA skills and employment: cultural and creative industries projects 2000-2004. Final Report*. London: London Development Agency.

## EQUAL (ESF)

EQUAL is a national ESF programme aimed at helping people whose job opportunities suffer because they are victims of discrimination and inequalities, whether employed or seeking employment opportunities. They include women, ethnic minorities, people with disabilities, older workers, refugees, ex-offenders, drug and alcohol misusers and asylum seekers.

Although it is not easy to tell how much was spent by EQUAL projects in the different UK regions, London did benefit from several projects targeted at people working or wanting to work in the creative industries.<sup>25</sup> Overall, 174 projects have been funded by the UK EQUAL programme and 5 targeting the creative industries included London in their areas of activity (see Appendix D).

Unfortunately, the financial information available is somewhat sketchy: three Round 1 projects were completed and their expenditure reported at 2002 and 2004 totalled just over 5m euros.<sup>26</sup> How much of that was spent in London is not recorded, but there are reasons to believe that the total project expenditure was a great deal higher than that suggested by the online data ('Creative Renewal' had a budget of £5m,<sup>27</sup> and 'Inclusion Through the Media' a budget of £6.5m<sup>28</sup>). Round 2 projects are continuing into 2007 and there is no online financial information available yet. In these circumstances, it is impossible to estimate what percentage of the total UK EQUAL funding of £245m has been spent by CCI projects in London.

## URBAN II (ERDF)

The remaining Structural Fund investment in London is provided through URBAN II. The aim of this programme is to support the economic and social regeneration of cities and of neighbourhoods in crisis in order to promote sustainable urban development. The only London project is the Stockwell Urban II Community Initiative that was approved £6m funding for 2000-2006.<sup>29</sup> Only two small CCI projects have so far been supported: 'Colourscape' in Stockwell 2005/06 (led by Nettlefold Festival Trust) £29,588, and the 'Bronze Woman Monument' (led by the Bronze Woman Monument Project) £33,000, which between them represent 1% of the total ERDF committed.

All Structural Fund CCI investment in London, 2000-06					
Programme	Total Structural Funds available	Structural Fund investment in CCI Projects	Proportion spent on CCI Projects	No. of CCI Projects	Total CCI Project Expenditure
Objective 2 ERDF	£153.6m	£28.9m	19%	59	£88.8m
Objective 2 ESF	£21.7m	£3m	14%	14	£6.7m <sup>a</sup>
Objective 3 ESF	£485m	£19.4m	4%	99	£43.1m <sup>a</sup>
ERDF URBAN II	£6m	£0.1m	1%	2	£0.1m
ESF EQUAL	n/k	£1.1m <sup>b</sup>	n/k	5	£18.3m <sup>c</sup>
<b>Total</b>	<b>£911.3m</b>	<b>£52.5m</b>	<b>5.8%</b>	<b>179</b>	<b>£157m</b>

<sup>a</sup> Estimate based on 45% ESF intervention rate.

<sup>b</sup> Estimate based on 50% ESF intervention rate and 20% project spend in London.

<sup>c</sup> Estimate based on online EU and project data.

<sup>25</sup> <http://www.equal.ecotec.co.uk/dps/>

<sup>26</sup> <https://equal.cec.eu.int/equal/jsp/index.jsp?lang=en#round>

<sup>27</sup> Prevista Ltd (June 2005). *Final Evaluation Report*. Halifax: EQ.

<sup>28</sup> <http://www.inclusionthroughmedia.org/>

<sup>29</sup> <http://www.stockwell.org.uk/stockwellurban.html>

Overall, during 2000-06, the Structural Funds invested at least £52.5m in CCI projects in London. This is a significant contribution to London's cultural resources, and especially in those areas that receive little arts funding: for every £1 invested, a further £2 has been invested by other local, regional and national organisations, very few of which are traditional arts funding agencies.

Adding the Objective 2 1994-96 and 1997-99 Structural Funds investment brings this total to £76.8m, excluding support provided by Objective 3 ESF programmes before 2000-06. If every £1 of European funding attracted a further £2 from UK sources, the total value of Structural Fund investment in London between 1994 and 2006 has been at least £230m, almost £20m annually.

### *Remodelling the creative and cultural industries*

The European Parliament and the European Commission have reiterated on many occasions that culture is important to the development of the European Union. Indeed, the Council adopted a work plan for European cooperation in the field of culture that prioritised synergies with other Community areas and activities, the economic and social dimensions of culture, the mobility of persons and circulation of works, as well as the development of the cultural and creative industries.<sup>30</sup>

The references to the special role of culture in society nearly always, by extension, include the creative industries. But not everyone is comfortable with that assumption. Why should a very large and successful sector be treated any differently than the pharmaceutical industries? What makes a small theatre company any more important to support than an accountancy practice? Greater clarity of what makes up the creative and cultural industries will help to disentangle why, on the one hand, they are promoted as a key high-growth sector, and, on the other, are associated with low-paid arts practitioners living and working in areas ripe for regeneration.

In the UK, the DCMS adopted a model of the creative and cultural industries that was based on the original research it commissioned in 1998. Many separate sub-sectors are brought together without classification. The economic impact of each sub-sector differs widely and they contain a plethora of employment profiles and business structures. In the early 90s, it was often remarked that the cultural industries (the 'creative industries' was not widely used at that time) symbolised post-industrial employment practice – self-employed freelance, contract and portfolio working – well in advance of other sectors.

The terms 'cultural' and 'creative' industries are often used interchangeably, without any attempt at definition. Yet, from the point of view of economic policies, the cultural industries have become a subset of the creative industries and are seen to be servicing them.<sup>31</sup> But the DCMS model is not the only one, and at least one other offers an alternative description of the CCI that bears a closer resemblance to the way the UK sector is structured.

For the information in the table overleaf, I must thank Dr David Throsby at the Department of Economics, Macquarie University (Australia).<sup>32</sup> His 'concentric circles' model for the CCI is certainly more recognisable than the simple listing of sub-sectors used by the DCMS. In addition, it provides a description that allows the widely used and accepted term 'the Arts' to be identified with a specific group of sub-sectors – the core creative arts – and clarifies their relationship with the creative industries.

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<sup>30</sup> The Council of the European Union (26 May 2003). Council resolution on the horizontal aspects of culture: increasing synergies with other sectors and Community actions and exchanging good practice in relation to the social and economic dimensions of culture. *Official Journal of the European Union*, C 136/1 11.6.2003.

<sup>31</sup> O'Regan, Tom (2001). *Cultural Policy: Rejuvenate or Wither*. Professorial Lecture, Griffith University, Queensland, Australia, pp19-20.

<sup>32</sup> Throsby, David. *Modelling the creative/cultural industries*. ESRC seminar, Edinburgh, 12 January 2007.

### **DCMS model<sup>33</sup>**

*Based on activities requiring creativity, skill and talent, with the potential for wealth and job creation by exploiting their intellectual property:*

Advertising, architecture, art and antiques market, crafts, design, fashion, film and video, music, performing arts, publishing, software, television and radio, video and computer games

### **Symbolic texts model<sup>34</sup>**

*Based on industries concerned with industrial production and dissemination of symbolic texts.*

Core cultural industries: advertising, film, internet, music, publishing, television and radio, video and computer games

Peripheral cultural industries: creative arts

Borderline cultural industries: consumer electronics, fashion, software, sport

### **Concentric circles model<sup>35</sup>**

*Based on origin and diffusion of creative ideas in sound, text and image from core creative arts*

Core creative arts: literature, music, performing arts, visual arts

Other core cultural industries: film, museums and libraries

Wider cultural industries: heritage services, publishing, sound recording, television and radio, video and computer games

Related industries: advertising, architecture, design, fashion

### **WIPO copyright model<sup>36</sup>**

Based on industries involved directly or indirectly in the creation, manufacturing, production, broadcast and distribution of copyrighted works

Core copyright industries: advertising, collecting societies, film and video, music, performing arts, publishing, software, television and radio, visual and graphic art

Interdependent copyright industries: blank recording material, consumer electronics, musical instruments, paper, photocopiers and photographic equipment

Partial copyright industries: architecture, clothing and footwear, design, fashion, household goods, toys

### **UIS trade-related model<sup>37</sup>**

Based on cultural goods and services entering international trade

Core cultural goods and services: audiovisual services, books, copyright royalties, heritage, newspapers and periodicals, recordings, video games, visual arts

Related cultural goods and services: advertising, architectural services, audiovisual equipment, information services, musical instruments

### **Americans for the Arts model<sup>38</sup>**

*Based on businesses involved with the production or distribution of the arts (arts-centric businesses)*

Advertising, architecture, arts schools and services, design, film, museums and zoos, music, performing arts, publishing, television and radio, visual arts

<sup>33</sup> Department of Culture, Media and Sport (2001). *The Creative Industries Mapping Document 2001*. London: DCMS.

<sup>34</sup> Hesmondhalgh, David (2002). *The Cultural Industries*. London: Sage.

<sup>35</sup> Throsby, David (2001). *Economics and Culture*. Cambridge: Cambridge University Press.

<sup>36</sup> World Intellectual Property Organisation (2003). *Guide on Surveying the Economic Contribution of the Copyright-based Industries*. Geneva: WIPO.

<sup>37</sup> UNESCO Institute for Statistics (2005). *International Flows of Selected Cultural Goods and Services 1994-2003: Defining and Capturing the Flows of Global Cultural Trade*. Montreal: UIS.

<sup>38</sup> Americans for the Arts (2005). *Creative Industries 2005: The Congressional Report*. Washington DC: Americans for the Arts.

In David Throsby's model, the core creative arts are those sub-sectors where creative ideas originate – "music, dance, theatre, literature, the visual arts, the crafts, as well as newer forms of practice such as video art, performance art, computer and multimedia art."<sup>39</sup> The other sub-sectors have developed to exploit this creativity, producing cultural commodities with less and less cultural content the further they are from the core arts.

A model like this explains more clearly the sector's different characteristics. Many creative people in the core creative arts – not all, of course – produce their work in a local context, whether as home working self-employed practitioners, freelancers, or in small businesses renting low-cost workspace in areas marked by post-industrial decline. Their low annual turnover is often a matter of choice and this contrasts with the wider creative industries that have more traditional business structures and requirements as they compete in the national and global markets.

GLA Economics has already needed to look beyond the DCMS model to more accurately capture creative sector employment in London by including people who work in creative occupations in businesses that do not fall into one of the creative industry sub-sectors,<sup>40</sup> and some sub-regional mapping studies need to include additional sub-sectors, like printing, to reflect different local characteristics.

### *Culture in regeneration*

Making the distinction between the core creative arts and the wider CCI is important in policy terms because it helps to clarify what regeneration strategies need to take into account. It is obviously not good enough to just accept that "culture is a powerful vector of integration and of social inclusion"<sup>41</sup> as a truism. It has to be written into strategies and understood by all the stakeholders – especially locally, where networks are vital intermediaries.

Clearly this has not been happening. The Policy Action Team 10 research for the Social Exclusion Unit in 1999 restated that "art and sport cannot only make a valuable contribution to delivering key outcomes of lower long-term unemployment, less crime, better health and better qualifications, but can also help to develop the individual pride, community spirit and capacity for responsibility that enables communities to run regeneration programmes themselves."<sup>42</sup> Yet the majority of UK regeneration programmes fail to integrate culture strategically or even recognise it has a role, even though there is strong evidence that CCI projects have had a significant and positive impact on regeneration objectives in different parts of the country.<sup>43</sup>

In their research for the DCMS, Graeme Evans and Phyllida Shaw identified three models through which cultural activity can be incorporated into the regeneration process: culture-led regeneration (where culture is the catalyst and engine of regeneration), cultural regeneration (culture is fully integrated into the regeneration strategy), and culture *and* regeneration (culture is an add-on or afterthought). They provided ten case studies, usefully illustrating each of these models.<sup>44</sup>

Mapping a local area often identifies a number of creative and cultural businesses. In North London, for example, over 3000 businesses were counted, a good proportion of which were located in the Upper Lee Valley Objective 2 area. But simply focussing on the economic advantage of supporting these businesses ignores the vital role culture can play in regeneration.

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<sup>39</sup> Throsby, David (2001). *Economics and Culture*. Cambridge: Cambridge University Press, p112.

<sup>40</sup> GLA Economics (April 2004). *London's creative sector: 2004 update*. London: Greater London Authority.

<sup>41</sup> The Council of the European Union (26 May 2003). *Ibid.*, 1

<sup>42</sup> Smith, Rt Hon Chris, Secretary of State for Culture, Media and Sport (July 1999). *Policy Action Team 10: a report to the Social Exclusion Unit*. London: DCMS, p2.

<sup>43</sup> Brookes, Fred (October 2004). *Culture and regeneration: an evaluation of the evidence*. Nottingham: Comedia.

<sup>44</sup> Evans, Graeme and Shaw, Phyllida (January 2004). *The contribution of culture to regeneration in the UK: a review of evidence*. London: DCMS, p5.

For instance, it is quite likely that there will be few CCI businesses in high-growth sub-sectors located in a deprived regeneration area, and those that are may not want to employ more staff – and certainly not local people from a low-skills base. Yet, confusingly, there may be many small and dynamic creative businesses from other CCI sub-sectors. In these circumstances, a regeneration strategy that promotes support for the CCI for economic reasons could encourage projects that end up scoring poorly on direct outputs. But, more seriously, their benefit to the local community will not be recognised because the tools designed to measure economic outputs do not capture social outcomes – which is the main reason for integrating culture into regeneration. EKOS pointed this out in the conclusion to the research, and the same case has been made equally as strongly elsewhere in relation to the Structural Funds.<sup>45, 46</sup>

This failure is a direct consequence of confused objectives and, underlying it, a creative industry model defined by economic performance. The inability to differentiate between those sub-sectors that are culturally significant – in the sense that their principal activity is to create – and those that transmit creativity through cultural products, impedes the integration of culture into regeneration strategies, and encourages the continued use of monitoring and evaluation tools that fail to measure social and cultural outcomes.

#### *Culture and the core creative arts*

Differentiating the core arts from the wider creative and cultural industries provides a clearer picture of what takes place locally. The visual artists, the small theatre companies, the music groups all ‘inhabit’ their local neighbourhoods, drawing on, interacting and connecting with residents from across many different communities.

- *the arts are a catalyst for economic growth*
- *creative businesses and a healthy cultural life are key to sustainable communities*
- *the arts bring communities closer together, developing a sense of belonging and pride*
- *the arts help to breathe new life and energy into communities*<sup>47</sup>

These are the individuals and businesses that create a renewed and inclusive social life,<sup>48</sup> producing the new symbols and new views of reality, encouraging transformations. It is through interaction with creativity that local communities and residents gain new insights, re-engage with civic values and, most importantly, build social capital. This is why regeneration strategies must take into account the different roles played by the core creative arts and the wider creative industries, and develop appropriate policies to support them.

Of course, there are no hard lines to be drawn. Many businesses in the core creative arts have similar needs to those in other sub-sectors, but as I mentioned above, their structures are different. Rather than ‘internalising’ their growth, capitalising new projects and producing more employment, they more often than not create new

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<sup>45</sup> Armstrong, Harvey and Wells, Peter (2006). Structural funds and the evaluation of community economic development initiatives in the UK: a critical perspective. *Regional Studies*, Vol.40.2, p268.

<sup>46</sup> Harvey, Brian (2006). *Manual of the Management of the European Union Structural Funds*. Brussels: European Anti Poverty Network, p55.

<sup>47</sup> Weir, Sarah (October 2005). *News: Arts Council England, London*, Issue 07, p2.

<sup>48</sup> Evans, Graeme and Gertier, Meric (November 2006). *Strategies for Creative Spaces: Executive Summary*. London: London Development Agency, p7.

structures.<sup>49</sup> This 'organic growth model' is typical of the core creative arts and can, for example, result in difficulties when they need finance to support their growth. (The obvious choice would be the banks, but few lend money to such businesses without security – hence the availability of risk-taking finance and grant aid targeted at arts businesses. Business growth in the wider cultural industries is market-driven and public-sector investment is not expected to finance it.)

Likewise, business support packages offered to the commercial sector are usually perceived as less relevant by the core creative arts, and this has given rise to specialist intermediaries who can more effectively deliver support by drawing on their experience of working in the creative sector. Regeneration policies that promote partnerships, networks, showcasing and links between these businesses are particularly appropriate for the core arts.

### *The third sector*

The third sector shares many of the same characteristics as the core creative arts: organic growth, the crucial role of volunteers, and the difficulty of finding suitable financial structures.<sup>50</sup> It is this similarity that may explain the reason why 60% of the CCI projects funded by London Objective 2 programmes were led by voluntary sector and not-for-profit organisations, social enterprises, charities and community arts organisations. Their deeper understanding of the role culture plays in society, their commitment to growing social capital, their links with local communities, all resonate with the core arts. They also share many public-sector ideals with the local authorities, and with the health and education sectors.

As the research has emphasised, the Structural Funds investment in the creative and cultural industries has strengthened and developed an infrastructure supporting the sector. I would go further. It is this infrastructure that makes it possible for the CCI – specifically the core creative arts – to interact so successfully with local people and their communities, and this is the reason why the CCI have to be treated differently to other sectors in regeneration strategies.

Adopting an alternative model for the creative industries could help to clarify the important relationships between those sub-sectors that make up the core creative arts, the wider creative industries and the third sector. Once they are recognised and understood, the task of integrating culture into regeneration programmes to strengthen social development will become far clearer to stakeholders and partners.<sup>51</sup> This should make it possible to develop more appropriate monitoring and evaluation tools, and lead to better and more useful evidence of the impact of CCI projects on local communities.

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<sup>49</sup> Graffe, Xavier (1997). *La contribution du secteur culturel au developement de l'emploi dans l'Union Europeenne*. Brussels: European Commission.

<sup>50</sup> Empiric (1999). *Developing cultural strategies and sustainable projects with the third system: the experience of Empiric*. Barcelona: Interarts, p59.

<sup>51</sup> Kea European Affairs (October 2006). *The economy of culture in Europe: Executive Summary*. Brussels: European Commission, p9.