

23<sup>rd</sup> February 2016

**Agenda Item: 8**

## **REPORT OF THE CORPORATE DIRECTOR, PLACE**

### **CREATIVE INDUSTRIES SECTOR REPORT**

#### **Purpose of the Report**

1. The Creative Greenhouse, a network for Creative and Digital businesses, received financial support from the Economic Development budget in 2015-16. This report:
  - a. updates Committee on the activities of this network;
  - b. proposes approaches to ensure alternative more specialised and targeted provision for the networks' members, which would (by the end of 16/17) result in the County Council withdrawing from any further financial contribution, and as a consequence:
  - c. seeks approval for £5,000 from 2016/17 budget towards the cost of transitioning the network to a new operating model.

#### **Background**

3. In July 2015, this Committee approved £25,000 for interim support for the Creative Greenhouse to enable part-time co-ordination of the network to continue and for an evaluation to be undertaken to determine its future.
4. The Creative and Digital Industries (CDIs) has been identified as a strategic priority for the D2N2 area. Research carried out for D2N2 using official statistics has shown approximately 4,500 CDI businesses were identified across the area, with an even split between Nottinghamshire and Derbyshire. However, over 80% of the Nottinghamshire businesses are registered in Nottingham City. Informed anecdotal information suggests that there are a plethora of micro enterprises in the County that do not show on official statistics due to the size of the business i.e. not VAT registered or having any employees.
5. The Creative Greenhouse was formed in 2005 as a free-to-join network for the Creative Industries. The original geographical focus for the network was North Nottinghamshire but over the years it has expanded to cover all of Nottinghamshire. In the beginning it was funded through European Regional Development Funds (ERDF), then an Arts Council England Grant and latterly through Nottinghamshire County Council; first by the Arts Department and then through Economic Development on an interim basis until March 2016.

6. The Creative Greenhouse has over 1,000 businesses registered as members although further analysis indicates that active membership and engagement is around 250 - 300. The majority of members who contributed to the review were sole traders having a turnover of less than £20,000 per year. Analysis of the membership categories showed that Arts and Crafts businesses were the largest sector represented followed by Advertising and Marketing, Design and Photography.

### **The Coordination of the Creative Greenhouse**

7. Following a procurement exercise, Creative Leicestershire were successful in winning the contract to co-ordinate the network on a part time basis and provide a programme of business support to members on our behalf. Creative Leicestershire are running a similar network in Leicestershire and bring that experience to the Creative Greenhouse. The co-ordinator's role has been to: sign up new members, manage the website, manage the Twitter account @Talentgrows, produce a monthly newsletter with news from the sector and opportunities for businesses, and to organise the programme of business support for members.
8. Following consultation with the membership, a Business Support programme was developed, this is a series of half-day events held in a variety of locations across the County. The events delivered to date include:
  - 1:1 business advice sessions with an experienced business advisor in the creative sector
  - a session on improving business communication skills
  - the benefits of employing an apprentice
  - how to use Social Media to improve business outcomes
9. The events which are due to take place before the end of March 2016 include:
  - a workshop on producing a promotional video for your business
  - using online platforms to design your own website
  - how to make sensible pricing decisions for you work
  - UKTI giving 1:1 advice on exporting
  - how to write funding applications
10. The Business Support programme will be evaluated to determine its effectiveness and engagement with the members of the network. As this was highlighted by the membership as a service they would use and value, it is being used as a way of measuring the commitment of the businesses to the network.

### **The Review of the Creative Greenhouse**

11. The Economic Development team commissioned an independent review of the network to:
  - Review the membership and their level of interaction
  - Gather members' views on the value of the network to their businesses

- Research Creative Networks across the country to understand different business models
  - Look at future options for sustaining the network
12. The review was undertaken by an experienced Economic Development Specialist and provided a useful insight into how the Creative Greenhouse has been operating more recently and potential ways to sustain the network into the future.
13. The review included an online survey of members (conducted from 13 July to 3 August 2015), a summary of which can be found at Appendix A. A full PDF copy of the survey results document (which includes appendices with charts of all the data) can be requested through the Creative Greenhouse website at: <https://www.creativegreenhouse.org.uk/news/2858/creative-greenhouse-survey-results>
14. The review highlighted relatively low levels of engagement from the membership. Those who chose to engage expressed a commitment to the network and gave examples of how it helped to develop their business. Participants felt that generic business support does not meet their needs as creative businesses, failing to recognise the challenges they face. Although conversely believing that the network provides a chance to meet with likeminded businesses who are in the same position as them.
15. In summary, the three options identified were:
- a) turn the network into a Social Enterprise with members in control
  - b) create a regional partnership with Creative Leicestershire (a partnership of local authorities) and Creative Derbyshire
  - c) explore the possibility of the network becoming aligned to Vision West Notts College.
16. Of the three options, the review identified that the first two were not considered feasible and were discounted for the following reasons:
- The first option requires the network to become a members-led self-sustaining network, needing a commitment from the network to self-organise and raise funds. Crucially, the recent experience of consultation with the membership has indicated this highly unlikely.
  - In relation to the second option, Creative Derbyshire is not currently operating following the end of the programmes funding (historically it had been funded by Arts Council England through Grants for the Arts, together with Arts Derbyshire and Derbyshire County Council). Creative Derbyshire has also been the subject of a review (in June 2015). On balance, it was felt that it would take a disproportionate amount of time and staffing resources to set new arrangements in place as well as requiring a long-term financial commitment from Nottinghamshire County Council.
17. The third option was considered worthy of pursuing further because the college has a large department based on the Creative and Digital Industries and is developing a Higher Education offer along with greater outreach services to businesses in the area.

18. Since our review period, a further option has since been identified. The Department for Communities and Local Government (DCLG) announced a call for proposals for European Structural and Investment Funds (ESIF) to provide business support services in a large number of Local Enterprise Partnership (LEP) areas, including the D2N2 LEP. In D2N2 a fund of £12.3m is available. The minimum bid is £500,000 together with the requirement of 1:1 match funding, meaning few single enterprises in this sector would be able to bid. Creative Greenhouse could only be involved in these funds on a consortium basis, as alone it is not of the scale necessary to address the minimum award limit.
19. Fortuitously, in D2N2 a consortium approach was quickly developed, following on from the work undertaken by the Creative and Digital Sector Strategy Group, which D2N2 had set up. The Consortium is composed of creative and digital SMEs, education and training institutions, business support agencies and other organisations who work within the creative and digital industries across Derbyshire and Nottinghamshire.
20. Predominantly based in the region's major cities of Derby and Nottingham, the Consortium has submitted a full European Regional Development Fund (ERDF) application for which they are currently awaiting a decision on. Should the bid be successful, the Consortium will be offering a range of business and promoting entrepreneurship support aimed at start-ups and small to medium sized companies (SMEs). Discussions are at an early stage and although everything hinges on the bid, if successful, it is envisaged that Economic Development would connect the network members to this planned support.
21. The current support for the Creative Greenhouse network is due to cease in March 2016. In order to create a sustainable future for the network, whilst offering opportunities for the membership to make new connections and develop their businesses, Officers have determined that there are two approaches worthy of pursuing:
  - Advance discussions with Vision West Notts College. This would enable the network to develop in a new direction, supported by the college and would bring benefits to both parties. This could bring opportunities for the network to access training, offer work placements to students, collaborate with the college on projects and develop a creative hub in the Mansfield area. This would require a budget of £5,000 to cover the costs of integrating the networks' members into the new arrangements and supporting events planned in partnership with Vision West Notts College.
  - Subject to the successful outcome of the ERDF funding application, advance discussions with the D2N2 Creative and Digital Industries Consortium, specifically with the aim of connecting the network members to the new business development and entrepreneurship support offer.

## **Reason(s) for Recommendations**

22. The review highlighted two possible approaches for the Creative Greenhouse. Both are not deemed mutually exclusive. The present situation is somewhat in a state of flux, especially with the development of Combined Authorities and local devolution. The prospects for future funding of the Creative Greenhouse therefore appears to lie principally with European funding (and to a lesser degree – by way of match funding - any future Arts Council Creative Local Growth Fund). Against this uncertainty, the recommendation represents an exit strategy for the Council, significantly reducing (if not removing) long-term financial burden from the Council. Both approaches enable the network's members to make use of a range of planned business support as well as the development of entrepreneurial skills. Crucially, the continuation of support to the creative and digital sector in Nottinghamshire is maintained.

### **Other Options Considered**

23. The option to withdraw all Council support for the network was discounted given the Creative and Digital Sector is a growing sector, providing the county with much needed highly skilled jobs.

24. Asking the networks members to take over its management was also discounted given the majority of engagement comes from sole traders or micro business who have limited spare time as they are concentrating on developing and growing their businesses. Another drawback being that the regional model would require the continuation of Council financial contributions at existing levels (if not more) to the partnership. Due to the current budgetary pressures, it was felt this would be difficult to justify.

### **Statutory and Policy Implications**

25. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described within the report.

### **Financial implications**

26. A contribution of £5,000 towards the cost of integrating the networks' members into the new arrangements and supporting planned events.

### **RECOMMENDATION/S**

27. That the Economic Development Committee:

- I. Approves Officers advancing discussions with both the D2N2 Creative and Digital Consortium (which is subject to a successful ERDF application) to ensure the Creative Greenhouse membership benefits from a range of business and entrepreneurship support offerings and with Vision West Notts College to develop a sustainable business model;

- II. Allocates up to £5,000 from the Economic Development 2016/17 budget to support the networks transition to a new operating model and supporting planned events.

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**Corporate Director, Place**

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### **Constitutional Comments [CEH 12.02.16]**

The recommendations fall within the remit of the Economic Development Committee.

### **Financial Comments [SES 12/02/16]**

The financial implications are set out in the report.

### **Background Papers**

- *Creative and Digital D2N2: Strategic Action Plan for the Creative and Digital Industries in D2N2* - Report published online April 2015  
[http://www.d2n2lep.org/write/CREATIVE\\_DIGITAL\\_D2N2\\_Executive\\_summary.pdf](http://www.d2n2lep.org/write/CREATIVE_DIGITAL_D2N2_Executive_summary.pdf)
- *Additional Proposals for Economic Development Budget 2015* – report to Economic Development Committee – 07-07-2015
- *Cultivate - Creative Derbyshire Review* – Report published online June 2015  
[http://www.artsderbyshire.org.uk/images/Creative%20Derbyshire%20Review%20report%20\(final\)%20June%202015\\_tcm40-266887.pdf](http://www.artsderbyshire.org.uk/images/Creative%20Derbyshire%20Review%20report%20(final)%20June%202015_tcm40-266887.pdf)
- *2015-16 Delivery Plan Review* – report to Economic Development Committee – 01-12-2015

### **Electoral Division(s) and Member(s) Affected**

All

## **Appendix A: The Creative Greenhouse Survey Results**

### **Introduction and Methodology**

This report presents the findings from an online survey of the members of the Creative Greenhouse conducted from the 13<sup>th</sup> July to the 3<sup>rd</sup> August 2015. The survey was administered by Nottinghamshire County Council and emailed to 966 members of the Creative Greenhouse via Mailchimp. The survey was publicised through the Creative Greenhouse Twitter account and on the website and a reminder was sent in the final week of the survey to encourage participation.

The purpose of the survey was to gather the views of the membership on:

- What they used the Creative Greenhouse for
- What services provided by the Creative Greenhouse had they used
- The value of the Creative Greenhouse to their business
- Their interest in a programme of business support for members
- Their view on introducing a membership fee

A total of 45 responses were received which is a response rate of 4.6%, this is below the expected response rate of this type of survey. As this was an online survey the respondents were self-selecting with the majority of respondents describing themselves as being in the Arts and Crafts Sector and being sole traders.

The survey questions and results are detailed below. The percentages have been rounded up or down to the nearest whole figure and so may not equal 100% in all cases.

### **Summary of Key Findings**

#### **Q1. Length of Membership of the Creative Greenhouse**

43 out of 45 respondents answered this question with just over one in three (37%) stating between 1 to 3 years, (28%) over 5 years, (26%) 3-5 years and (9%) under a year.

#### **Q2. What support offered by the Creative Greenhouse are you aware of and have used?**

All respondents answered this question. Over four out of five respondents (87%) were aware of online resources with (35%) using them, (91%) were aware of website news postings with (41%) using them, (87%) were aware of the newsletter with (55%) using it, (90%) were aware of workshops/training events with (59%) using them, (91%) were aware of showcase/ exhibitions opportunities with (39%) using them, (87%) were aware of networking with (54%) using them and (100%) of respondents were aware of the twitter account and (44%) had used it.

#### **Q3. What do you use the Creative Greenhouse for?**

43 out of 45 respondents answered with one in three (33%) saying keeping in touch with similar businesses, (21%) getting new business, (12%) selling to the public, (2%) selling to other businesses and (33%) stated other.

**Q4. How important is the Creative Greenhouse to you and your business?**

43 out of 45 respondents answered. (33%) said important, (30%) said don't know, (14%) said very important and (14%) said not important and (9%) said not very important

**Q5. What is the Creative Greenhouse good at?**

42 out of 45 respondents answered. Two thirds (67%) said organising events, just under half (48%) said sharing business opportunities, (43%) said publicising events, just over 1 in 5 (21%) said business support and (7%) said other

**Q6. What is the Creative Greenhouse not so good at?**

29 out of 45 respondents answered, this is the 3rd lowest answered question. Over half of respondents (55%) said business support, (41%) said sharing business opportunities, 1 in 5 (21%) said publicising events and (34%) said other.

**Q7. Are you a member of any other networks?**

43 out of 45 answered. (56%) said they were members of other networks and (44%) said they were not. The other networks listed were a mixture of specialist networks, business clubs, regional and national arts networks and online communities.

**Q8. Participation in a programme of business support**

42 out of 45 answered this question. The overwhelming majority (86%) said yes they would participate in a programme of business support with (14%) saying no.

**Q9. What type of businesses support would interest you?**

38 out of 45 answered. Over 3 out of 4 respondents (76%) said help with marketing their business, next it was 1 to 1 business support at (66%), half of business (50%) wanted help with collaboration, just under half (47%) wanted help with funding, (37%) said product development, (29%) identified managed workspace and (5%) said other.

**Q10. If the Creative Greenhouse network ceased how would it affect your business**

44 out of 45 responded. Just over half (55%) said reduced networking opportunities, (34%) said no impact on their business, just over 1 in 5 (23%) said loss of publicity, (9%) said loss of customers and sales and (18%) said other

**Q11. Who manages and maintains the Creative Greenhouse Network?**

43 out of 45 answered. Just under 3 out of 4 respondents (72%) said Nottinghamshire County Council, (9%) didn't know, (7%) thought it was an individual or members of the network, (2%) thought a private company and (2%) stated other.

**Q12. Would you be willing to pay a membership fee?**

44 out of 45 respondents answered. The responses were equal in that (50%) said yes and (50%) said no.

**Q13. How much would you be willing to pay for membership annually?**

Respondents who answered yes to the previous question were asked to state how much they would be willing to pay. All 22 who said yes to the previous question answered with over half (59%) stating £25.00, (9%) said £50.00, (5%) said £75.00 and (27%) said other.

**Q14. What benefits would you expect for paying a membership fee?**



40 out of 45 respondents answered. (65%) would want free training, (60%) business opportunities, (57%) would want 1to1 business support and (27%) stated other.

**Q15. How frequently do you use the Creative Greenhouse website?**

41 out of 45 respondents answered. The majority (37%) said less than once a quarter, joint next highest at (32%) was once a quarter and once a month. None of the respondents said once a week.

**Q16. What do you use the Creative Greenhouse for?**

40 out of the 45 respondents answered. Just over 1 in 5 (82%) said keeping in touch with the sector, (5%) said selling to the public and selling to other businesses and (27%) said other.

**Q17. Do you sell your work online?**

43 out of 45 answered this question. (44%) said no and the same number said yes through their own website. (12%) said they sell on Etsy, (2%) on Ebay and (12%) on other online sites.

**Q18. Would you like the Creative Greenhouse website to become an online portal for selling your work?**

42 out of 45 answered. The majority (60%) said no they didn't want the website to become an online portal for selling their work. Fewer than 1 in 5 respondents (19%) thought this was a good idea.

**Q19. What sector would you describe your business as belonging to?**

41 out of 45 respondents answered. The vast majority (63%) said they were in the Arts and Crafts sector. The next highest at (7%) was the film and video, followed by Architecture, Community Projects and Design at (5%) the remainder at (2%) included Advertising and Marketing, Fashion and Textiles, Internet Publishing, Performing Arts, Photography and Publishing.

**Q20. How many full time staff do you employ?**

41 out of 45 respondents answered. 4 out of 5 (80%) said they didn't employ any staff followed by (20%) saying they employed between 1 and 5 people.

**Q21. Where is your business based?**

41 out of 45 respondents answered. Newark and Sherwood was the district with the highest number of respondents with (24%), followed equally by Nottingham City and Rushcliffe at (15%), Gedling was next at (7%), Ashfield at (5%), Bassetlaw, Broxtowe and Mansfield followed all at (1%). The highest numbers of respondents (27%) were from outside of Nottinghamshire.

**Q22. What was the approximate value of goods or services sold in 2014/15**

39 out of 45 people answered. 4 out of 5 respondents (82%) stated they sold up to £20,000 worth of goods or services, (15%) sold between £20,000 - £50,000 and (3%) between £50,000 - £100,000

**Q23. Who do you provide services to?**

This question had the lowest response only 15 out of 45 businesses answered. The joint highest groups were Disabled People and People with Learning Difficulties (47%), followed by the Elderly and Young People (40%) each, (13%) to BAME Communities and 53% other.

**Q24. Participation in a Focus Group**

38 out of 45 respondents answered. (53%) said yes and gave their contact details (47%) declined the opportunity to take part in focus groups.