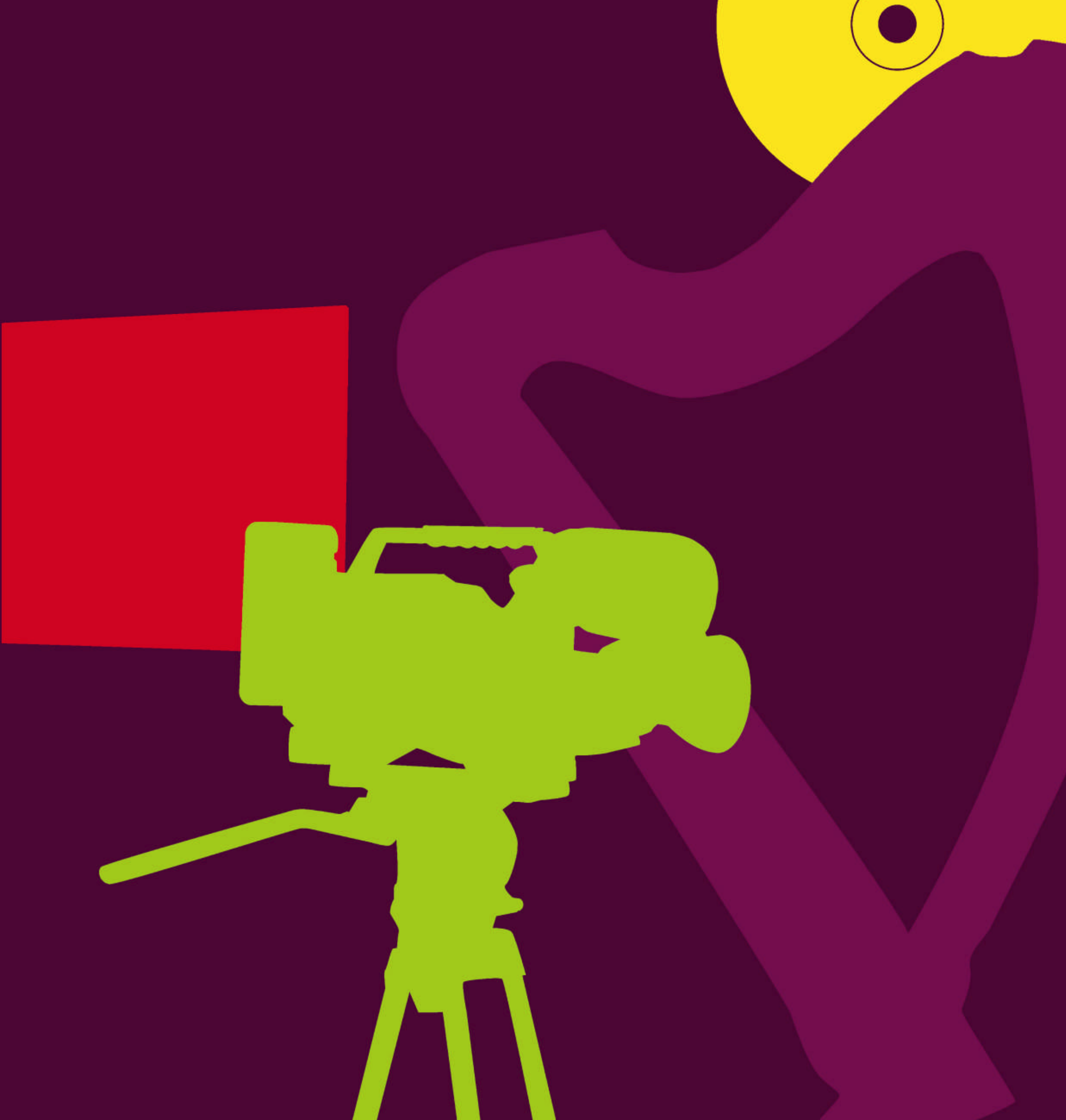
CREATIVE VALUE

The Economic Significance of the Creative Industries in Cornwall



CREATIVE VALUE

The Economic Significance of the Creative Industries in Cornwall

WRITTEN AND RESEARCHED BY THE CULTURAL POLICY AND PLANNING RESEARCH UNIT AT NOTTINGHAM TRENT UNIVERSITY AND PERFECT MOMENT, SEPTEMBER 2002

COMMISSIONED BY: CORNWALL ARTS MARKETING, SOUTH WEST REGIONAL DEVELOPMENT AGENCY, CORNWALL COUNTY COUNCIL, GOVERMENT OFFICE FOR THE SOUTH WEST, ARTS COUNCIL ENGLAND, SOUTH WEST SCREEN, DEPARTMENT FOR CULTURE, MEDIA AND SPORT

Until now, the economic importance of the Creative Industries in Cornwall has been difficult to demonstrate. A lack of data and academic research, a high degree of self-employed activity and challenges in defining emerging business sectors using SIC and SOC classifications established in the 1940s, has led to a frustrating stalemate. However it is clear to most commentators that the Creative Industries are important to the economy; but how can we quantify that importance to inform strategic decision-making?

This report is an initial attempt to demonstrate that significance. The research underpinning the report provides a detailed 'mapping' of the businesses involved and a clearer picture of the scale of operation. It also begins to highlight some of the key challenges for strategic planning and policy-making if Cornwall is to maximise the potential inherent in the Creative Industries sector.

The research was commissioned by Cornwall Arts Marketing on behalf of a wider Steering Group, which includes Government Office for the South West, Arts Council South West, South West Screen, The South West of England Regional Development Agency, the Cultural Industries Taskforce for Objective One (now Creative Kernow), Cornwall County Council, Culture South West and the Department for Culture, Media and Sport. Cornwall Arts Marketing was chosen to lead the process as it is an Objective One funded project that maps the economic performance of nearly 50 arts businesses as part of its normal function. It was felt by the Steering Group that this provided a sound basis on which to build a wider research project.

In deciding how to proceed the steering group had to make a pragmatic choice. The budget was relatively small and the task large and it was clear from the outset that it would be impossible to undertake detailed mapping of all the13 sub-sectors which make up the Creative Industries.

The Steering group opted for a compromise: a broad mapping of the Creative Industries, sticking to the SIC and SOC definitions, to give a headline idea of the scale of economic activity. This 'mapping' exercise was based on desktop research using existing data sources. The mapping was followed by a detailed interrogation and analysis of three sub-sectors: 'Visual Arts', 'Performing Arts' and 'Film & Video'. The findings of that second stage of research then inform the first. These sub sectors were chosen for practical reasons: Visual Arts and Performing Arts are the constituencies currently served by the majority of partners in the Cornwall Arts Marketing project, so data was readily available and analysis required; Film & Video is an area where strategic decision-makers have some immediate questions. Where those sub sectors do not correspond to traditional DCMS definitions, the rationale for classification is explained.

This research shows a growing, vibrant Creative Industries sector which offers many opportunities for the sustainable growth of Cornwall's knowledge-based economy. It also provides us with the type of concrete evidence required to inform and influence policy makers and funding bodies.

However it must be recognised that this work has only investigated three sub sectors in any detail and further research and analysis will need to be undertaken if a full understanding of the whole sector is to be achieved.

The steering group, now via Creative Kernow, will use this research to advocate on behalf of the Creative Industries sector in Cornwall, ensure that the key findings are embedded within the wider regional and national research agendas and consider the process for ongoing research needs.

Julie Seyler
Executive Director – Creative Kernow (on behalf of the Impact Steering Group)

Acknowledgements

The research team gratefully acknowledges the support of the steering group and the work of the joint chairs Richard Glover and Julie Seyler. We would like to thank the many hundreds of people working in the Creative Industries in Cornwall who freely gave us their time to provide the information on which this report is based.

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HEADLINE FIGURES FOR CORNWALL

All Creative Industries

Creative Industries Combined Turnover	£250 million.
Number of economic units	3,294
Number of employees	8,600
Percentage of workforce	4%
Growth in workforce 1998-2000	4%
Average % freelance/self employed	76
GDP	£100 million
% of Cornwall GDP	3.3
GDP per capita	£11,600
Total output impact	£457.5 million
Total income impact	£171 million
Total employment impact	13,932

Growth across Visual Arts, Performing Arts and Film & Video Sub-sectors

Market growth 1996-2001	61% reported growth in excess of 20% with 22% reporting growth in excess of 100%
Export	22% reported export as being a significant part of their market
Tourism	45% reported non UK tourists as being an important part of their market 56% reported that UK tourists formed an important part of their market

Visual Arts sub-sector (not including crafts or photography)

Turnover	£80.1 million
Number of economic units	1,500
Number of employees	3,300
Proportion of workforce freelance/self employed	79%

Performing Arts (Dance and Drama and associated activity – not including music)

Turnover	£11.2 million
Number of economic units	315
Number of employees	745
Proportion of workforce freelance/self employed	80%

Film & Video

Turnover	£23.4 million
Number of economic units	220
Number of employees	816
Proportion of workforce freelance/self employed	53%

1 Summary

This detailed study of the Visual Arts, Performing Arts and Film Video sub-sectors is the first research programme into the Creative Industries to be undertaken in Cornwall and is one of the most detailed studies ever undertaken into the true size of these sectors at sub-regional level. For many years there has been a realisation that nationally gathered statistics are too crude a tool to be used to inform policy at sub-regional level. Figures extrapolated from our detailed sub-sectoral research show that a *minimum* of 8,600 people are employed in the Creative Industries (rising to 9,500 if one were to include Museums and Libraries) – our experiences in this study suggest that further detailed research into other sub-sectors would most likely increase this figure.

The figures have considerable implications for policy making which has previously relied on estimates ranging from 2,345 in the Objective One Single Programming Document to the 5,600 quoted as the likely employment figure for 1996 in Cornwall's Cultural Strategy.

Freelancers and self-employed make up 76% of the workforce, compared with 25% in the general workforce in Cornwall and an estimate of between 30 to 50% for the Creative Industries nationally. In the three sectors we have researched there is only one business which has more than fifty employees and we have not identified any business with a turnover in excess of £2m. This does not fit in with national patterns where high proportions of freelances are contrasted with small numbers of large firms which generate most of the income. (In the South East Region - of the turnover generated by VAT registered companies 73% is achieved by 2% of the companies all turning over in excess of £5m.) This has considerable implications for those providing business support, assistance and training to the sector.

Comparisons are extremely difficult in the Creative Industries due to lack of clear information and difficulties in achieving clarity of definitions. However it is worth noting that employment in the Creative Industries equates to 3.9 % of the workforce which compares highly to the national figure of 3.7%. The clustering of businesses in Penwith results in a figure of 9% of the workforce being employed in the Creative Industries – a figure which compares well to employment figures of 5.3% for Leeds and 5.6% Sheffield, cities considered to be at the forefront of the Creative Industries. (*Creative Yorkshire Report* 2001). The figure of £250m for turnover equates to 25% of the £1bn which is quoted as the total turnover for the Creative Industries in the South West.

The Creative Industries have a strong potential for sustained economic growth and it is possible to reduce the obstacles which are currently affecting that potential. Growth in the sector is relatively healthy with 22% reporting over 100% increase in trade over the last five years - which compares well to annual growth rates in the overall economy of around 5-6%

This finding can be set against the fact that the majority (62%) of these companies spend very little on marketing and promotional activities; that a majority (73%) rate training in appropriate skills for business development as 'average to very poor' and that a large majority of established businesses (89%) rate business support and advice as 'average

> ***The DCMS definition of Creative Industries identifies 13 categories and is based on***
>
> ***"…those activities which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property" (DCMS, 1998:003)***
>
> ***They are:***
>
> - ***Advertising***
> - ***Architecture***
> - ***Art and Antiques Market***
> - ***Crafts***
> - ***Design***
> - ***Designer Fashion***
> - ***Film & Video***
> - ***Interactive Leisure Software***
> - ***Music***
> - ***Performing Arts***
> - ***Publishing***
> - ***Software***
> - ***Television and Radio***

to very poor.' Strategic planning, good leadership and long-term vision could firmly position Cornwall's Creative Industries in the global market place and enable them to make a significant contribution to the regeneration of Cornwall.

Whilst we have concentrated on the direct (and indirect) economic impact in this report we must not underestimate the contribution the Creative Industries bring to other areas which bring economic advantage to the area such as; regional distinctiveness, encouragement for inward investment (especially from small high income knowledge economy firms), education, and quality of life.

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2 Introduction & Background

2.1 The Context For This Report: Local But Strategic

The second largest export industry of the largest economy in the world is culture and entertainment. The economy is that of the USA.

The culture and entertainment industry got there by innovation. It stays there by market domination and continuing innovation. But the US cultural and entertainment industry (in film, television, music, interactive leisure software) was founded, largely in the first quarter of the last century, on small and informal networks of artisans and craftspeople: content generators and originators in writing, the visual and performing arts, and design. The vast economic potential of this pool of talent was initially realised by the work of a few highly motivated, talented, and in some cases ruthless, entrepreneurs who set in place the infrastructure for many of the corporations who now dominate world markets.

These people worked in a very defined locale - Los Angeles and, more specifically, Hollywood, and enjoyed the support of extensive informal and formal creative networks. They also enjoyed an ambience and lifestyle that was not constrained by the more stuffy traditionalism of the American East Coast.

There are lots of similar people and networks - and a similar ambience - in Cornwall: crucial feeders to and incubators for the Creative Industries locally, regionally, nationally, and internationally.

The comparison - Hollywood and Cornwall - may seem far-fetched but it is not emulation that is on the agenda here. Rather, it is a question of recognising how a new strategic context is emerging for the Creative Industries. One that connects a distinctive and place-specific creative ethos and infrastructure - which Cornwall clearly has - to new initiatives and opportunities in economic development, job-creation, and local and regional regeneration. Quite simply, Cornwall can be staking a claim and a place in an emerging economy and society in which knowledge, creativity, and the market for cultural goods and services are becoming more important than primary production and manufacturing in terms of both jobs and lifestyles.

Debates in the UK have moved on from the pioneering work of John Myerscough and others on the 'Economic Significance of the Arts' in the 1980s. Important as the findings and impacts of that work were for edging culture and the arts into mainstream policy and planning considerations, the debate and context are now much more mature and strategic. They are now more firmly linked, for example, to the role of culture and the arts in regeneration, in industry development and job-creation, in community capacity-building and quality of life, in consolidating distinctive local and regional identities (and therefore competitive advantage) and in creating the conditions for access to a creative 'knowledge economy'.

In the knowledge economy Creative Industries matter because they are part of the 'content industries' and the 'copyright industries' which make up a global creative economy now worth $2.4 trillion or 7% of global GDP. As the recent London report on the economic impact of the Creative Industries states:

> *Since the Second World War a mass consumer market has developed for a wide range of diverse and highly differentiated products. At the same time the creative input required*

> *has expanded and diversified in its turn. As a result we have seen the dramatic growth of those industries directly associated with the creative process*[1]

But this is more than a financial case. The creative and content industries are distinctive and unique ('commodities like no other' according to a recent UNESCO formulation) and also matter because they relate simultaneously to:

- our capacity to encourage new and significant industry development as we move into a 'knowledge economy'
- quality of life as reflected in culture, self-expression and identity
- the building of 'knowledge banks' which will become the valuable and tradable intellectual property of domestic industries, producers and creators[2]

It is this distinctive connection between industry development, quality of life in culture, self-expression and identity and the development of new types of tradable intellectual property ('knowledge banks'), especially in the context of rapidly developing digital and new media capacity, that is both clear and strongly emergent in Cornwall and which provides an underlying theme and portal of opportunity for the Creative Industries in Cornwall.

In the context of the Cornish economy the Creative Industries can be seen as vital in being an important part of a landscape which will support the growth of other key knowledge based industries. For reasons of scale, sustainability and high value these are the businesses which provide the best opportunity for the regeneration of the Cornish economy.

The UK has been slower than many other countries in recognising this potential, especially at the regional and local levels. But developments in the past few years - the establishment of Regional Development Agencies, the mapping work of the Creative Industries Task Force, the recognition of the significance of regional clusters for industry development, the development of local cultural strategies - have created the conditions for a new 'regional renaissance' with culture, content and distinctiveness leading the way.

This reality - of regional distinctiveness and viability as both strategic and competitive advantage in a global context - is recognised, and encouraged, by the European Commission, the Council of Europe, UNESCO, the OECD and the World Bank, all of which now have major cultural/creative/content/communications industry programmes and departments addressing the potential of this industry sector. These programmes link - 'join up'- creativity, culture, economic well-being and quality of life.

This report offers, for Cornwall, the evidence for this agenda and should open the doors to strategically position its creative infrastructure as a potential leader in the field. For example, there is evidence of:

- strong creative and cultural industry growth at both Cornwall wide and regional levels
- a sustainable industry base of long-established and newer companies

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[1] Creativity London's Core Business – GLA Economics October 2002

[2] Cutler and Company, *Commerce in Content: Building Australia's International Future in Interactive Multimedia Markets*, Canberra, 1994

- an 'ecology' of trading interdependencies linking freelancers, micro-businesses and the larger creative businesses
- strong and growing export potential
- a special relationship and loyalty to Cornwall
- distinctive patterns of market growth

There is also evidence of the barriers and threats to these positive growth factors. However, on balance, the weight falls on the positive rather than the negative side particularly if the right policies and mechanisms are set in place to provide the enabling conditions for sustainable growth of the Creative Industries.

2.2 Approach and Methodology

This report maps and evaluates the economic significance and, where possible and calculable, the economic *impacts* of the Creative Industries in Cornwall. The analysis presented is based on:

- available quantitative data, usually in statistical form provided by government agencies
- 488 telephone and postal surveys of Creative Industries in Cornwall identifying both quantitative factors and qualitative concerns and issues
- a series of 19 in-depth interviews with individuals and organisations in the Creative Industries
- construction of a research database (Central to this was the research commissioned from existing practitioners in each of the three sub-sectors which provide the specific focus for this report. These researchers were sufficiently aware of the workings of each sub-sector and of their key networks to track down the most invisible of the statistically invisible practitioners.)

These data sources are, in turn, informed by a process of benchmarking with similar and commensurate studies at national, regional and local levels in the UK and elsewhere. In this process due attention has been paid to the policy, funding and investment climate for the Creative Industries and the context in which they sit.

While we present overall data and trends for the Creative Industries in Cornwall the specific focus in this report is on three key sub-sectors. These are:

1. Film & Video
2. Performing Arts
3. Visual Arts

These three sub-sectors were identified by the commissioners of this study as providing, within the time-frame and resources available, a representative picture of the state of health of the Creative Industries in Cornwall.

Further research will need to be undertaken in areas such as Design, Crafts, Music, Publishing, etc., but they are not part of the brief for this project. What we present here is an informed cameo of a substantial section of the Creative Industries in Cornwall. For the reasons we outline below, in order to understand the 'big picture' in both scope and fine-grained detail further investigations will be required.

2.2.1 Data sources: some cautions

Notwithstanding the work, since 1997, of the Government's Creative Industries Task Force and their two *Creative Industries Mapping Documents* (DCMS 1998 and 2000) and the growing collection of regional and sub-regional studies in the area, it is still the case that the Creative Industries remain significantly under-researched.

This is partly because of the relative novelty of the field as one for serious policy interest and intervention and partly because of the (related) lack of a comprehensive quantitative baseline for analysis in the form of reliable and sufficiently sensitive statistical data on industry classifications, occupational classifications, trading interdependencies and consumption patterns.

Unlike countries such as Australia, Canada, Finland, France, Norway and Sweden which developed and adapted the UNESCO Framework for Cultural Statistics during the 1980s, there is little in the UK which can be taken as sufficiently robust and reliable as an incontrovertible quantitative data source for evidence-based policy on the Creative Industries. Much work is therefore based on the identification of broad trends and patterns in industry growth/decline (measured through GDP and employment numbers), market growth/decline (measured through turnover, sales, exports, etc) and broad consumption figures in areas such as the annual household expenditure on 'Leisure Goods' and 'Leisure Services' as identified in the *Annual Expenditure Survey* based on the completion of diaries by a random sample of households.

We have used all of these sources while noting the following cautionary facts:

- The *Annual Business Inquiry* (ABI) from which we have identified employment figures in the 47 Standard Industrial Classification (SIC) categories identified at Appendix 1 relevant to the current definition of the Creative Industries identify full-time employment in registered businesses with employees. They do not identify businesses that are not registered at Companies House and therefore many of the self-employed and freelancers. Nor do they identify people whose principal employment may be as a teacher, librarian, bar-worker, etc., but who use the other part of their time as practising artists for commercial or non-commercial purposes.

- The major categories of the DCMS Creative Industries mapping documents (1998,2000) do not neatly correspond to available Standard Industrial Classification (SIC) codes.

- Figures from the *Labour Force Survey* (LFS) are aggregated into very broad industry clusters as follows:
  - ⇒ Agriculture and Fishing
  - ⇒ Energy and Water
  - ⇒ Manufacturing
  - ⇒ Construction
  - ⇒ Distribution, Hotels and Catering
  - ⇒ Transport and Communications
  - ⇒ Banking, Finance and Insurance etc.
  - ⇒ Public Administration, Education and Health
  - ⇒ Other Services

  These figures are therefore not much use when it comes to calculating employment trends in the Creative Industries. They have been used in this report only to identify the following gross factors:

- ⇒ Total economically active population (those in employment or out of employment but actively seeking a place in the workforce)
- ⇒ Total in employment
- ⇒ Total self-employed

- Finally, it is important to note that all of the above statistical frameworks and survey methods are constructed at a *national* level and, even when they can enable us to identify significant trends or patterns in the Creative Industries, they are not sensitive to regional or sub-regional variations in demographics, settlement or industrial structure. While they can, in some circumstances, be applied with some limited confidence at the regional level in the case where a region more or less closely resembles the national pattern, this is a rare occurrence with the dominant South East/London area being the obvious exception. But they do not translate easily - or at all - at the sub-regional level and especially for a demographically small and industrially atypical area such as Cornwall.

We are, then, using fairly crude tools to identify one of the major impacts of the Creative Industries: actual employment participation, growth or decline in specific areas. But these crude tools are better than nothing and necessary but not sufficient for detailed and policy-enabling analysis.

2.2.2 Additional sources

In order to supplement these inadequate data sources with more tangible sources of information we agreed in this project to undertake four tasks that would enable some identification of the specific and distinctive nature of the cultural economy of Cornwall as follows:

- A tracking of databases, the following up of informal networks and contacts and other sources of information that have enabled the identification of the large number of 'statistically invisible' workers in the Creative Industries who do not appear in any of the quantitative sources identified above. These we identify in the report as 'The Independents'.

- A telephone survey of 100 of these 'Independents' investigating the nature of their creative and business activities, their perceptions of training and business support, etc and their relationship to Cornwall as a creative, social and business *milieu*.

- A telephone survey of 355 creative and cultural industry businesses in the commercial sector in the three key sub-sectors of Film & Video, Performing Arts and Visual Arts to identify factors such as nature and age of business, market nature, growth and decline, barriers to business growth, etc.

- A postal survey of 38 partners of Cornwall Arts Marketing representing organisations in the Independent, Commercial and Subsidised sectors across art forms but with a focus on Film & Video, Performing Arts and Visual Arts.

- A series of 19 in-depth interviews with both Independents and CAM partners across the three priority sectors to provide some qualitative, evidential and anecdotal substance to the quantitative findings and the directions in which they point.

2.2.3 Conceptual bearings

Objective and quantitative data are always collected, analysed and interpreted in a specific and agreed context of understanding. In the case of this report this is provided partly by the brief for the project and partly, given the absence of reliable data sources outlined above, by our 'take' on the brief informed by best practice elsewhere and our own experience of working in the field in a number of local, regional, national and international contexts.

The conceptual and analytical directions of our approach to the data and information presented in this report can be summarised under two headings as follows:

- the ecology of culture
- the cultural value production chain

2.2.4 The ecology of culture

What does it mean to talk of ecology of the cultural sector? The answer to this question is vital for an understanding of the relationship between the economic and social impacts of culture in both subsidised and commercial forms.

We have found in our assessment and analysis that it is crucial not to underestimate the importance of the relationship between the subsidised arts sector and the broader industry of which it is a part. Canadian theatrical entrepreneur David Mirvish has emphasised the importance of the subsidised sector for the industry as a whole in the following terms:

> *I've never had a grant and I'm not looking for a grant…But I'm dependent on what arts grant agencies do. Over the last 30 years I've built an organisation of people who have come out of the non-profit sector, and am now employing 1,345 people."*[3]

These people – actors, directors, musicians, and set designers, new media specialists, technicians – move in and out of subsidised and commercial sectors frequently. This is the nature of the sector. This is what we mean by its 'ecology' - how the parts connect and sustain each other.

This is how people who are trained, for example, in the environment of community and street arts, music pubs, and clubs, transfer to and develop their skills in commercial creative production environments - and often move back again. This 'export potential' then feeds back into the local cultural scene in terms of both earnings and skill and capacity development. There are many other emergent products of this ecology in music, theatre, dance, and the visual arts and in new media.

A 1994 Report of the Canadian Government's Ministry of Culture, Tourism, and Recreation outlined the importance of this ecology:

> *…the health of our Creative Industries is inextricably linked to the flourishing of the arts…[to] the essential role that the arts sector plays in developing cultural products and in training and supporting the writers, choreographers, composers, dancers, producers, musicians, playwrights, filmmakers, designers, actors, technicians and others who work in [our] Creative Industries. During their careers, cultural workers move back and forth*

[3] Cited in *Toronto Arts Council State of the Arts Report*, (http://old.city.toronto.on.ca//4service/tac/starts/htm), p. 3

> *between the commercial and non-for-profit sectors. This flow of talent, skills and experience is of inestimable benefit to both."*[4]

This argument underpins our approach in this report to the three core components of the cultural sector: the commercial Creative Industries, the subsidised or eligible-for subsidy sector, and the 'Independents'.

2.2.5 The cultural value production chain

Value production chain analysis is a model for the evaluation of economies, industries and industry sectors and sub-sectors which enables the identification of strengths and weaknesses at every stage from creation through the production process, marketing and distribution on to the moment of demand and consumption. It assesses strengths and weaknesses from both supply-side and demand side and provides a diagnostic framework for advice, assistance, advocacy, and information to stakeholders and guidelines for policy and intervention as appropriate.

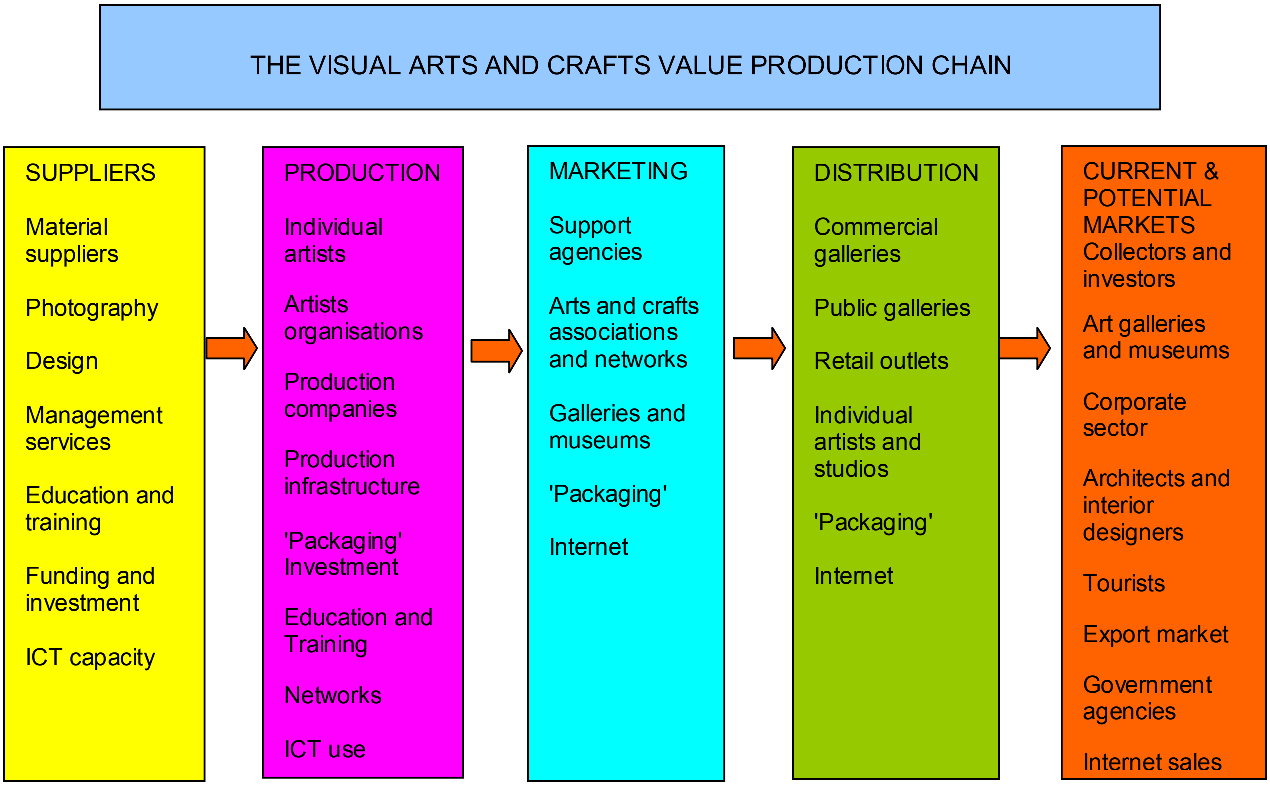
This is an especially useful methodology to apply to cultural economies where critical mass factors and economic 'externalities' such as quality and diversity of community life and activity, quality of amenity, networks of social interaction, etc., are all vital factors in the resilience and robustness of the value chain. This approach can be used to address the linkages between tourism, arts, and broader cultural sectors.

There are seven key **objectives** to value production chain analysis, which can be identified as follows:

1. To *describe* the industry/activity/business through relevant data sets
2. To *assess* whether the chain is intact/robust in both Cornwall and the broader market area.
3. To *determine* which activity/stage is the 'gatekeeper' from the point of view of control and/or profitability
4. To *identify* distinctive competencies - or their lack - and their relevance to the market place.
5. To *analyse* the degree of integration.
6. To *compare* size, viability and the human/physical/creative resources available.
7. To *assess* the impacts of funding and other resourcing/support by government.

In terms of what a value production chain looks like and what factors need to be assessed at every stage, we have borrowed and modified a model for visual arts and crafts developed by the Australian government in 1992. The value production chain is in 5 stages and, for this sub-sector, can be represented, with its respective inputs, throughputs and outputs as follows in the chart below:

[4] Cited in *Toronto Arts Council State of the Arts Report*, (http://old.city.toronto.on.ca//4service/tac/starts/htm) p.15

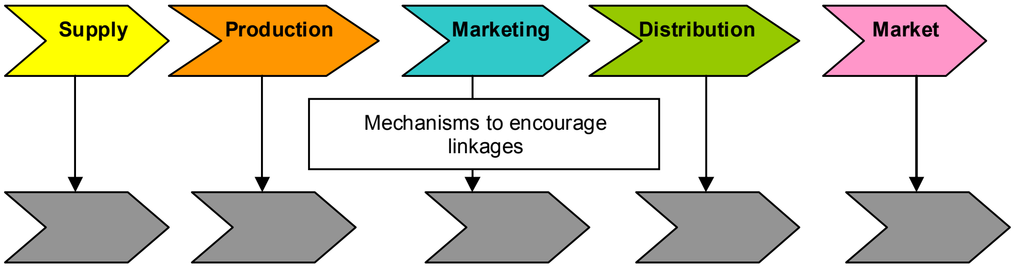


Adapted from: Australian Commission for the Future Ltd (1992) A Framework for Improving Viability in Selected Sectors of the Cultural Industry, Canberra, DASET.

The aim of value production chain analysis is to adopt a 'whole of industry' focus and to provide a diagnostic tool for government and other agencies to assess where best to intervene with support measures as necessary and appropriate. The historical legacy of 'Arts Council' models of funding, for example, has been a strong emphasis on the stages of creation ('Supply' in the model above) and production with much less emphasis on issues of marketing, distribution, audience and market development, and demand stimulation.

The application of value production chain approach to the cultural sector implies much more of an industry-focussed (rather than programme-oriented) approach by funding and support agencies and a more strategic and big picture take on the relationships, for example, between subsidised and commercial activities and how they interact along the chain. Thus, a model for linking the cultural value production chain with the mainstream industry value chain might look like following diagram, with the advantages of the linkages identified below:

CULTURAL INDUSTRY VALUE CHAIN



MAINSTREAM INDUSTRY VALUE CHAIN

Advantages

Access to finance and other resources for creation-production	Access to volume production and reproductions systems including royalties Application of technologies	Access to industry marketing capabilities	Access to industry distribution channels	Access to existing markets Synergies for new market development

Adapted from Australian Commission for the Future Ltd (1992), A Framework for Improving Viability in Selected Sectors of the Cultural Industry, Canberra, DASET.

One implication of this approach is, in policy and funding terms, 'to cross the artificial barrier between the "creative" arts and mainstream industry': a process which, as we demonstrate in this report, is already happening in Cornwall

This mode of analysis has informed our approach to this project and, while a full analysis of the Cornish cultural economy in these terms is not feasible within the terms of reference or the resources for this project, the general and strategic purview offered by this model have determined, to a large extent, the design and analysis of our survey instruments. We identify, in the analytical sections that follow, the significance and purchase of this framework of analysis and identify pointers and indicators for future work in the area.

2.3 Definitions

2.3.1 Media

The quantitative baseline definition of media (or audiovisual) presented in this report is covered by the following *Annual Business Inquiry* (ABI) Standard Industrial Classification (SIC) codes:

2214: Publishing of sound recordings
2231: Reproduction of sound recording
2232: Reproduction of video recording
9211: Motion picture and video production
9212: Motion picture and video distribution
9213: Motion picture projection

9220: Radio and television activities

Statistics on employment from this source were supplemented by sources from the *Yellow Pages* Business Database and other available sources.

2.3.2 Visual arts

Visual arts does not have a Standard Industrial Classification (SIC) code in the UK and, for those counting this as their principal form of employment, it is included in the category 'Artistic and Literary Creation'. Some may also be found in other main categories such as Advertising, Operation of Arts Facilities, etc. Our sources of information for this sub-sector were therefore heavily reliant on our own database, on Yellow Pages sources and on local knowledge. Visual arts is taken to include here the various stages of the production chain from 'Supply of Artists Materials' through the practising artists themselves to commercial and publicly funded galleries.

2.3.3 Performing arts

Performing arts - in which we include theatre, and dance, but not music, does not have a Standard Industrial Classification category and, as with Visual arts, for those counting this as their principal form of employment, it is included in a number of categories including 'Artistic and Literary Creation, etc', 'Other business activities', 'Operation of arts facilities', 'Other entertainment activities' and 'Other recreational activities. As with the visual arts we have identified participation and respondents in this category from Yellow Pages and other database, informal and support agency sources.

3 The Creative Industries in Cornwall

3.1 Overview

Cornwall has a long-established national and international reputation in the arts as traditionally defined. In the visual arts in particular, St Ives and Newlyn are not just places but also describe a community, an ethos, even a style. To this long established reputation in one field we can now add evidence of significant growth on the broader front of what are now known as the ' Creative Industries'. These include the more traditional visual arts, crafts, performing arts, literature and music but also now film, television and radio, software development, advertising, architecture, design and designer fashion. The basis of all of these activities and what they have in common as both distinctive human activities and as industries, is *intellectual property.* This forms the basis for the definition of the Creative Industries as:

> ***…those activities which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property (DCMS, 1998:003)***

It is clear from this report that there is no shortage of intellectual property, skill and talent in Cornwall. Furthermore, there is significant evidence of both real growth and potential for growth in the exploitation of this intellectual property and the development of these skills and talents to the benefit of Cornwall in both quantitative and qualitative terms.

In **quantitative** terms we have found that the Creative Industries in Cornwall:

- employ a minimum of 8600 people or up to 3.9% of the economically active population (compared with a national figure of 5%)
- have grown, in employment terms, by about 4% in the period 1998-2000
- have experienced, in the same period, significant growth in employment in areas such as leisure and entertainment (47% growth), audiovisual industries (33% growth), advertising (43% growth) and artistic and literary creation (11% growth)
- have enjoyed significant market growth with the majority (61%) growing between 20-100%
- earn revenues of about £250 million which is 25% of the South West figure of £1 billion
- contribute, conservatively, £100 million to Gross Domestic Product (GDP)
- enjoy a significant and growing export market (including sales of product to overseas tourists)
- have an apparently sustainable industry base with a reasonable equilibrium of companies established for more than 20 years and companies established for less than 5 years

In more **qualitative** terms we have found that the Creative Industries:

- benefit from and contribute greatly to the distinctive quality of amenity, quality of life, and lifestyle of Cornwall
- see these factors as fundamental to their 'business case' for staying in or relocating to Cornwall
- enjoy and sustain the values of being part of a 'creative community'.
- are benefiting significantly from the availability of information and communications technologies for purposes of creation, production, marketing, distribution and sales of their intellectual property
- see themselves as being crucial contributors to the emerging 'knowledge economy' in which intellectual property and other intangible (but valuable) resources are becoming as, or more, important as the products of primary industries and manufacturing to the economy
- thrive on the existence of both formal and, especially, informal networks of business, social and cultural interaction
- rely on a finely tuned - but precarious - 'ecology' of interaction of people, skill and creative content between the commercial, independent and publicly funded elements of the cultural economy

These are the positive elements of our findings. Naturally there are negative elements or barriers to sustainable growth of the Creative Industries and these can be succinctly summarised as follows:

- Lack of recognition by mainstream policy and funding agencies of the economic significance of Creative Industries sector and its sub-sectors.
- Lack of appropriate and flexible business and financial support at start-up, developmental and consolidation stages.
- Lack of sufficient and appropriate education, training and skills development support, especially in the areas of administration, business management and planning, marketing, promotion and demand-stimulation.

But our respondents, on the whole, recognised that things are changing for the better. The growing recognition of the *strategic*, rather than just 'supplementary' importance of the Creative Industries at national, and especially regional and local levels, the increasing penetration and availability of ICT capacity, the emerging seriousness of more regionally-specific agendas and institutions in both policy and funding terms, and the manifest growth of their own markets, all mean that there is a sense in which these knowledge and intellectual property-based industries are beginning to move in from the margins and into the mainstream.

To enable that move, however, it is clear that in order for the Creative Industries to be both *known* and *grown* a number of things have to happen which are beyond the remit and resources of this project. These include:

- Further detailed, systematic and comprehensive mapping of all sectors in the Creative Industries that have not been included in this study - assessing their impacts and significance in terms of employment, turnover, contribution to GDP and other impacts.

- A 'Creative Industries Observatory' function jointly supported and participated in by regional agencies, local government authorities and higher education institutions would be desirable in this context to provide an ongoing mechanism and knowledge base for assessment and intervention as appropriate. These are not functions that are currently well-addressed by national survey mechanisms such as the Annual Business Inquiry, the Labour Force Survey, or the Census and are much more effectively carried out at a regional level.

- Policy and organisational attention to the requirements of the Creative Industries noted in this report, and many others, in the following areas:

    - Business start up
    - Business growth
    - Marketing
    - Finance
    - Education and training provision attuned to the needs of the sector as a whole and the various sub-sectors

- Development and consolidation of the enormous potential for creation, production, distribution, marketing and sales offered by new ICTs.

3.2 The Findings/Charts

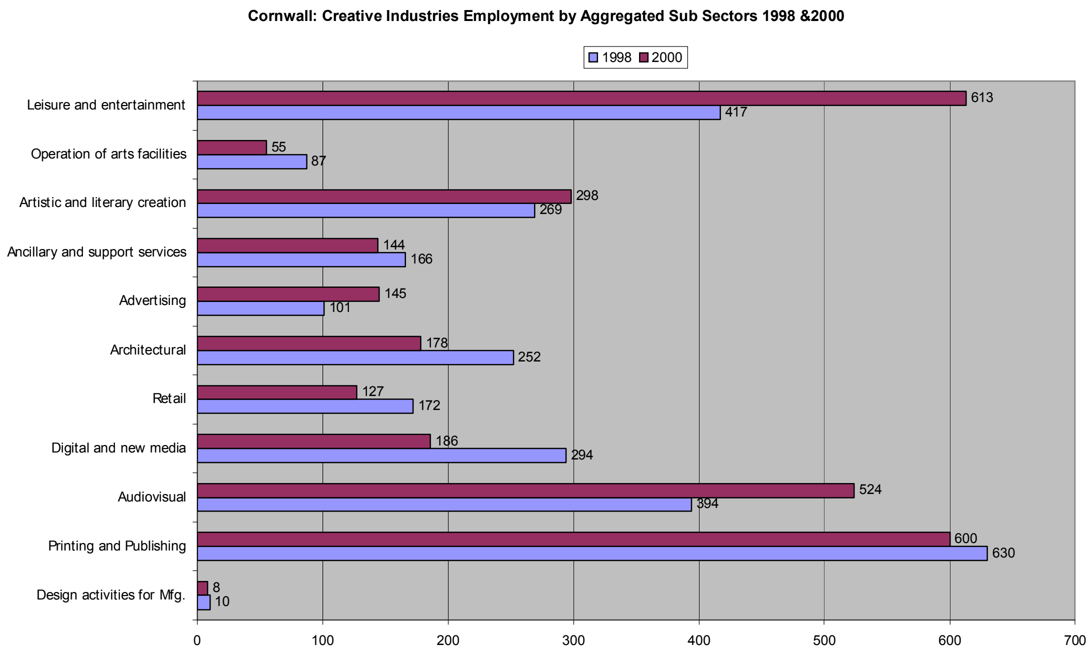
We present here some of the key findings for the Cornish Creative Industries as a whole before moving, in the next main section to an analysis of the three key sub-sectors of film and video, visual arts and performing arts.

3.2.1 Employment

Statistically visible employment

Based on figures from the Annual Business Inquiry conducted by the Office of National Statistics in 1998 and 2000, employment in the Creative Industries in those years was, respectively, 3461 and 3603 (a healthy growth rate over 2 years of 4.1%).

This employment is spread across the following aggregated sub-sectors, with 1998/2000 growth/decline figures as shown in the following chart:



These are the 'statistically visible' figures for the Creative Industries from the ABI but they do not include many self-employed people, freelancers, etc who make a substantial contribution to the Creative Industries, especially in the South West region and, more especially in Cornwall where the general figures for self-employment tend to be higher than in the rest of England.

As we note, even on this incomplete statistical calculation there appears to be some significant growth trends with the following as the most significant, in descending order:

- leisure and entertainment (including musicians and performers) with growth at 47%
- advertising (including artists and writers) with growth at 43%
- audiovisual (including film, broadcast media) with growth at 33%
- artistic and literary creation (including visual artists, writers, composers) with growth at 11%

Statistically invisible employment

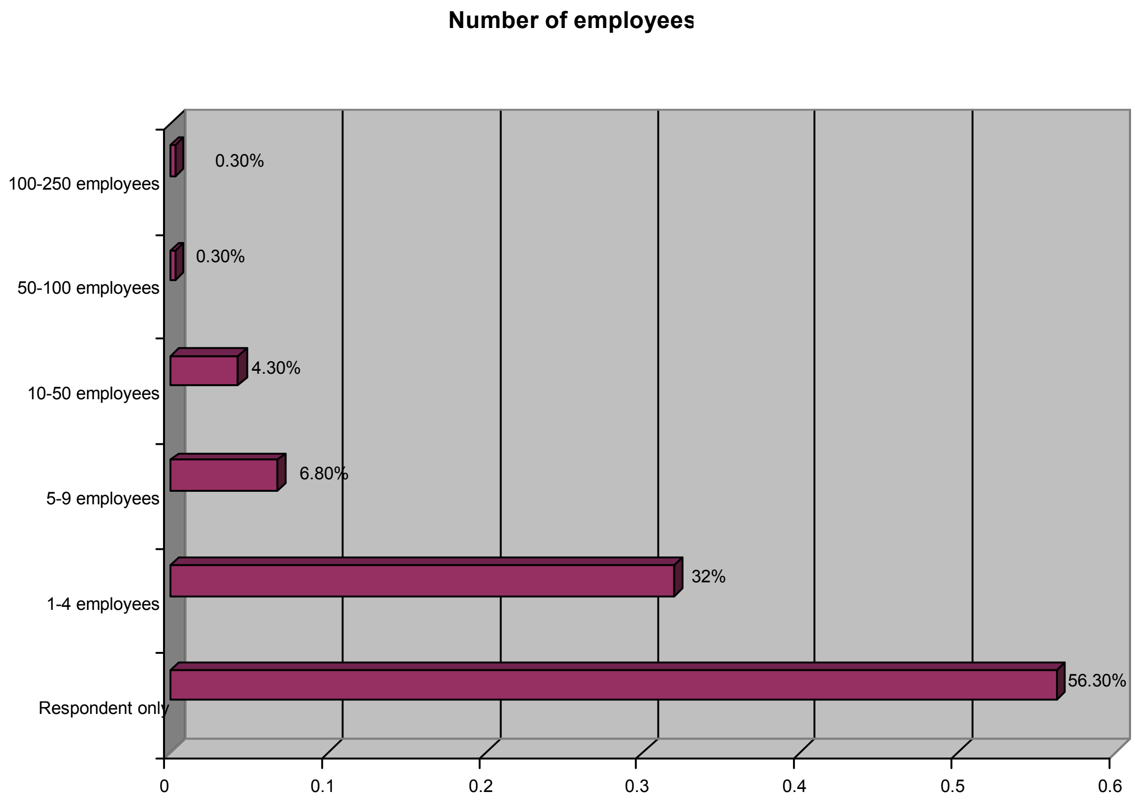
Many self-employed, freelancers and intermittent workers within the creative industries are not identified in national statistical surveys. These people, though invisible in statistical surveys, often form the 'lifeblood' for the body cultural.

They are the micro-organisms which keep the ecology moving and adapting as they move between subsidised and commercial sectors, transferring, often on a day to day basis, their skills and intellectual property, from a local museum or theatre to a commercial design house, from a local government-funded music or performing arts venue to a commercial design or music production studio, from a visual arts studio to an advertising or web-design company.

In this category of 'statistically invisible' workers in the Creative Industries we have calculated from our research and analysis of databases and other sources that there is an additional 3,000 to 3,250 people in Cornwall whose creative industry business or status may not be registered in national statistical frameworks, but who are nonetheless, economically active, and vital to the health and sustainability of those industries.

It is therefore impossible to disaggregate these people into the ABI Standard Industrial Classification codes shown in the above chart but we can note that this brings the workforce total to around 7,500 employees or up to 3.5% of the economically active population of Cornwall.

Numbers of Employees as reported by Telephone Survey Respondents



The detailed picture

An extrapolation from our mapping research into the three sub sectors, government agency statistics and information garnered through the telephone survey produces a far more detailed picture of the levels of real employment of the cultural industry.

1. Total of employment levels across the three sub-sectors estimated from our mapping exercise.

The estimates of levels of employment, below, have been produced using the following methodology to produce as accurate a picture as possible. Firstly the responses to the random telephone survey have been adjusted to take into account the much higher proportion of freelancers which the mapping exercise has identified. (see Appendix 2 for details of the methodology used to produce this adjustment). Then the total numbers of businesses identified in the mapping exercise are multiplied by the percentage falling into each band according to the adjusted survey replies (i.e. 17.65% of businesses have between 1 and 4 employees. This corresponds to 365 companies (2068 x 17.65%). Low, medium and high estimated totals of number of employees are then provided.

Band according to numbers employed per business (not including freelance employees)	%	Number of Businesses	Number of employees (low estimate)	Number of employees (medium estimate)	Number of employees (high estimate)
Self employed/ freelancers	76.20	1576	1576*	1751**	1970***
1-4 employees	17.65	365	730 (estimated average of 2 employees)	1095 (estimated average of 3 employees)	1,278 (estimated average of 3.5 employees)
5-9 employees	3.73	77	462 (estimated average of 6 employees)	539 (estimated average of 7 employees)	616 (estimated average of 8 employees)
10-49 employees	2.37	49	980 (estimated average of 20 employees)	1470 (estimated average of 30 employees)	1960 (estimated average of 40 employees)
50 + employees	0.05	1	79	79	79
Total	**100**	**2068**	**3827**	**4934**	**5903**

* *Low is based on research capturing 100% of self-employed/freelancers*

** *Medium forecast is based on the research only having captured 90%*

*** *High forecast is based on having captured 80%*

2. If we add from Annual Business Inquiry the following employment figures for Creative Industries Standard Industry Codes.

	Low Estimate	Medium Estimate	High Estimate
Leisure and entertainment	429 (estimated 30% already in database	490 (estimated 20% already in database)	551 (10% already in database)
Operation of Arts facilities	Covered in database	Covered in database	Covered in database
Artistic and literary creation	89 (70% already in database)	118 (60% already in database)	148 (50% already in database)
Ancillary and support services	100 (40% already in database)	116 (30% already in database)	132 (20% already in database)
Advertising	145	145	145
Architectural	178	178	178
Retail	38 (70% already in database)	51 (60% already in database)	64 (50% already in database)
Digital and new media	186	186	186
Audiovisual (NB Radio not included in database)	110 (working in Radio)	162 (110 radio + 10% not captured on database)	215 (110 radio + 20% not captured on database)
Printing and Publishing	600	600	600
Design Activities for Mfg	8	8	8
Sub total	*1883*	*2054*	*2227*
Freelancers and self employed not appearing in ABI statistics	565 (estimated at 30% of the workforce)	924 (estimated at 45% of the work force)	1336 (estimated at 60% of the workforce)
Total	**2448**	**2978**	**3563**

Low medium and high estimates take into account that due to the lack of clarity of definition in the Creative Industries a proportion of those appearing in the ABI figures may have also been captured in the intensive mapping of the film & video, visual arts and performing arts sectors.

Previous estimates of the Creative Industries estimate that at least 30% of the workforce is freelance or self employed. Our detailed research of the three sub sectors in Cornwall identifies a much higher proportion and therefore our estimates reflect the likely overall figure in Cornwall.

3. If we add in the craft sector - a recent study suggested that the craft sector has 1,000 workers in Cornwall (The Applied Arts; Creating Prosperity for Cornwall July 2000)

	Low Estimate	**Medium Estimate**	**High estimate**
Craft	600 (40% already in database)	700 (30% already in database)	800 (20% already in database)

The low medium and high estimates take into account that some visual artists also work as craft workers and also that lack of clarity in definitions may result in some visual artists being defined as craft workers in the previous study –referred to above.

Total Numbers Employed

	Low	Medium	High
From 3 sub-sectors	**3827**	**4934**	**5903**
From other C.I. sectors (ABI Figures)	**2448**	**2978**	**3563**
Craft	**600**	**700**	**800**
Total	**6875**	**8612**	**10,266**

If we take the middle figure of 8612 as being a reasonable estimate (taking into account that estimates from SIC code analysis for the 10 sub-sectors for which we have not undertaken detailed analysis almost certainly do not reveal the true extent of the sector) then this represents 3.9% of the active workforce in Cornwall. This is above the national figure of 3.7% and compares favourably with employment figures of 5.3% for Leeds and 5.6% for Sheffield, cities considered to be at the forefront of the Creative Industries. *(Creative Yorkshire Report 2001*). The clustering effect in Penwith produces a figure of approximately 9% of the workforce engaged in the Creative Industries.

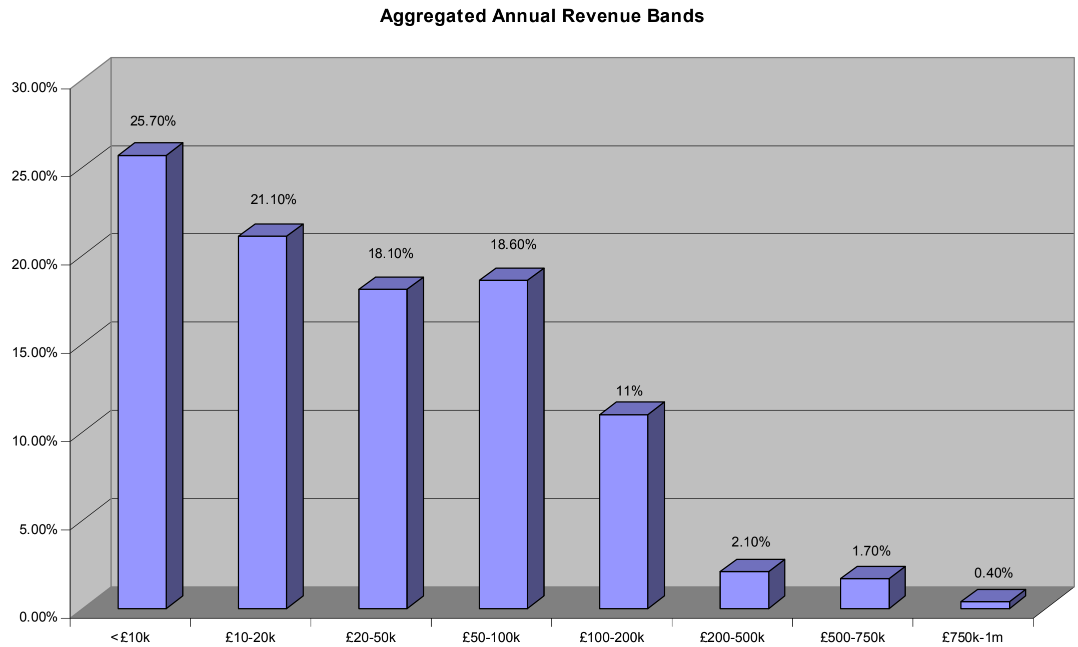
Location

Where is this happening? All over Cornwall and the geographical distribution of this employment for 2000 is shown in full at Appendix 2.

3.2.2 Revenue

Estimated Turnover for Creative Industries Sector
In the following table we have taken the information obtained from our detailed telephone survey of the three sub sectors and extrapolated the findings across the whole of the Creative Industries sector.

Turnover Bands from Telephone Survey



In order to estimate the number of businesses (including sole traders and freelancers) involved in the Creative Industries in Cornwall we have taken the number of businesses identified in our detailed mapping of the three sub-sectors i.e. 2068 and added to it an estimated total of 1226 businesses for the other 10 sub-sectors. This estimate was arrived at by taking the estimated number of employees 3678 (see medium estimates for craft and other C.I sectors on page 25) and dividing by an average of 3 employees per business (compared with 2.4 for the three sub-sectors which are likely to have a much higher proportion of freelancers).

This gives us a total of 3,294 businesses working in the Creative Industries (i.e. 2068 + 1226).

We have then taken the results of the telephone survey of the three sub-sectors and applied them to the estimated total of 3,294 businesses, i.e. 21% of companies surveyed had a turnover of between £10k and £20k. This corresponds to a total of 695 companies.

Low estimate	= 695 x £10,000	= £6,950,000
Medium estimate	= 695 x £15,000	= £10,425,000
High estimate	= 695 x £17,500	= £12,162,500

Band	Percentage of businesses in each turnover band	Number of businesses	Low Estimate (bottom of range) £	Medium Estimate (middle point of range) £	High Estimate (3/4 point of range) £
> 10k	25.70	847	2,117,500*	4,235,000	6,352,500
£10k to £20k	21.10	695	6,950,000	10,425,000	12,162,500
£20k to £50k	19.10	629	12,580,000	22,015,000	28,305,000
£50k to £100k	18.60	613	30,650,000	45,975,000	53,637,500
£100k to £200k	11.00	362	36,200,000	54,300,000	63,350,000
£200k to £500k	2.40	79	15,800,000	27,650,000	33,575,000
£500k to £750k	1.70	56	28,000,000	35,000,000	42,000,000
£750k to £1m	0.30	10	7,500,000	8,750,000	9,375,000
£1m to £5m	0.05	2	2,000,000	6,000,000	8,000,000
£5m to £10m	0.05	2	10,000,000	15,000,000	17,500,000
Total	**100.00**	**3,295**	**151,797,500**	**229,350,000**	**274,257,500**

* Based on an average income of £2,500

We have used data from 3 relatively low value sub sectors to extrapolate the overall value of the Creative Industries in Cornwall. Given that some of the other 10 sub sectors are likely to be of higher value (e.g. architecture and design) it is not unreasonable to estimate the value of the Creative Industries in Cornwall to be in the region of £250 million (an approx mid point between the medium and higher estimates).

84% of businesses in our sample turnover less than £100k compared with 46% of businesses in general in the South West. (Lifting the Barriers to Growth in the UK Small Businesses. South West – Federation of Small Businesses) This suggests that many of the freelancers, self-employed and micro-businesses working in the Creative Industries would benefit from specialised support, capacity building, and business mentoring in order to help them manage change and growth as turnover increases.

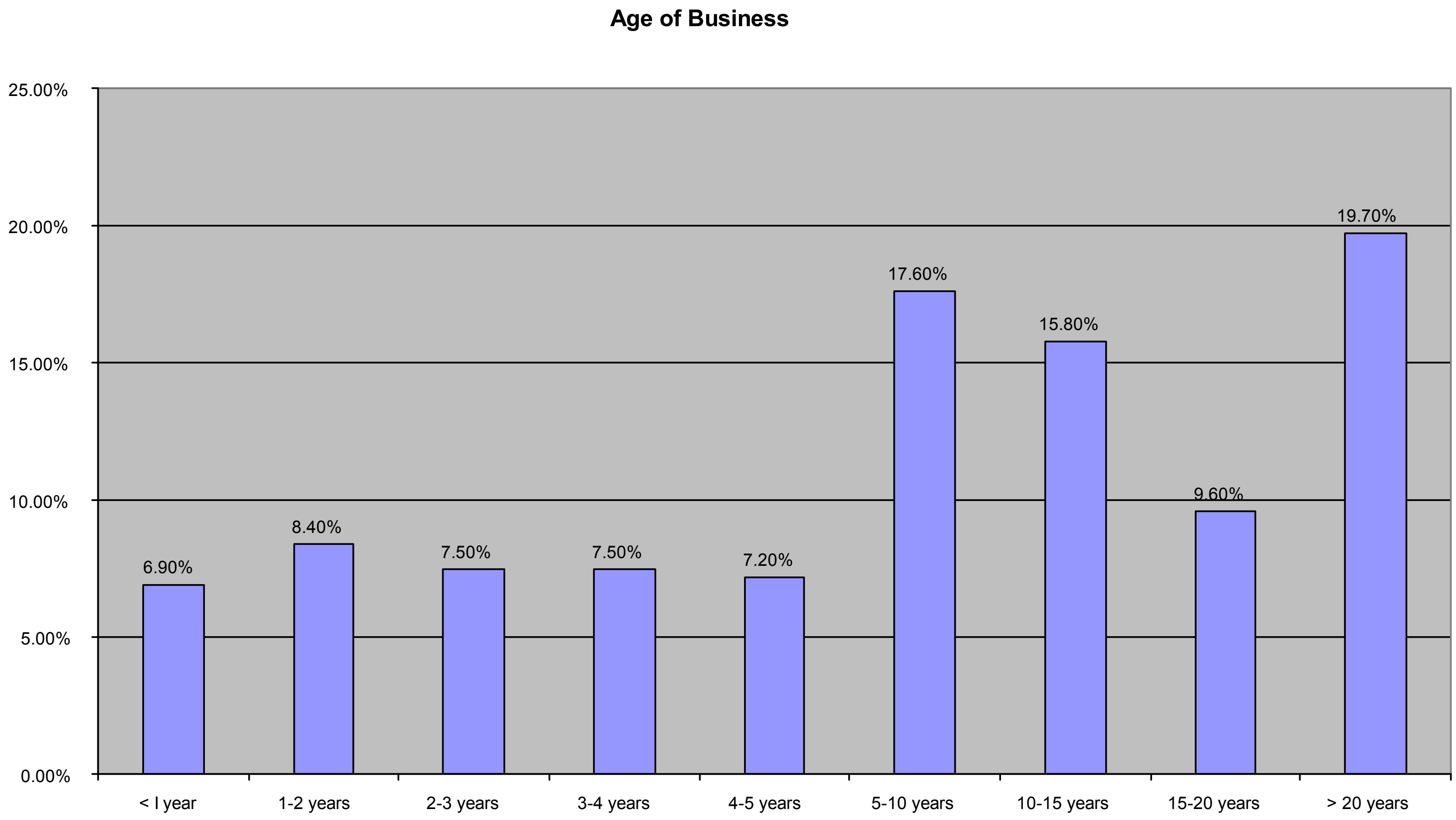
3.2.3 General characteristics of the Creative Industries

In our research and surveys we have identified the following factors, selected from a much broader range, as significant in terms of baseline analysis against which we can then evaluate and judge the factors that are relevant to each of the three sub-sectors of Media, Performing Arts and Visual Arts that form the focus of this study.

Age, size and nature of business

There appears to be a sustainable industry base for the Creative Industries in Cornwall with 20% of businesses having been established for more than 20 years, with the next largest categories in the 5-10 year and 10-15 year groups, and more than 10% in the less than 5 years category as shown in the following chart.

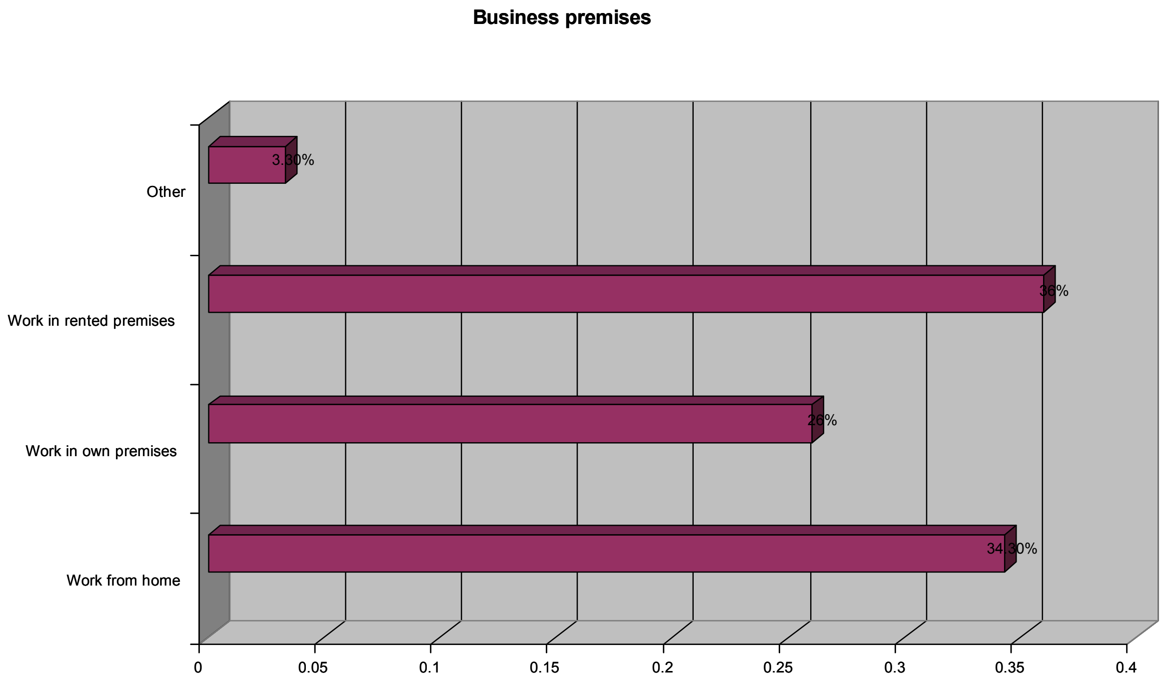
There appears to be a 'sustainability threshold' here of 5 years in existence, after which the age of the business, in percentage and distribution terms, increases significantly *(see next page)*.



Of the 355 businesses surveyed here, all but one is wholly independent. The exception of 1 is a subsidiary of a company based elsewhere in Cornwall. The common UK picture of 'a large number of very small businesses and a small number of very large businesses' is also present in Cornwall with, in general a *larger* number of very small businesses and a *smaller* number of very large businesses as the following charts on annual revenue and employment show.

Business premises

The largest single proportion of these businesses (36%) work from rented premises with the next largest group (34% working from home) followed by non-home owned premises (26%) as shown in the following chart.

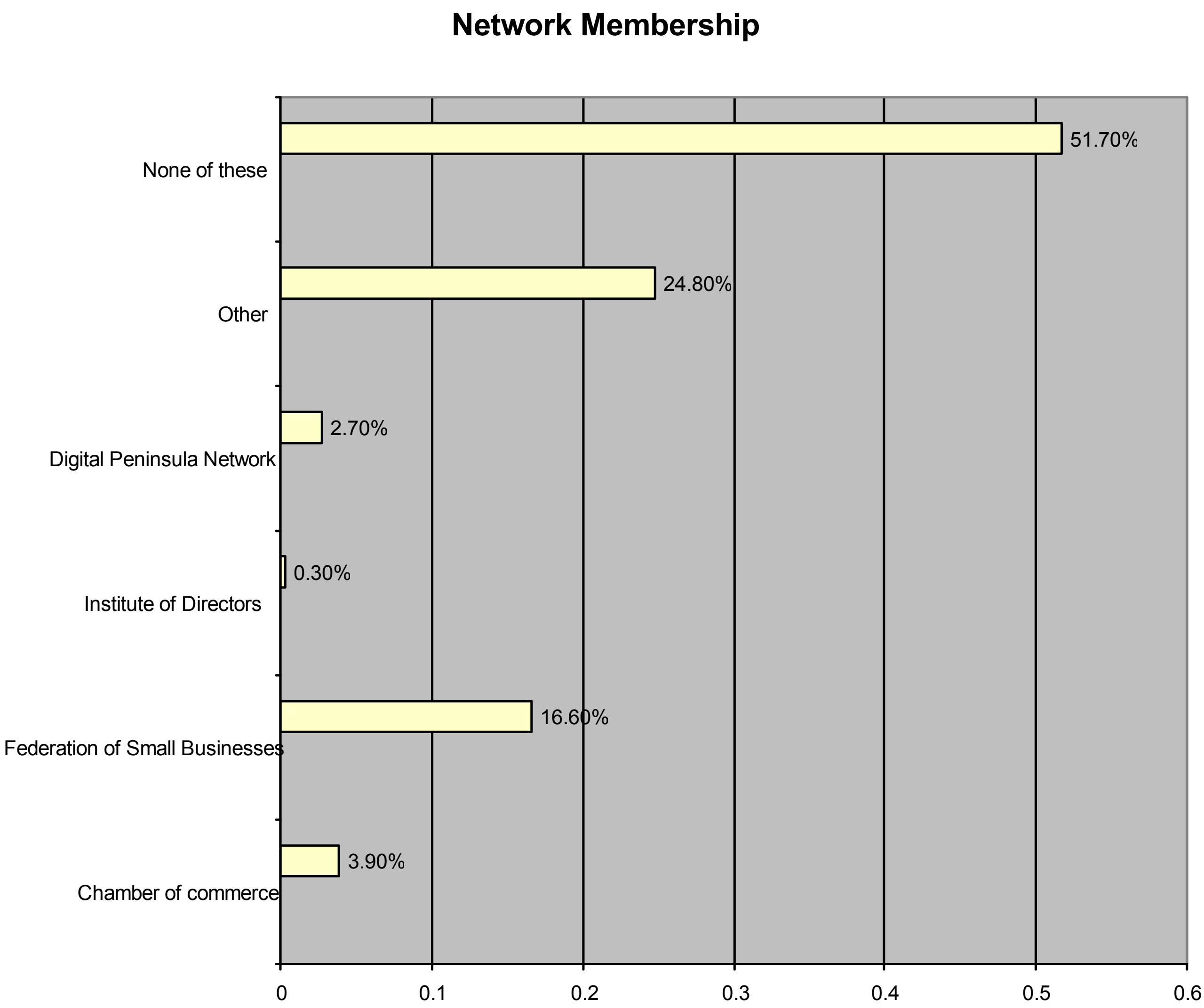


It is interesting to note that in Cornwall around a quarter of the respondents own the non-home premises that they are working from. This may be a spin-off of affordable property prices in Cornwall and indicates that a good section of the Creative Industries are acquiring long-term assets to strengthen the future of the business.

Networking

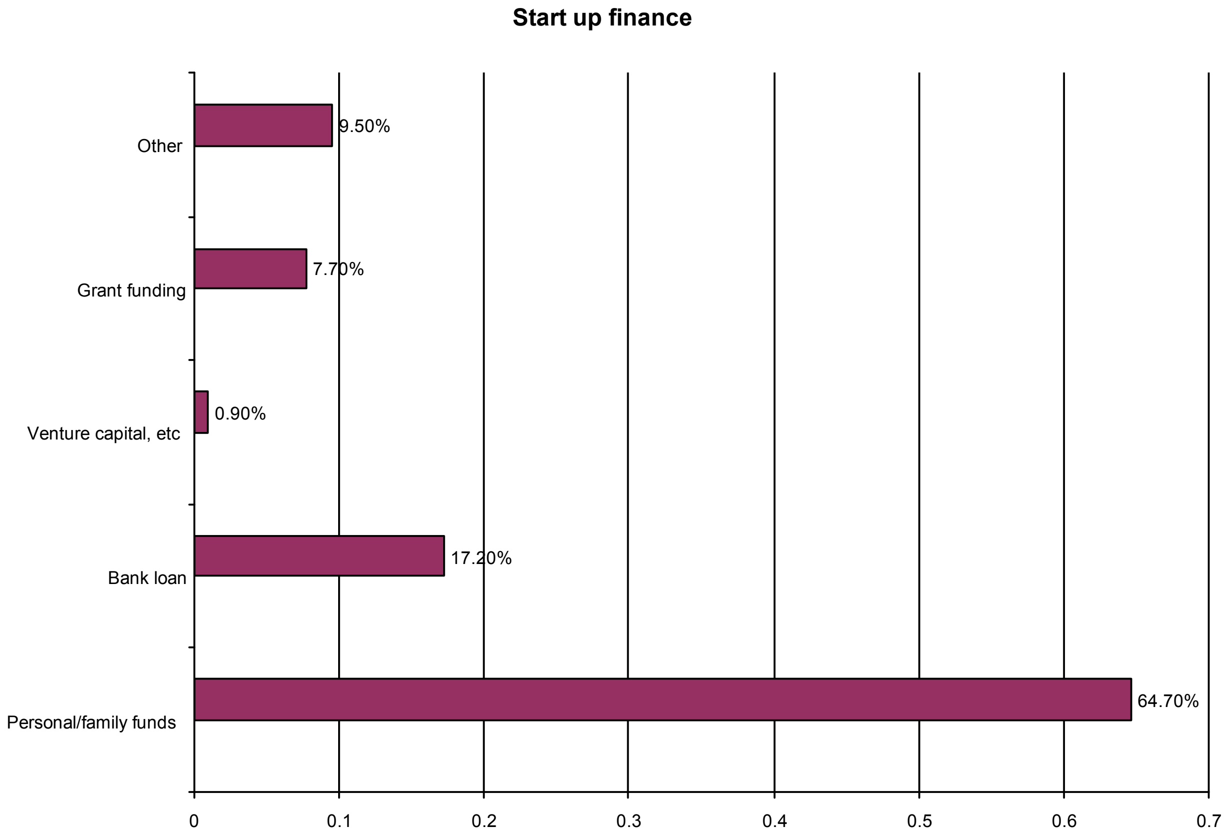
The London report *Creativity London's Core Business (2002)* acknowledges the importance of networking to the sector - "Creative Industries require interaction, inspiration and face-to-face stimulation".

Our findings in Cornwall show that beyond their existence as individual enterprises and in terms of membership of and participation in business and other support networks, there appears to be a high non-participation rate by creative and cultural industry businesses. The largest single group of respondents to questions on this issue (52%) indicated that they were not members of any network with the next largest percentage indicating that they belonged to networks, both informal and informal, other than those mainstream and local bodies identified. The following chart shows this pattern.



Finance

In this and other regional surveys and in national policy frameworks the issue of finance for start-up, developmental and consolidation purposes for a sector and sub-sectors enjoying low mainstream 'business' recognition is crucial. As the following chart shows, the majority of businesses in the Creative Industries relied on personal or family funds for business start up, with bank loans a poor second and venture capital almost invisible.

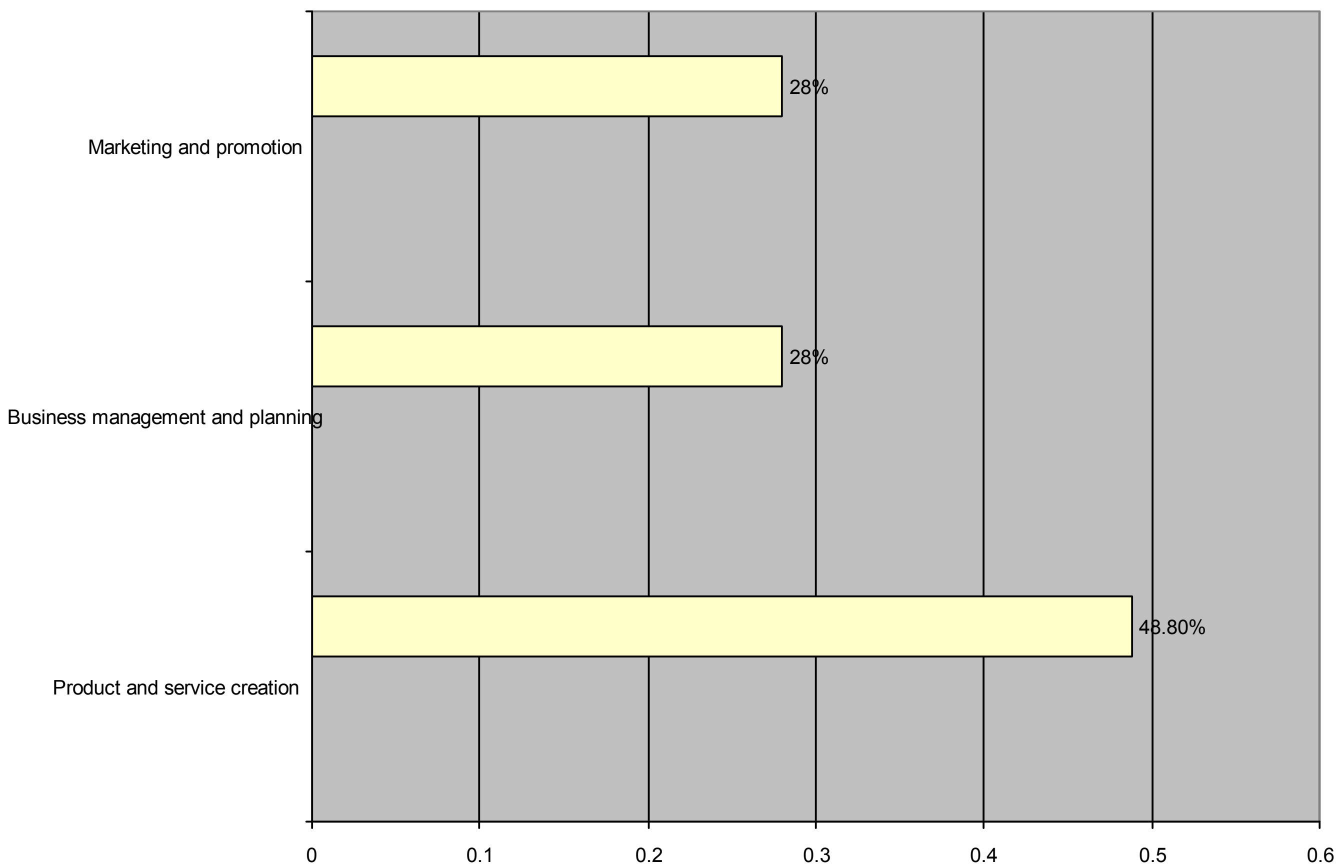


These figures compare with overall businesses in the South West where 47% of businesses are satisfied/very satisfied with bank support, 45% were satisfied/very satisfied with the availability of overdraft finance and 37% were satisfied/very satisfied with the availability of bank loan finance. (Lifting the Barriers to Growth in the UK Small Businesses. South West – Federation of Small Businesses). There is a need in Cornwall to increase access by Creative Industries businesses to bank finances to support business start ups

The Skill Base

The skill base, as assessed by these businesses, is a curate's egg as the following chart shows, with more positive evaluations in the area of creative content origination than in business management, marketing, etc.

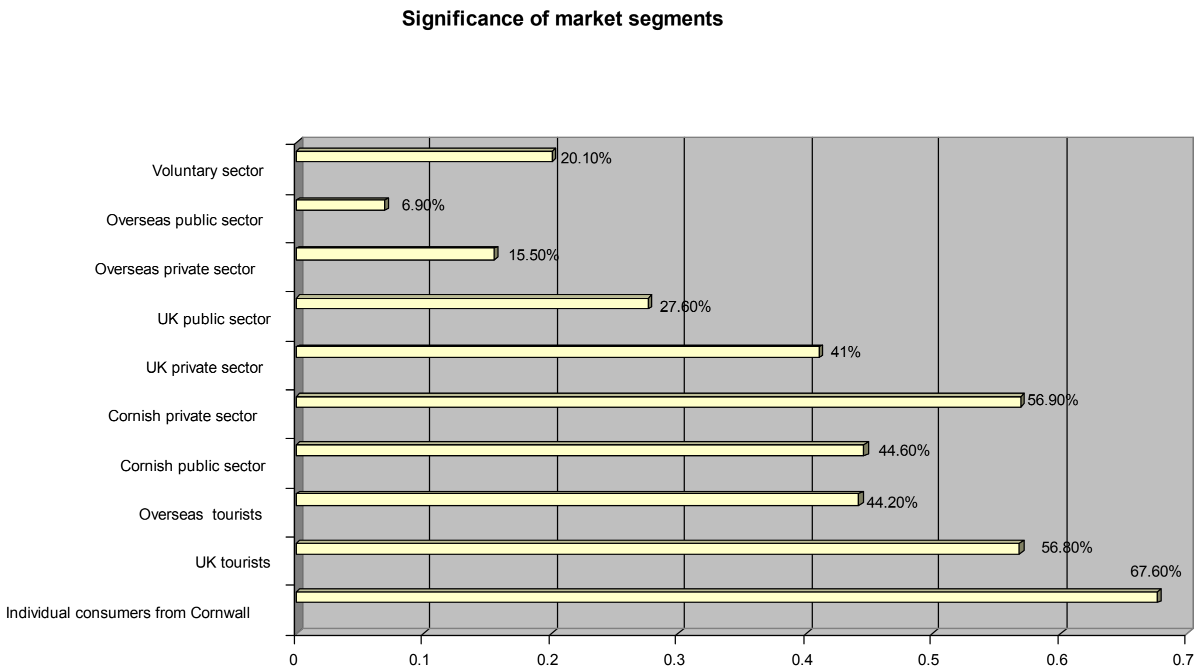
The skill base: good to excellent ratings for skill sets



These figures contrast with South West businesses in general, 52% of whom where were satisfied with their marketing and sales skills and 62% with their business skills. (Lifting the Barriers to Growth in the UK Small Businesses. South West – Federation of Small Businesses). There is an identifiable need to bring business and marketing skills in the sector up to par (at a minimum) with other businesses.

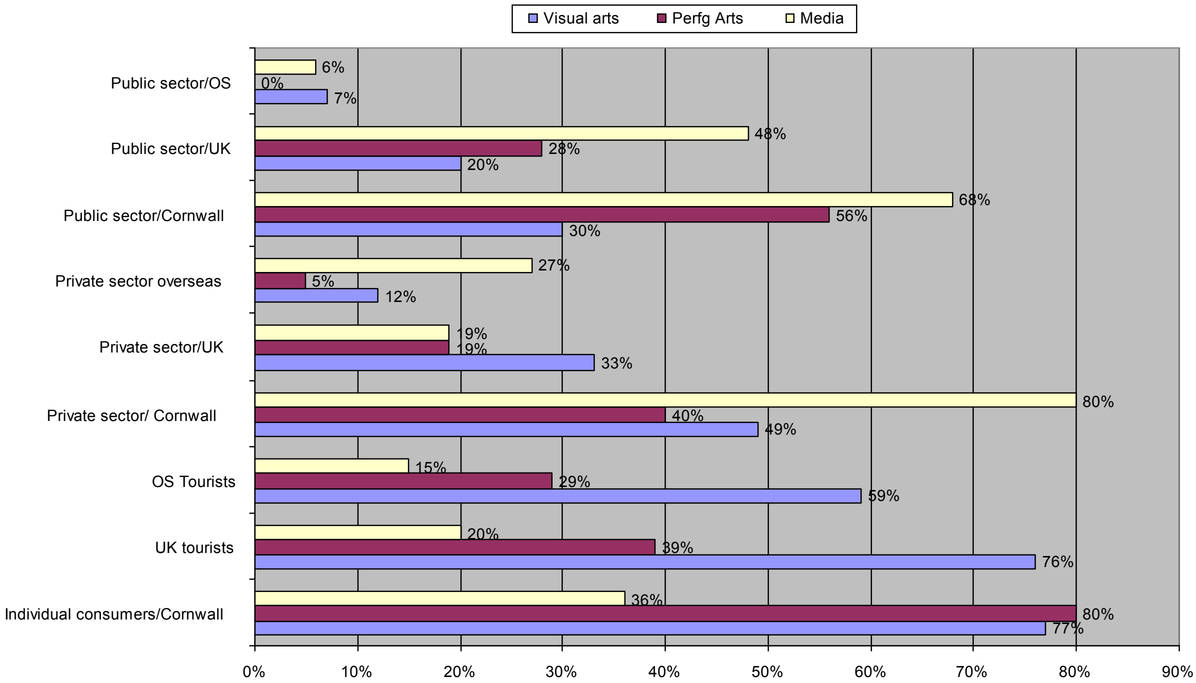
The nature of the market

The market and client base for these companies demonstrates an interesting and positive spread through individual/household consumers, UK and overseas tourists, private and public sector companies from Cornwall and elsewhere. In terms of financial significance to the individual respondent companies, the 'important to crucial' ratings are as follows:



While inviting a good deal more comparative analysis this chart indicates a good market 'spread'. For a sub-region with a strong tourism base and therefore a natural propensity to target the consumption end of the value production chain, the existence of strong cohorts of non-seasonal clients and markets provides conditions for sustainability which are not as vulnerable to market, currency and seasonal variations as the tourism base alone.

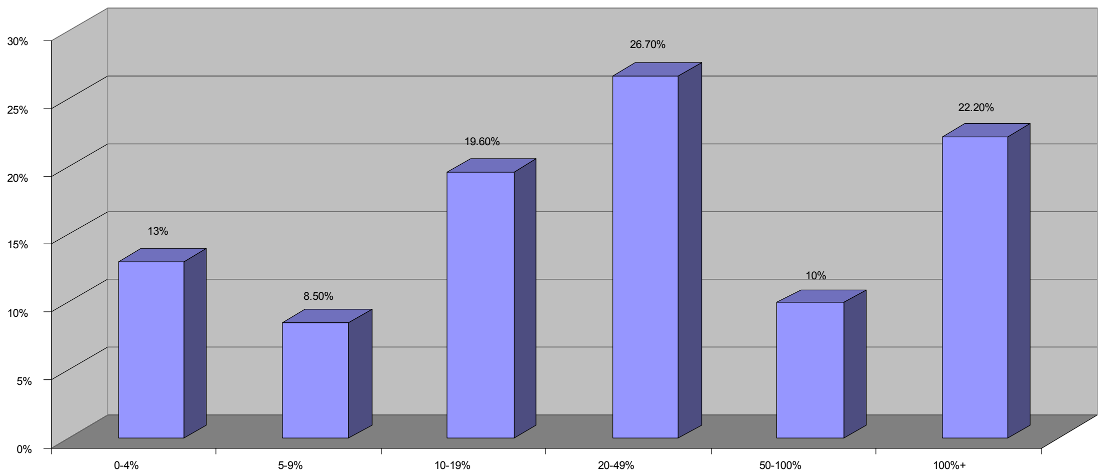
'Important to very important' ratings of market segments by sub sector



Market growth and decline

The great majority of respondents (86.5%) reported market growth in the past five years in the pattern shown in the following chart.

% Market growth/last 5 years



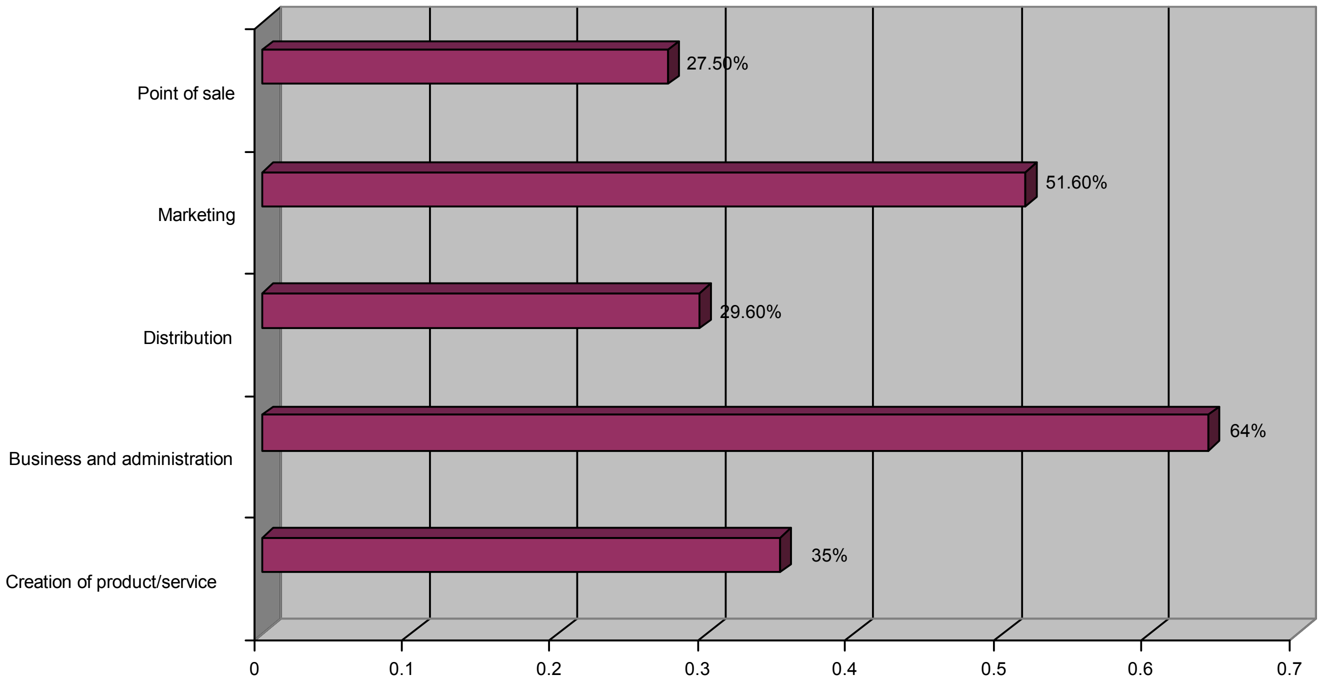
This chart indicates healthy market growth rates at the higher end of the scale, especially in the 100% + category. While noting that some of this growth is from a small base, the trend can be interpreted as, in general, positive and encouraging.

This finding can be set against the fact that the majority (62%) of these companies spend very little on marketing and promotional activities; that a majority (73%) rate training in appropriate skills for business development as 'average to very poor' and that a large majority of established businesses (89%) rate business support and advice as 'average to very poor' and a picture begins to emerge of *strong potential industry development confronting removable obstacles to that development*.

ICTs: the new 'portal' for growth

One of the most distinctive findings from our survey is the importance of ICTs for the sector. 73% of businesses rate ICTs as 'Important to Crucial' for their operations with their application spread across the value production chain, from creation to consumption, as follows.

Business use of ICTs



This compares with business use generally in the South West where 15% of business do not use computers, 26 % of businesses used ICT regularly for marketing and 9% used it regularly for e-commerce transactions. (Lifting the Barriers to Growth in the UK Small Businesses. South West – Federation of Small Businesses) The chart confirms that in many ways the Creative Industries are often at the leading edge of ICT usage and not just in the expected areas of creation of products and services.

While the function of 'Business and Administration' used to be the primary function of computers in the business environment, it is now clear that the internet and the new generation of multimedia-capable computers has enabled their functions to be spread much more evenly across the value production chain. This enables businesses to move from a physically and geographically defined market *place* to a global market *space*. This development has enormous implications for the content- and intellectual property-based Creative Industries which we address in more detail below.

'The Cornwall Factor'

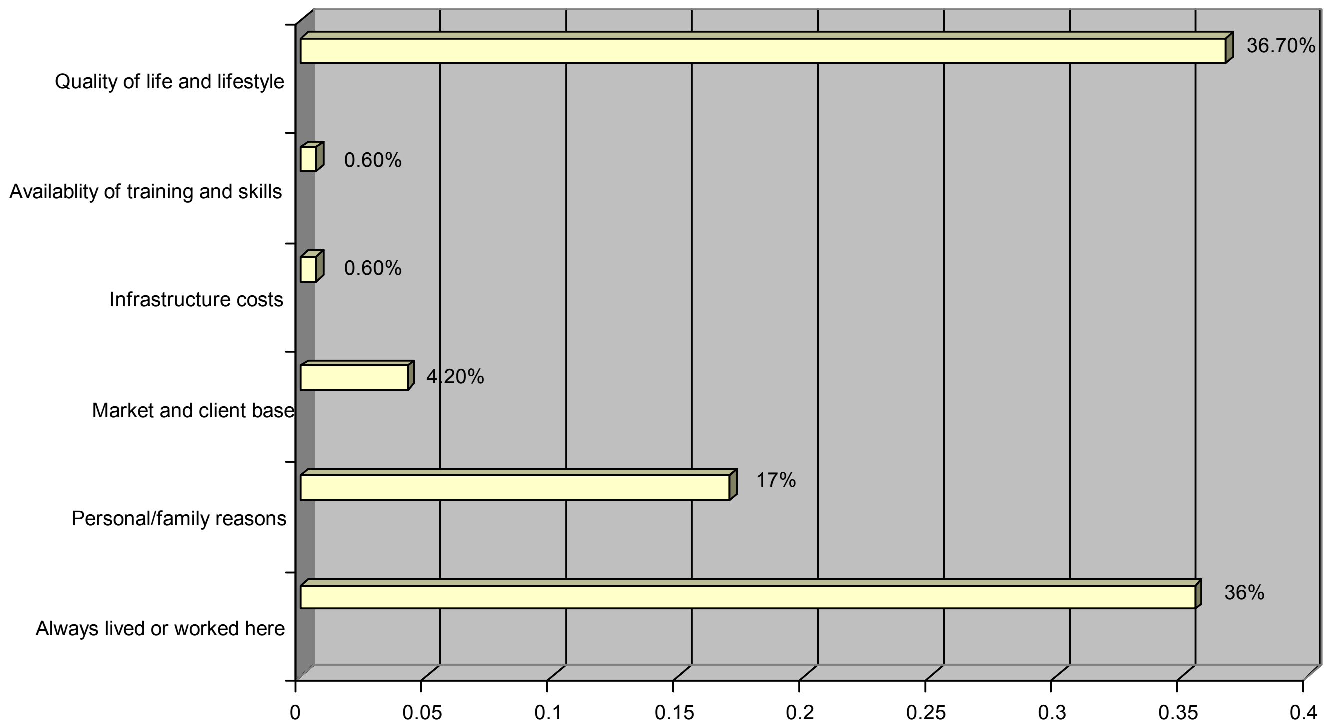
We conclude this overview with some very distinctive findings on what we have called 'The Cornwall factor'.

In our comments at the beginning of this overview we stressed the historical and contemporary significance of Cornwall as a 'creative cluster'. We equally stressed the importance of recognising the relationship between quantitative and qualitative factors in sustainable industry growth. This is not academic speculation. The 2001 DTI report, Business Clusters in the UK noted the importance for sustainable business and economic development of *' ...a set of formal and informal customs, traditions and practices associated with the industry and institutionalised in the social and cultural fabric of the area concerned.'* . We are dealing here with 'untraded interdependencies', contexts and occasions for 'collective learning' and informal networks of social and cultural capital that foster both collaboration and competition.

In our surveys of commercial businesses and the independent sector these factors, and their importance to the *internal* logic of business and economic development (rather than as contingent 'externalities') have become clear. Networking, traditions of reciprocity and trade-offs, bartering, etc are crucial to the internal logic of the Creative Industries. They provide the ethos, the distinctive 'industrial atmosphere' which encourage cultural and creative activities to happen *here*, *in this way*, *and for these reasons*, rather than somewhere else. They give a signature, a sense of place to Cornwall's cultural production which we might also call a competitive or strategic or locational advantage.

This business-enabling ethos is manifest in responses by businesses to a range of questions put to them about why they are in, or stay in, or relocated to Cornwall. The responses are illustrated in the following chart.

First preference reasons for being/staying in Cornwall



This is a peculiar and distinctive pattern of responses which warrants further investigation. How and why is it that these companies, generating significant revenues and employing so many people, give such a low weighting, on a first preference basis, to the business-related factors of market and client base, infrastructure costs and training and skills availability when compared to the business 'intangibles' of location and quality of life?

3.3 Analysis and policy implications

The 'hanging question' at the end of the last section provides an opportunity to resume and develop here some of the key issues identified in the first part of this overview concerning the conditions for, and barriers to, sustainable creative and cultural industry development. These can be summarised as follows for the Creative Industries as a whole.

- Cornwall provides an ethos, environment and a skill-base for creative and cultural industry development.

- There are significant indicators of growth, and growth potential, in employment and market development and balance, which suggest that sufficient avenues are open to be exploited to improve Cornwall's position in the cultural marketplace.

- In terms of the balance of the value production chain it is clear that, at the 'front' and 'back' ends of the chain (creation and consumption), there are strong inputs in the form of, on the one hand, a well-skilled creative talent pool and, on the other hand, a good spread of market and client segments and demand, albeit skewed by a strong tourist presence generating both national and international (export) demand for Cornish product.

- From business responses it also appears to be the case that there is significant 'sag' and weaknesses in the value production chain in the areas of business process management including key inputs into marketing, promotion and demand stimulation.

- There are clear indicators of demand from the business community, to address this 'sag' in the value production chain, for new policy settings, regimes and initiatives to address priority issues such as financing, education and training and business support.

- There is significant new potential for the Creative Industries in the development and consolidation of ICT capacity and infrastructure.

- There is significant market, competitive and strategic advantage available in positioning Cornwall as a distinctive creative cluster drawing on DTI, RDA and broader initiatives in cluster development and on the exploitation of intellectual property with a distinctive cachet and signature.

A further, more detailed, analysis of this baseline information is explored in the next section; by focussing on the specific sub-sectors chosen by the Steering Group.

4 The Sub-Sectors: Film and Video, Performing Arts and Visual Arts

4.1 Overview

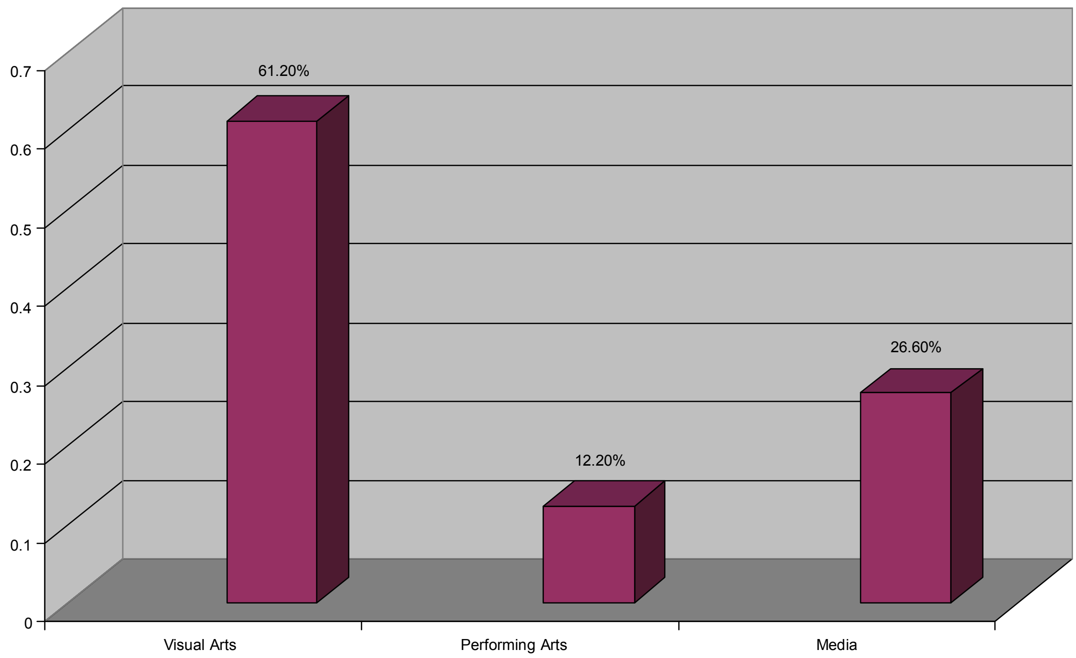
The three sub-sectors of film & video, performing arts and visual arts show, variably, significant growth potential on a strong but also variable historical base. Based on our telephone survey and other sources, the visual arts in particular enjoy a strong local resource base which now feeds into increasing local, regional, national and international markets. Media, a more recent entrant to the Creative Industries scene in Cornwall, also shows potential for growth and sustainability. For reasons specific to the nature of the art forms, performing arts, with heavy human resource and infrastructure requirements, and the nature of the market and value chains for the industry, faces more problems than the other sub-sectors at the local and regional level. However, we should not forget that they form part of - and are feeders to - an industry worth £1 billion at national level and $40 billion in English language box office revenues internationally.

There are things, in an increasingly digital creative economy, that can be done to 'level the playing field' to some extent for these and other sub-sectors. We will address this in more detail below.

4.2 The Respondents

Of the 355 businesses and organisations interviewed in our telephone survey the sub-sector breakdown, by percentage, is as follows:

% of Respondents by sub sector (N=335)



The raw numbers for the respondents are as follows:

Film & Video:	89	40% of sector
Performing Arts	63	20% of sector
Visual Arts	205	13.6% of sector

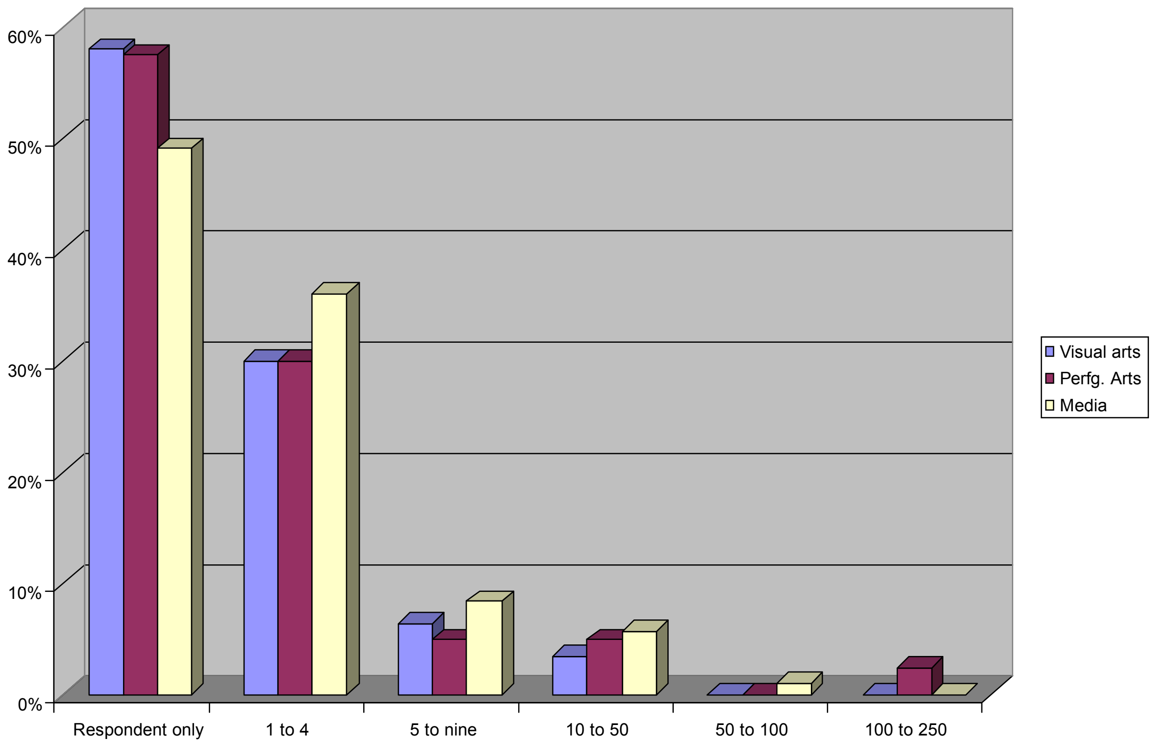
Based on our database and consultations, however, we can reasonably say that these numbers represent a sufficiently robust statistical sample when combined with other secondary information, for the following analysis.

We provide, first, sub-sector findings and responses and, at the end of this section, offer analysis relevant to each of the sub-sectors.

4.2.1 Employment

The majority of businesses and organisations in both visual arts and performing arts employed the respondent only and nearly half of the organisations in the media sector also fell into this category. The next largest group, at around the 30% mark, is those organisations employing 1-4 people (with media the largest employer in this group) and then there is a sharp drop to the 5-9 employees category. In the 5-9 employees, 10-50 and 50+ groups, it is media which predominates as the employer. The following chart shows this pattern.

Number of staff employed by sub sector (N=325)



Employment by sub sector

The estimates of levels of employment, below, have been produced using the same methodology as outlined on page 24 Estimated Turnover for Creative Industries Sector and in Appendix 2.

Visual Arts Employment Figures

Banding of businesses by number of employees (not including freelancers)	%	No of businesses	No of employees (low estimate)	No of employees (medium estimate)	No of employees (high estimate)
Sole Employee/ freelancer	78.62	1,206	1,206*	1,340*	1,508*
1-4 employees	16.04	246	492 (average of 2 employees)	738 (average of 3 employees)	861 (average of 3.5 employees)
5-9 employees	3.32	51	306 (average of 6 employees)	357 (average of 7 employees)	408 (average of 8 employees)
10-49 employees	2.02	31	620 (average of 20 employees)	930 (average of 30 employees)	1,240 (average of 40 employees)
50-99 employees					
Total	**100**	**1,534**	**2,624**	**3,365**	**4,017**

* *Estimates for numbers of sole-employee/freelancers are based on the following. Low estimate is based on research capturing 100% of those involved. Medium forecast is based on the research only having captured 90% whilst the high forecast is based on having captured 80%*

Performing Arts Employment Figures

Banding of businesses by number of employees (not including freelancers)	%	No of businesses	No of employees (low estimate	No of employees (medium estimate)	No of employees (high estimate)
Sole Employee	80.32	253	253*	281*	316*
1-4 employees	14.29	45	90 (average of 2 employees)	135 (average of 3 employees)	158 (average of 3.5 employees)
5-9 employees	3.17	10	60 (average of 6 employees)	70 (average of 7 employees)	80 (average of 8 employees)
10-49 employees	1.9	6	120 (average of 20 employees)	180 (average of 30 employees)	240 (average of 40 employees)
50-99 employees	0.32	1	79	79	79
Total	**100**	**315**	**602**	**745**	**873**

** See explanation to visual arts employment figures above.*

Film & Video Employment Figures

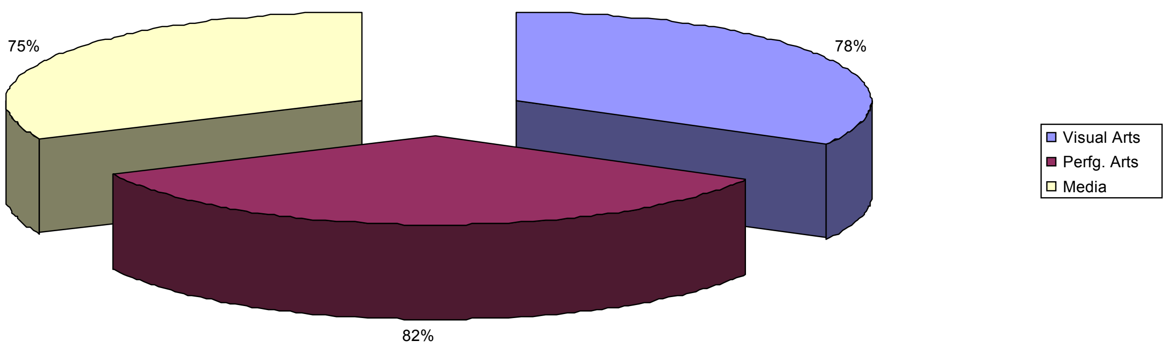
Banding of businesses by number of employees (not including freelancers)	%	No of businesses	No of employees (low estimate	No of employees (medium estimate))	No of employees (high estimate)
Sole Employee	53.42	117	110*	122*	138*
1-4 employees	33.79	74	148 (average of 2 employees)	222 (average of 3 employees)	259 (average of 3.5 employees)
5-9 employees	7.31	16	96 (average of 6 employees)	112 (average of 7 employees)	128 (average of 8 employees)
10-49 employees	5.48	12	240 (average of 20 employees)	360 (average of 30 employees)	480 (average of 40 employees)
50-99 employees		0	0	0	0
Total	**100**	**219**	**594**	**816**	**1,005**

** See explanation to visual arts employment figures above.*

The pattern of ' a very large number of small businesses and a very small number of large businesses' is clearly shown here across the sub-sectors with only media apparently able to sustain more than 10 employees. This is not surprising, given the distinctive nature of each of the sub-sectors and should not lead to unduly normative assessments of the relative 'health' of each sub-sector. In a balanced situation, media is often a *driver* for other content-originating but smaller sub-sectors.

A further important feature of employment in the three sub-sectors is the high use of contract and freelance labour as shown in the following chart.

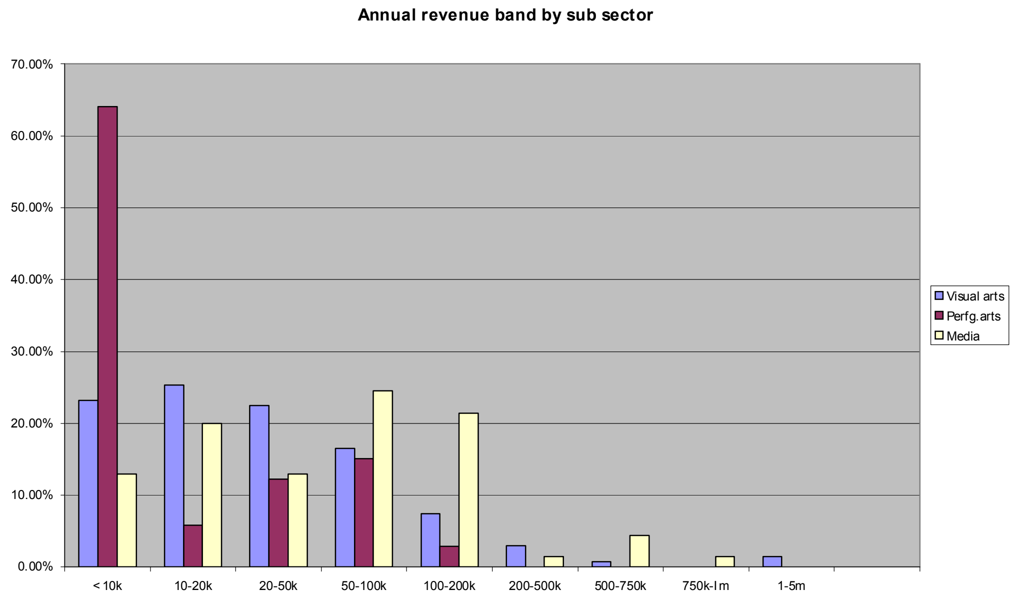
> 50% Short-term/freelance staff by sub sector



This chart shows that each of the three sub-sectors employ, in approximately equal measure, more than 50% of freelance and short-term contract staff. This is not *necessarily* a cause for concern because, as we will see, the 'independents' and 'intermittents' who fulfil these short term and freelance functions for other businesses often define this as their *modus vivendi*. It does, however, say something important about the nature of the industry and its *ecology* which is important for policy and planning purposes. We will return to this point in the final section.

4.2.2 Revenues

Not surprisingly, a pattern of lots of small and a few large businesses is reflected in the following chart for annual revenue. It is important to note that the Creative industries in Cornwall do not correspond to the oft quoted ‘hourglass’ pattern, where large businesses generate significant proportion of the sector’s overall income and SMEs have less economic significance. In Cornwall large businesses are scarce and the greater part of the sector’s turnover is generated by companies in the middle of the income generation bands. This has considerable implications for policy making, investments and delivery of appropriate business support.



Turnover by sub sector

The estimates of turnover below, have been produced using the same methodology as outlined on page 27 - Estimated Turnover for Creative Industries Sector

Visual Arts Turnover

Band	Percentage	Number	Low Estimate	Medium Estimate	High Estimate
	of Businesses	*of Businesses*	*(bottom of range)*	*(middle point)*	*(3/4 point)*
> 10k	24.64	378	945,000	1,890,000	2,835,000
£10k to £20k	25.36	389	3,890,000	5,835,000	6,807,500
£20k to £50k	22.36	343	6,860,000	12,005,000	15,435,000
£50k to £100k	16.43	252	12,600,000	18,900,000	22,050,000
£100k to £200k	7.43	114	11,400,000	17,100,000	19,950,000
£200k to £500k	3.00	46	9,200,000	16,100,000	19,550,000
£500k to £750k	0.72	11	5,500,000	6,875,000	8,250,000
£750k to £1m	0.00	0	0	0	0
£1m +	0.06	1	1,400,000	1,400,000	1,400,000
Total	**100.00**	**1,534**	**51,795,000**	**80,105,000**	**96,277,500**

Low estimate is the figure that appears on the left, middle point is the halfway point (e.g. £15k in the 10-20k range) and high is the ¾ point

Performing Arts Turnover

Band	Percentage	Number	Low Estimate	Medium Estimate	High Estimate
	of Businesses	*of Businesses*	*(bottom of range)*	*(middle point)*	*(3/4 point)*
> 10k	61.90	195	487,500	975,000	1,462,500
£10k to £20k	6.03	19	190,000	285,000	332,500
£20k to £50k	12.06	38	760,000	1,330,000	1,710,000
£50k to £100k	15.24	48	2,400,000	3,600,000	4,200,000
£100k to £200k	3.17	10	1,000,000	1,500,000	1,750,000
£200k to £500k	0.95	3	600,000	1,050,000	1,275,000
£500k to £750k	0.32	1	500,000	625,000	750,000
£750k to £1m		0	0	0	0
£1m to £2m	0.32	1	1,800,000	1,800,000	1,800,000
Total	**100.00**	**315**	**7,737,500**	**11,165,000**	**13,279,000**

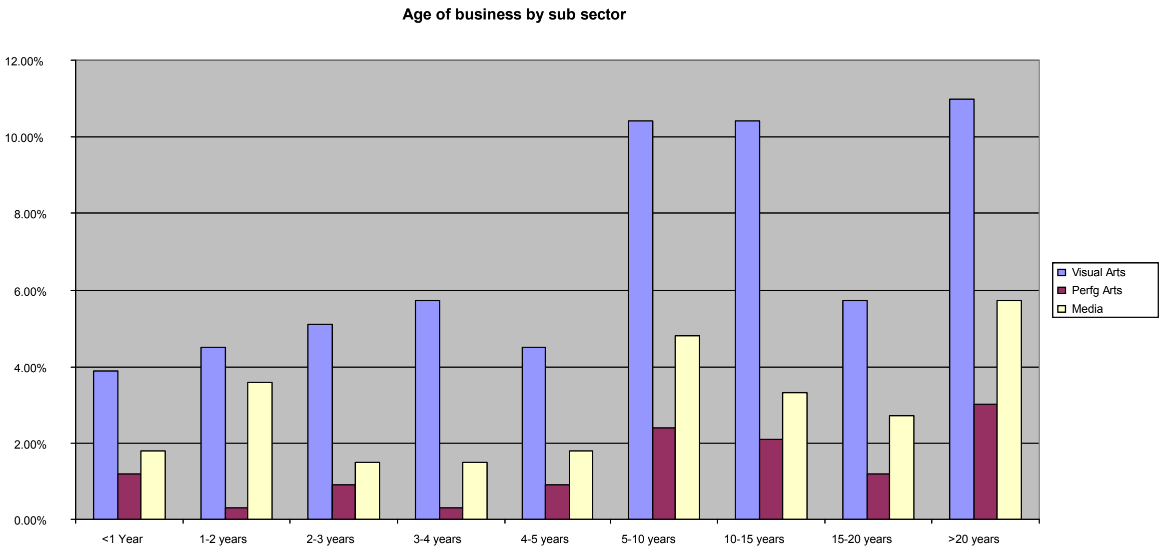
Film & Video Turnover

Band	Percentage	Number	Low Estimate	Medium Estimate	High Estimate
	of Businesses	*of Businesses*	*(bottom of range)*	*(middle point)*	*(3/4 point)*
> 10k	14.16	31	77,500	155,000	232,500
£10k to £20k	20.09	44	440,000	660,000	770,000
£20k to £50k	12.78	28	560,000	980,000	1,260,000
£50k to £100k	24.20	53	2,650,000	3,975,000	4,637,500
£100k to £200k	21.46	47	4,700,000	7,050,000	8,225,000
£200k to £500k	1.37	3	600,000	1,050,000	1,275,000
£500k to £750k	4.11	9	4,500,000	5,625,000	6,750,000
£750k to £1m	1.37	3	2,250,000	2,625,000	2,812,500
£1m+	.46	1	3,000,000	1,250,000	1,500,000
Total	**100.00**	**219**	**18,777,500**	**23,370,000**	**27,462,500**

Performing arts, we note, fares particularly poorly in this regard with the great majority of respondents reporting annual revenues of less than £50,000 with the bulk of those in the less than £10,000 group. This is clearly anomalous and a cause for concern which does not directly apply to the more evenly spread distribution of revenue bands for the other sub-sectors. Visual arts has a steady and more reasonable descent into the larger revenue bands and, again, only media maintains a reasonably steady move beyond the £200,000 group, and is the only one in the £5-10 million group.

4.2.3 Age of business

The age of the businesses and organisations by sub-sector shows a reasonable spread which may be taken as an indicator of sustainability as the following chart shows.

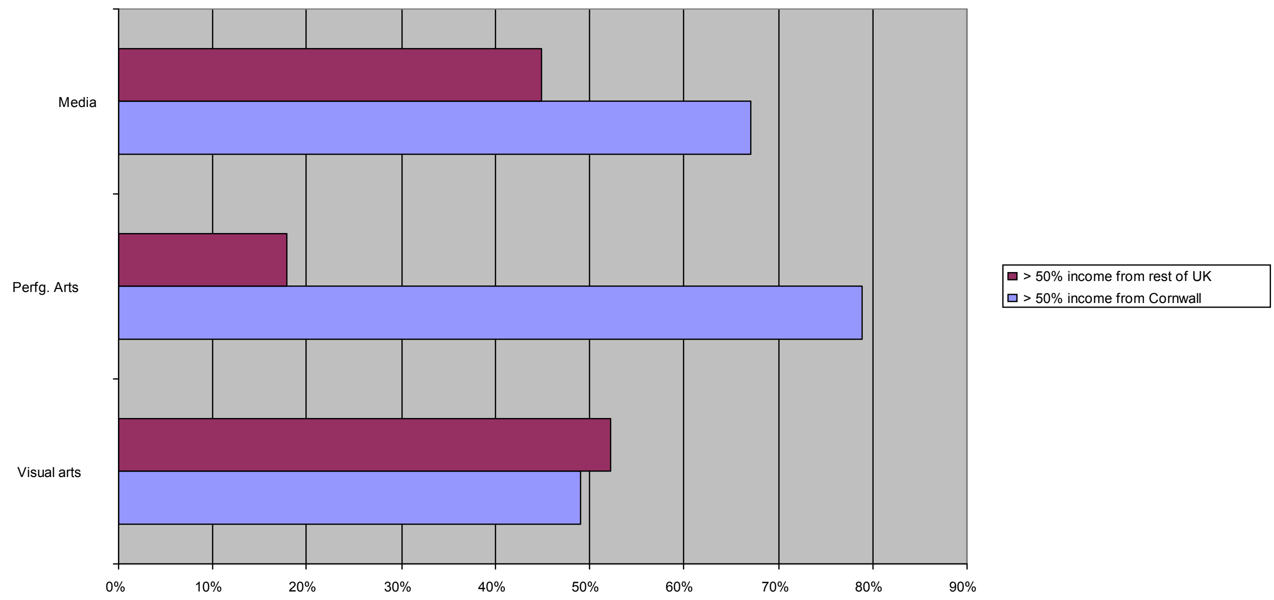


Visual arts appears to perform particularly well in this scale but there is also a steady 'sustainability' indicator for Media and, to a lesser extent, for Performing Arts.

4.2.4 The markets for the Cornish Creative Industries

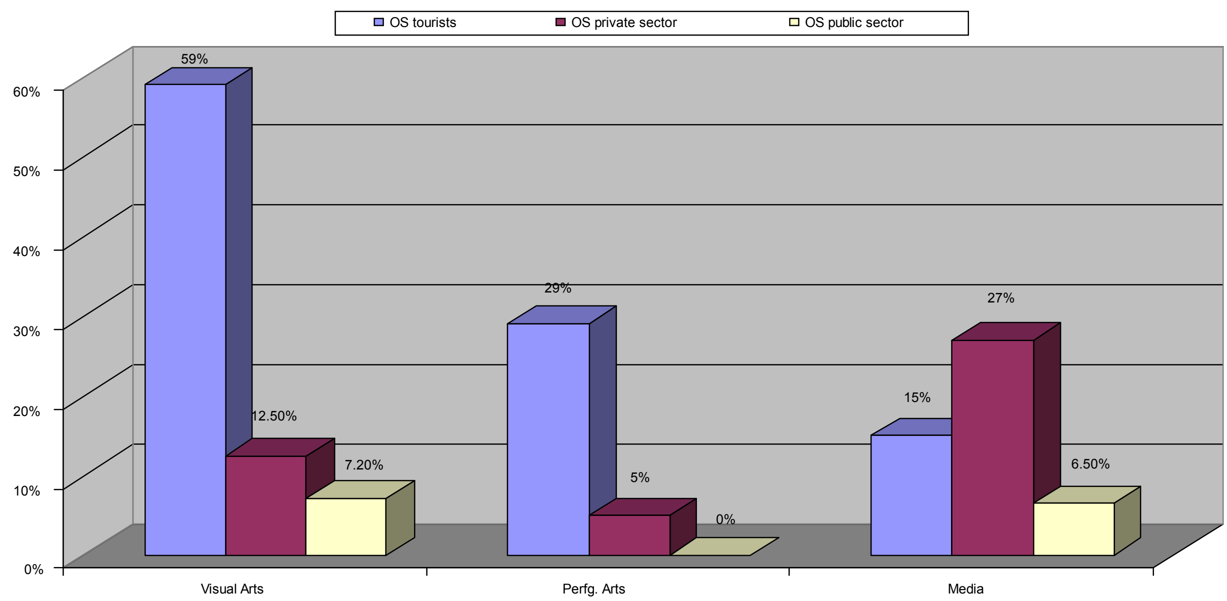
The relationship - and balance - between income from Cornwall and income from the rest of the UK, is also an important measure of sustainability. The following chart shows the different proportions here by sub-sector.

% of Income from Cornwall/UK by sub sector

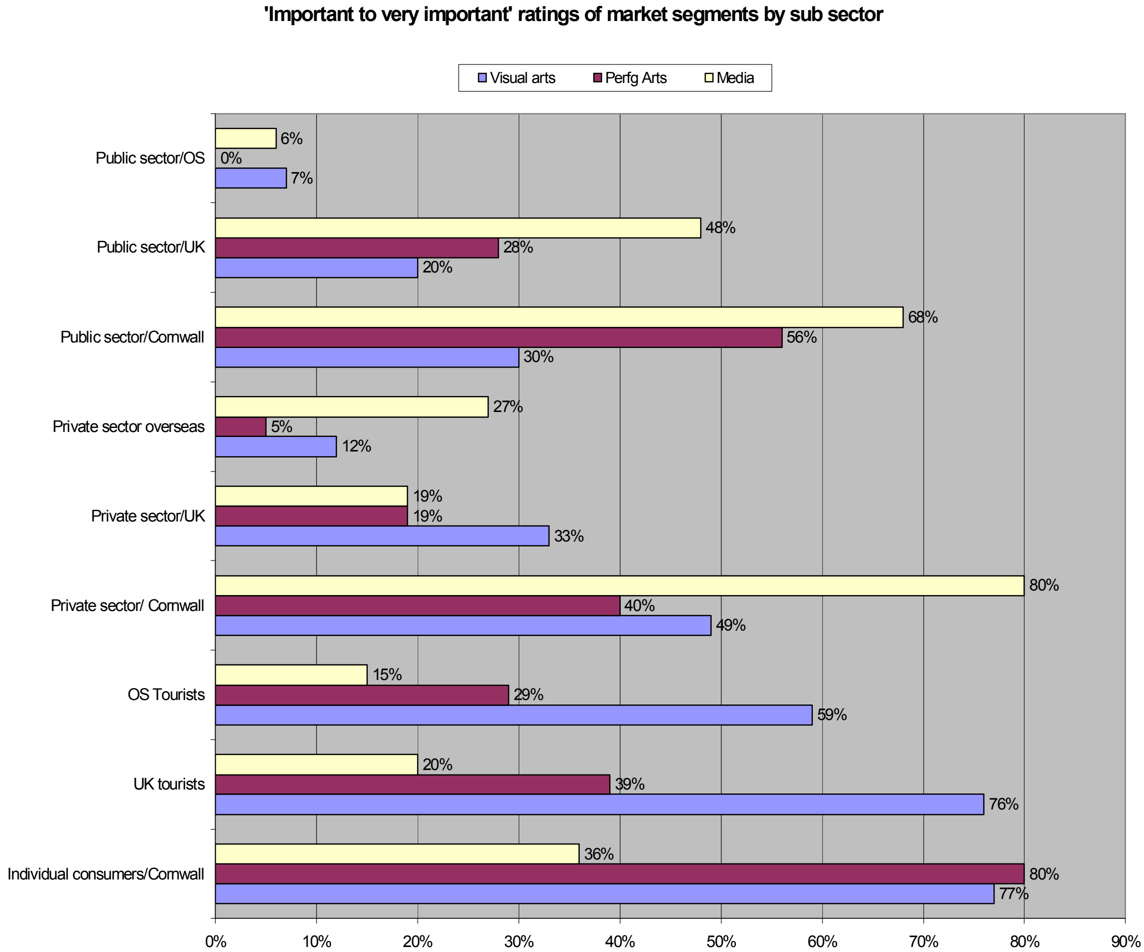


In terms of 'national export' and therefore real regional economic impact and significance, Visual arts performs best here with more income from outside Cornwall than from within the County. Media performs next best and, understandably, Performing arts earns the great majority of its income from within Cornwall.

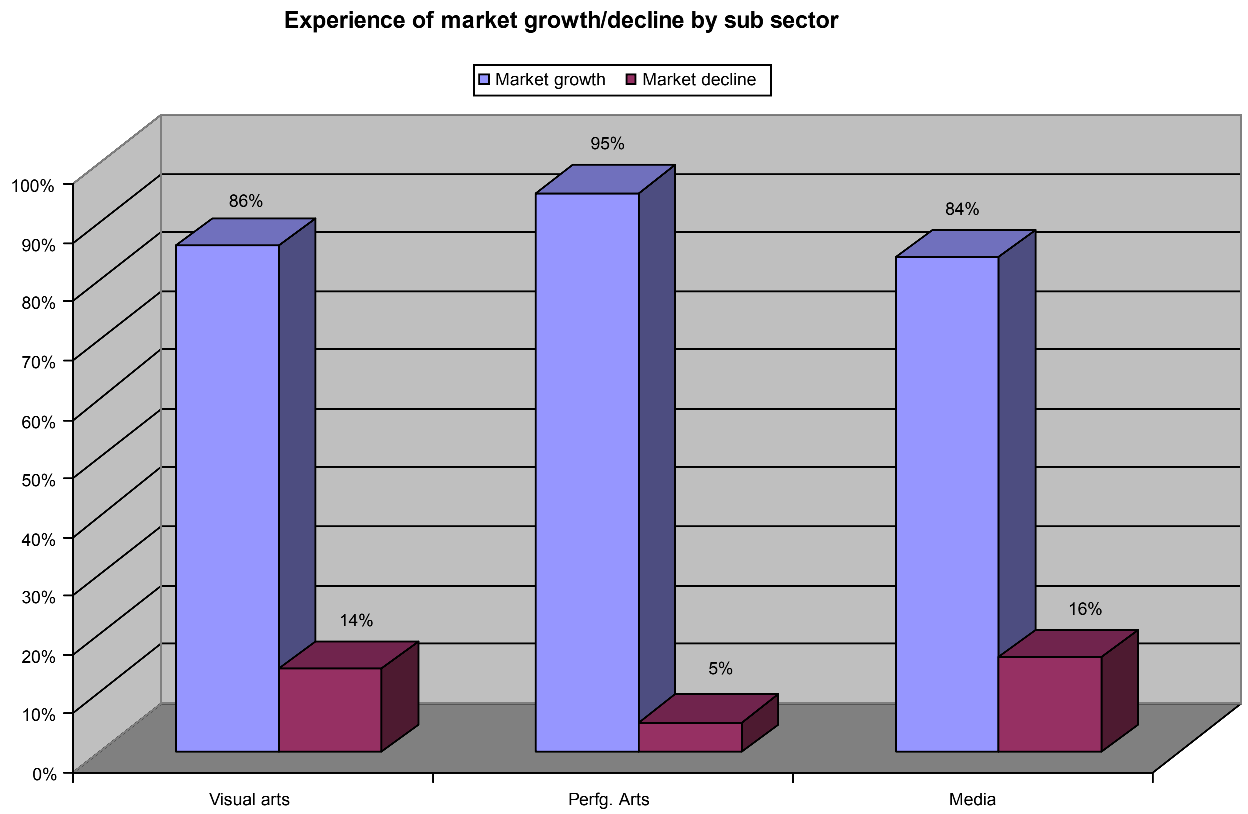
The export market: 'important to very important' ratings of overseas markets by sub sector



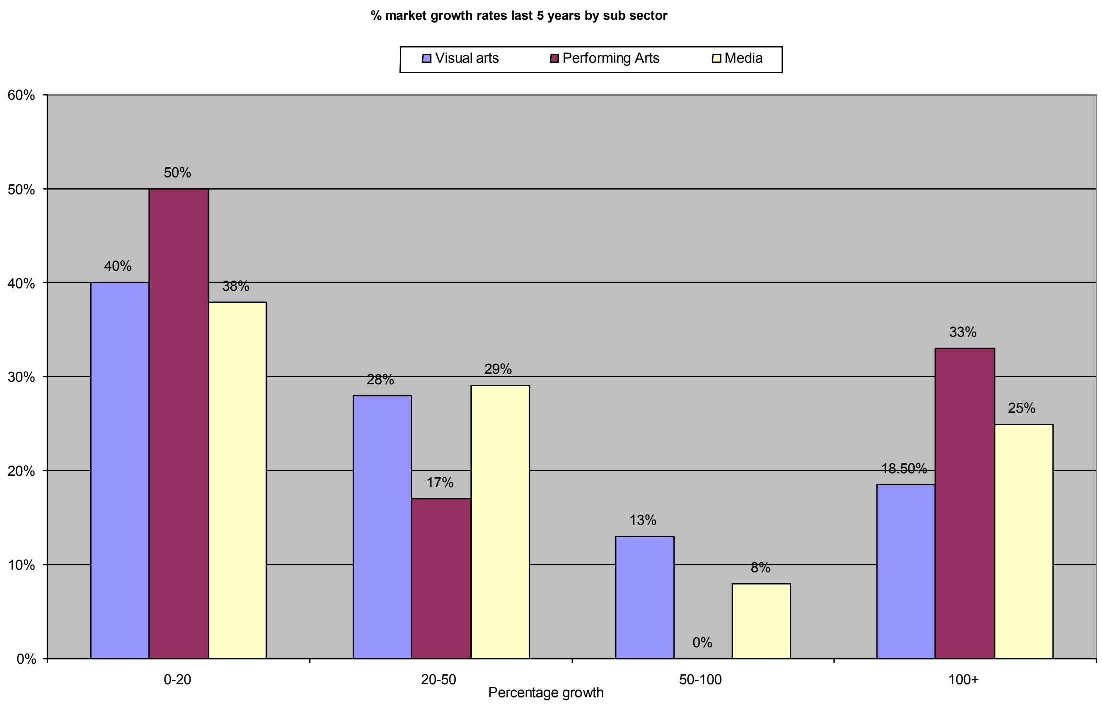
In terms of the actual market segments the following chart shows some interesting trends which demonstrate, again especially for the Visual arts and Media, a good market spread.



In gross terms, each of the sub-sectors has experienced significant market growth over decline in the past five years as the following chart shows.



Breaking these grossed figures down we can note the following growth bands for the three sub-sectors:

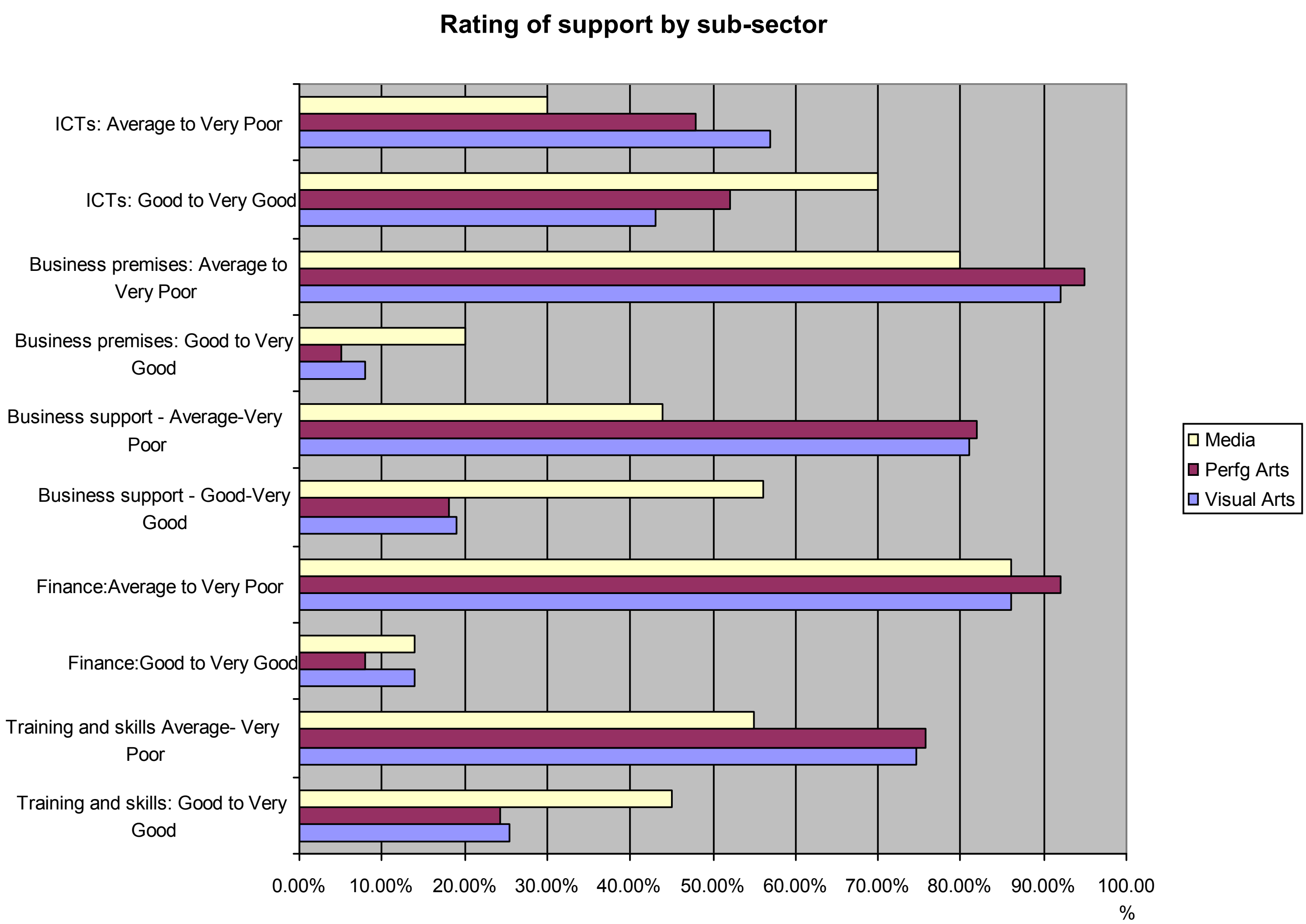


These market growth rates, some of which are admittedly from a small or new base, can be interpreted as positive signs, especially when combined with the spread of market segments identified above and the national and international trends in the growth of the Creative Industries.

4.2.5 The resource and support base

There are important indicators here of both significant market and employment growth and some indicators of sustainability if a momentum can be maintained. In terms of the base of support and resources for these sub-sectors - and many others - however, there are also some contraindications in terms of both sub-sector and sectoral recognition.

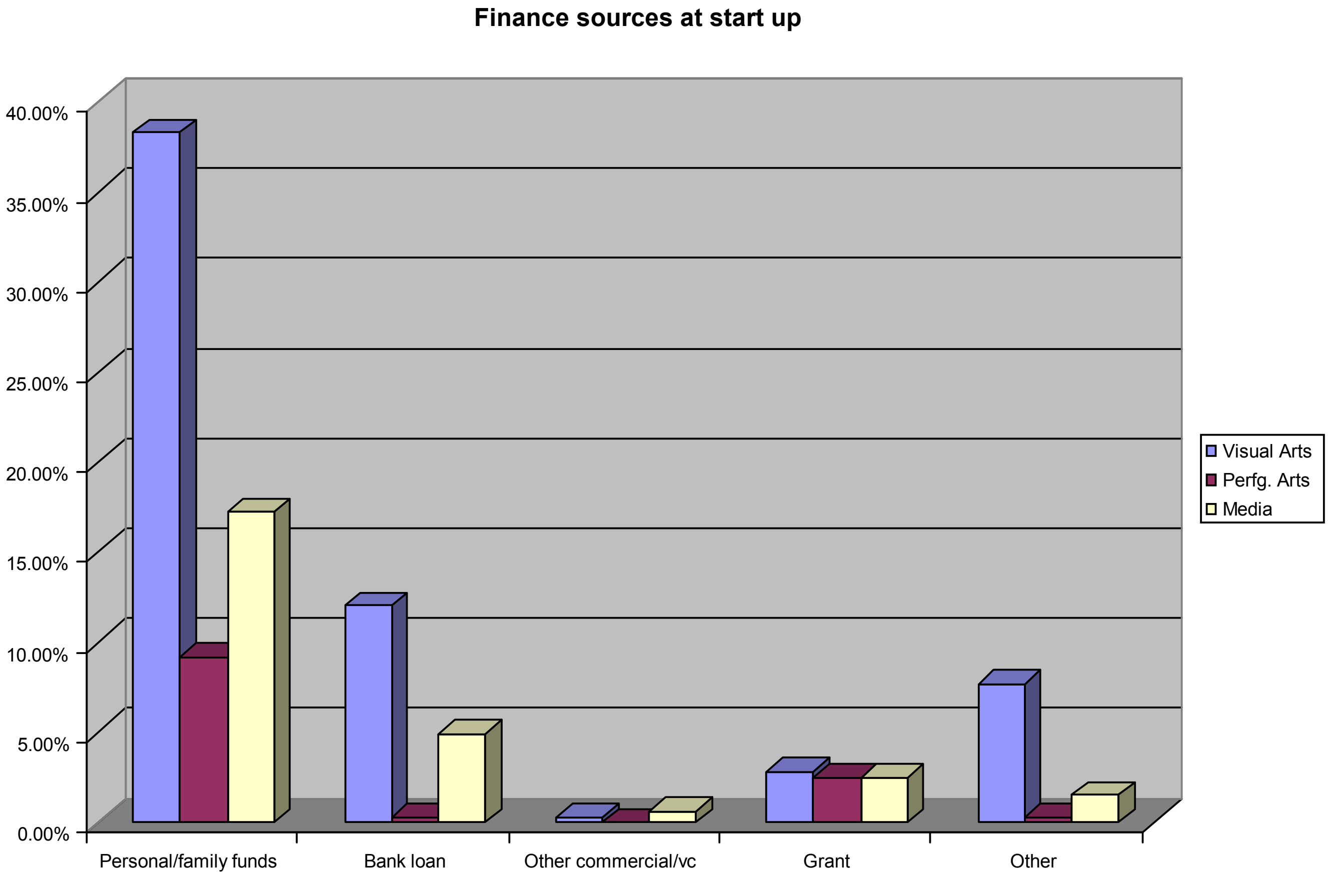
We asked these businesses and organisations to rate the various elements of the local support and resource base that would enable them to grow their enterprise. With the exception of support for ICTs, the respondents returned overall negative ratings in the areas of finance, training and skills, business support and business premises as the following chart shows.



As we note in Section 2.0 above, this pattern does not vary significantly from national or regional patterns, but it is precisely in this non-variation that the key issues and problems are highlighted. Low sector and sub-sector recognition leads to poor finance options, lack of appropriate business support and infrastructure and inappropriate and inflexible education and training regimes.

The media sector is doing better in having its needs met in most of these areas but its ratings of the resource base is still predominantly negative.

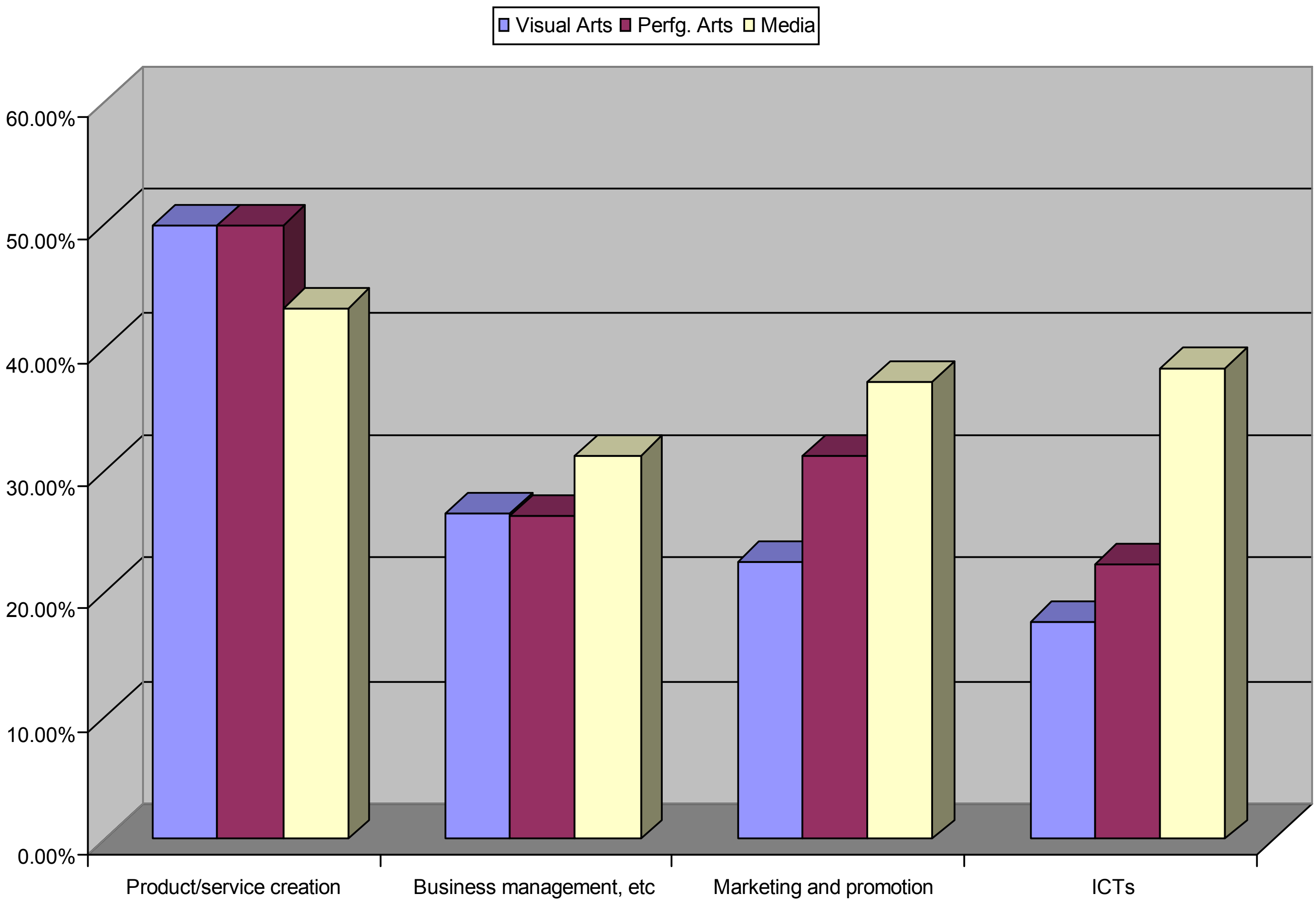
Asked questions about specific elements of industry report, we can note that in the area of finance for start up purposes, the largest group of respondents relied on personal/family funds as the following chart shows.



Commercial and venture capital, we note, is almost invisible in the scheme of things and are significantly outstripped by grant funding.

Positive ratings of the available skill base in the areas of product/service creation, business management and planning, marketing and promotion and ICTs all fall below 50% as the following chart shows.

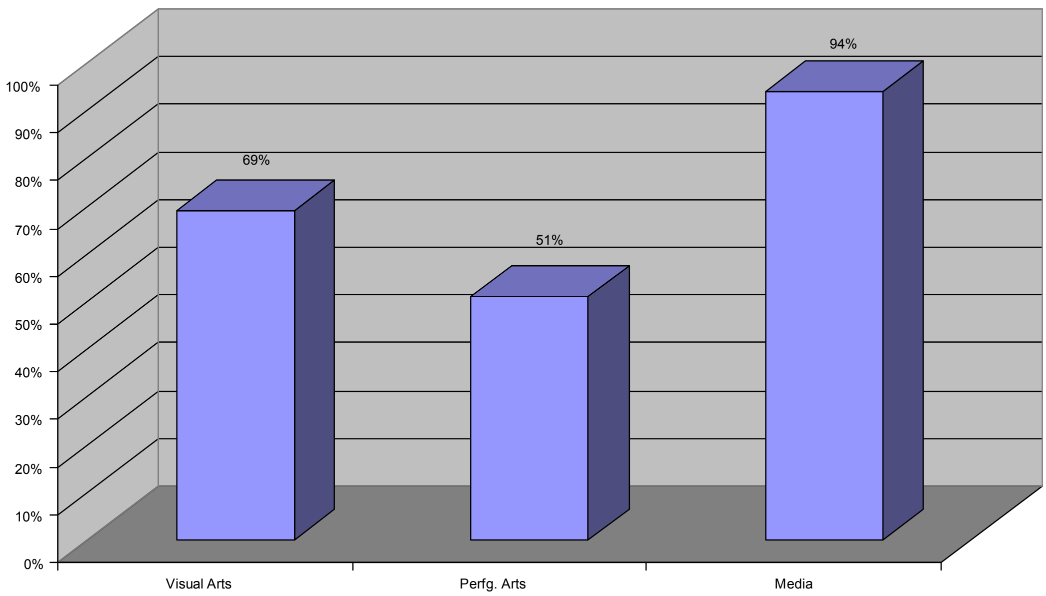
'Good to Excellent' skill ratings by sub sector (N=316)



The highest ratings are for the 'creative talent pool' that appears to be available in Cornwall and the lower ratings for the necessary skills in business management, marketing, and ICTs.

This chart, informed by our value production chain analysis approach, would seek to bear out the fact that the real strengths in Cornwall are at the creation/content origination point of the value chain (the beginning). The best available skills are in product/service creation and the chain becomes progressively weaker after that point. The media sector scores available skills in business management, marketing and promotion and ICTs slightly higher than the other sub-sectors. This is probably due to its ability to make linkages between its creative outputs and the mainstream industry of which it is more clearly a part. At the 'business end' however, media (including new media) is still strongly reliant on the creative visual and performing arts skills provided by the other sub-sectors and can be seen as both a sub-regional driver for the Creative Industries as a whole.

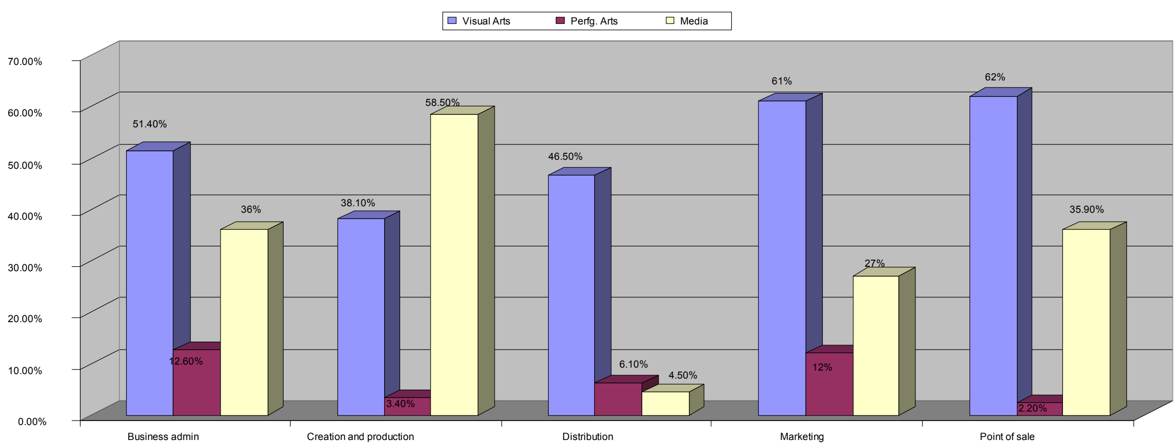
Importance of ICTs by sub sector (n=331)



A majority in all three sub-sectors (51% for Performing Arts, 69% in Visual Arts and 94% in Media) rated the use of ICTs as 'important to crucial' for their work. This is something of a sea change compared with the situation of 10 years ago when ICTs (then known simply as 'computers and faxes') were relatively marginal to creative activity and practice and seen largely as a tool for business and administration. With the development of the internet and, especially, broadband capacity for the 'bit-intensive' Creative Industries the situation has radically changed and ICTs now operate at every stage of the value production chain.

Importantly, we also discovered that ICTs are being used across the value production chain from creation to consumption as in the following chart.

Use of ICTs by sub sector



This spread of functions for ICTs across the value chain, especially for Visual Arts and Media, is distinctive and could be important for the future development of the industry as a whole.

ICT is a crucial mechanism which could link that which is distinctively Cornish (Cornwall's strategic and competitive advantage) to a wider national and global cultural economy.

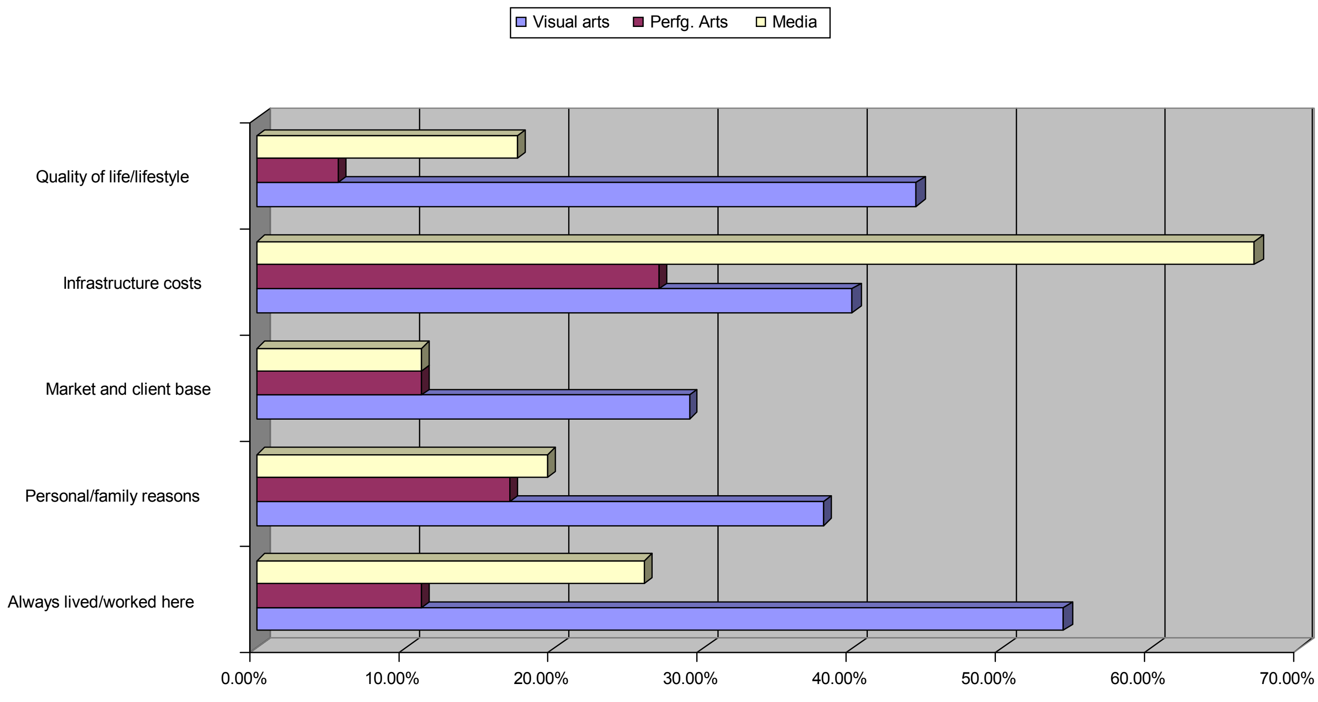
We know from our in-depth interviews with media and visual arts practitioners in particular, that the internet, digital and interactive media capacity and broadband are providing greatly enhanced capacity and opportunity for developing and consolidating their businesses. This pattern is clear from the business and economic trends in the media/new media sectors and it is encouraging that this is also clearly being recognised and exploited by the visual arts sector with some considerable success.

This is partly due to the recognition and exploitation of the 'Cornwall factor' to which we return finally in this section.

4.2.6 The 'Cornwall Factor'

In Section 2 above we noted the importance of an apparently intangible 'Cornwall Factor' in reasons for people living in, moving to and staying in Cornwall. This is a logic of image and also a logic of inward investment which need to be both recognised and exploited as a business case and as a quality of life case. The final chart for this section shows the first preference choices for Cornwall location by sub-sector.

First preference choices for Cornwall location by sub sector



What does this chart show? A number of things:

- That Cornwall appears to have a good spread of locational advantages for both sustainable indigenous industry development and inward investment capacity.

- That these advantages are a good combination of both quantitative (market, infrastructure) and qualitative (quality of life, lifestyle) factors and that these need to be both promoted and balanced in investment and other business support strategies.
- That the necessary but not yet sufficient conditions exist to consolidate, *' ...a set of formal and informal customs, traditions and practices associated with the industry and institutionalised in the social and cultural fabric of the area concerned.' (*DTI)

We will support these arguments in the next section but for the present we can simply register that the conditions exist, on both quantitative and qualitative indicators, for the promotion of Cornwall as a *distinctive Creative Industries cluster*.

4.3 The 'Bigger Picture'

How, finally, do these three sub-sectors of Film & Video, Performing Arts and Visual Arts relate to this bigger picture. Let us take them one by one.

4.3.1 Film and video

On the ABI figures alone, the media activities that we group into the audiovisual category have shown marked employment growth from 394 in 1998 to 524 in 2000. Albeit from a small base, this represents a 33% growth rate over two years. According to our detailed research there are around 219 businesses in the film & video industry generating £23m of turnover and providing employment for around 816 people of which 122 are freelancers/self-employed. Income generation per individual employee therefore averages out at approximately £28,000.

A significant proportion of the freelancers/self-employed we identified, are highly skilled, work out of Cornwall and appear to have little contact with the Cornwall based film industry. The industry is dominated by micro-business (1-4 employees) with only 12% of companies employing more than 5 employees and nobody employing more than 50 employees. There is a significant cluster of 45 economic units based in Penwith in the TR18 and TR 19 postcode areas.

The film & video industry is still in its early stages in Cornwall. Film making has been restricted to short films on limited budgets and television work is restricted to one or two companies making documentary work. The sector faces a number of difficulties such as:

- isolation from national, regional centres of government, finance and industry
- insufficient number of trained and skilled professionals
- the difficulty in accessing training at appropriate professional levels
- lack of access to equipment
- the reluctance of film makers using Cornwall as a location to employ local staff

However despite these disadvantages, the evidence from our survey is of significant market and employment growth, good market spread and a reasonable national-international market ratio. Interestingly Cornwall is home to the film industry's top armourer and a film archive business of national significance. These examples show that there is a potential position in the national/international film industry for Cornish businesses providing specialist services.

A further positive factor is the amount of DIY collaboration and enthusiasm of local film makers which has enabled the making of a small number of significant films with minimal finance.

There are a number of initiatives underway which combined could have a significant catalytic effect on the industry. These include:

- the Objective One Film Fund which will support local film making and encourage the use of Cornwall as a location
- the proposed Media Centre for Cornwall which will provide access to equipment and access to training
- the construction of a significant film studio in St Agnes
- the Digital Media Centre at Falmouth College of Arts which will train graduate and postgraduate students and provide support and access to local film makers

Film and video are often a driver for Creative Industries as a whole because it has the strongest 'business case' in a globalised market looking for niche products in digital form and also because it exerts strong demand for the skills of other content originators in visual arts, writing, design, performance, etc – areas in which Cornwall already has considerable strength. Media needs to be positioned as a strategic - but not sole - driver for creative industry development in the Cornwall creative cluster.

4.3.2 Performing arts

There are 315 economic units[5] generating £11 million in turnover and providing employment for around 745 people of which 253 are freelancers/self-employed. 62% (195) of these economic units have turnovers of less than £10,000 which implies that the majority of freelancers/self-employed work part time and derive most of their income from other sources. Turnover generation per employee is approximately £14,750.

On the basis of our survey, performing arts is the weakest of the three sub-sectors. This is mainly due to a lack of a critical mass of infrastructure for performance in Cornwall which could sustain a performing arts sub-sector in the ways that larger population areas are able to do. It is a fact that Cornish Performing Arts Companies spend more time performing out of Cornwall than in it. Along with all other performing arts sectors which are based outside London there is virtually no private sector investment, or likely justification for there being so.

Despite the significant problems which the sector faces there is an active vibrant sector with some strong examples of success:

- Kneehigh Theatre Company's reputation is rapidly becoming worldwide and the company has become an ambassador abroad for Cornwall.
- The Hall for Cornwall outperforms many other better positioned theatres throughout the UK in term of audience and breadth of activity.
- The tenacity of companies such as Miracle, Cornwall Theatre Collective and Bash Street who continue to successfully tour throughout the region and beyond.
- Dance Agency Cornwall which has nurtured an emerging dance sector.

The case has been made for recognising the importance of regional performing arts organisations and venues in relation to cultural tourism, to local and regional image/profile leading to consequent economic advantage. Things need to be done to boost this profile and capacity in Cornwall but they will depend, ultimately, on a logic of investment and subsidy and, crucially, not comparing the importance of performing arts

[5] Our definition of economic unit includes freelancers/self employed (full time and part time) and businesses.

with media, the visual arts and other sub-sectors. The specific nature of the art form means that this cannot be done. It will be important to recognise, in the end, that performing artists - actors, musicians, dancers - are content creators too and that they share a spectrum with the Creative Industries in general and form part of a major national and global industry.

4.3.3 Visual arts

The visual arts are a remarkably strong sub-sector in Cornwall, drawing on long-established traditions and, crucially, continuing to innovate in both creation and marketing at local, national and international levels. The continuing success of a remarkable concentration of 200 private galleries, especially in West Cornwall, and their capacity to stimulate distinctive new Cornish-originated art work, and to develop new markets, mean that this sub-sector has many of the conditions for sustainability and substantial growth in a national and international art market. These private galleries are well supported by the national profile of the major publicly funded galleries; Newlyn Art Gallery, The Tate St Ives, Falmouth Arts Gallery, the Royal Cornwall Museum and Penlee House Gallery and Museum.

Our research identified 1,534 economic units generating turnover of £80 million and providing employment for around 3,300 people of which 1,182 are freelancers/sole traders. Turnover generation per employee averages out at approximately £24,000. There is a strong cluster in Penwith of over 500 economic units and further significant clustering around the Falmouth/Helston area with over 200 economic units identified. Closely allied to this sector is a strong crafts sub-sector (which has not formed part of this research programme) in which it is estimated that there are 1,000 employees.

The profile of the visual arts is a strong factor affecting tourist destination and the Tate St Ives alone has been estimated to attract £16 - £20 million per year of tourism spend to the St Ives area. There is still much economic potential to be achieved in this area and in particular marketing and business support for individual artists would have a significant impact on turnover generation.

The take up by this sector of new digital technologies, from creation through promotion and marketing to point of sale, shows a capacity to innovate on the part of the entrepreneurs as well as the artists. If the media sub-sector is a 'driver' for Creative and Cultural industry development because of the nature of its product and business case, then it can be said that the visual arts provide some of the most distinctive 'branding' for what it is that is being driven.

In all of these sub-sectors, however, there is little room for complacency. They are still operating in a County with a per capita GDP at 68% of the national average and with male full-time earnings at 74% of the national figure. The issue that we address in the next section is how to reconcile these factors of actual and potential Creative and Cultural industry growth with the overall situation in Cornwall.

5 The Independents

The independents in this report are identified as individual practising artists, freelancers, and intermittent employees in the cultural sector. They may not be registered as a business or, if they are, operate as self-employed sole traders or partnerships.

They are therefore often invisible to national statistical frameworks and surveys such as the *Annual Business Inquiry* and usually below the VAT registration threshold of £45,000 annual turnover. They are, however, crucial to the make up and dynamics of the cultural sector. The 38 CAM partners we surveyed for this report, for example, employ on a regular or occasional basis, around 300 of these people on a contract/freelance basis with the majority of these working in a creative capacity.

We interviewed 100 of this group by telephone and a further 10 in in-depth face to face interviews. 3 of these were in Performing Arts, 3 in Film & Video and 4 in Visual Arts. The qualitative findings from these interviews were as follows:

5.1 Operation

- Cornwall is rich in energetic and vibrant creative networks, partnerships and clusters. It has a healthy ecology of interconnecting and mutually supporting creative producers in the independent sector. There was unanimity that this ecology is important for work and social reasons combined - 70% of respondents see it as 'vital' for the practical and professional aspects of their creative work.

- There is common agreement (90% made some specific reference) regarding the 'organic' emergence of networks and partnerships through informal, unstructured or temporary processes.

- There was unanimity that networks are an important source of 'social capital', in terms of practical information, knowledge and skills, jobs and contracts, access to equipment and other practical aspects of creative work. Some respondents made this point stronger than others did. To some (60%) it was an extremely important aspect to their habitation of the creative ecology. Some even mentioned the trading of art for other products/services (e.g.a new kitchen floor). There is clear evidence here of the hidden nature of much of the economic impact given the specific nature of the ecological operation.

- 80% of respondents made some reference to the need for a 'portfolio career' path to survive as an independent, where diversification of role and willingness to take on work related to their 'core' creative activity was essential (and often valued). Teaching, community work, administrative work and work outside the Creative Industries as a whole were mentioned.

- There was a common recognition that the vibrancy and energy of the independent sector is fragile and not always sustainable given its D-I-Y character.

- Within the ecological analogy, certain 'key-stone species' were mentioned that kept the ecology as a whole healthy and sustainable (e.g. Golowan, Kneehigh, St Ives School of Art were mentioned by those who had no formal relationship with those projects). The clear implication is that if such 'key-stone species' cease to exist, the knock-on economic and cultural impact would be much wider.

- 70% of respondents made some reference to a positive valuation put on 'being an independent'. These positive valuations ranged from the combined nature of work and social life, the room to follow creative inspiration and not follow an institutional line, the energy and spontaneous creativity that comes from being within the creative ecology rather than the formal economy. The implication is that many feel that being an independent should be seen as a positive attribute, both personally and within the local creative economy. It should not be seen as a negative status stemming from an inability to 'get a proper job'.

- There is a unanimously positive evaluation of 'the atmosphere' in Cornwall for the independents. There was general agreement that the recent past and immediate future seemed positive. This evaluation almost always came with the proviso of the economic insecurity faced by independents, the fragility and temporality of many creative networks and the high potential 'burn-out' rate immanent within a D-I-Y culture such as Cornwall's.

5.2 Geographic Variables

- West Cornwall has a denser ecology of creative networks, in North Cornwall they are relatively sparse.

- Creative community networks are often specific. They can be specific to a locale (e.g. Penzance, St. Just, and St. Ives). They can be artform specific, (e.g. Filmmakers in the West of Cornwall).

- Performing arts respondents made the point that the networks they inhabit are more Cornwall-wide than the visual arts, which tend to congregate in the West for traditional and infrastructural/capacity reasons.

- 70% of respondents made some reference to the existence of specific local creative networks and creative networks outside of Cornwall, whilst recognising the lack of pan-Cornwall networks.

- The geographical dispersion and rural setting of some independent creative producers in Cornwall make creative community networks that much more important, both for practical (economic) reasons and cultural reasons.

5.3 Needs for Sustainability

- For individual artists and groups, these were identified as more and more flexible funding/investment regimes and more sustainability of funding (3-5 years security).

- 3 respondents identified the need for something like a micro-funding strategy, where more is funded in perhaps a smaller way to 'see what grows' (in conjunction with the ecology analogy) as a way of both enabling the smaller, hidden community oriented creative work, and simultaneously developing a smarter targeted funding strategy. These sentiments were made in the context of a general uncertainty with some of the 'big money' projects (especially within Performing Arts and Media).

- There was general agreement that infra-structural developments were needed incorporating an 'arts centre' rationale, offering incubator spaces, production/studio spaces, meeting spaces and a signature architectural/cultural development for both production and consumption, for both locals and tourists.

- Respondents identified the need for more help in sustaining the creative energies as they already exist and succeed, rather than trying to (re)create such creativity anew without achieving a local sense of ownership/authorship.

- There was a common identification of the need to develop training in creative content. This is needed before training in business development, marketing etc is meaningful. Some suggestion, especially from Performing Arts, that training provision in Cornwall puts the 'cart before the horse' by offering business development training before developing a drama school.

- Local purchasers could be encouraged more effectively to buy products and services from local creative producers.

5.4 Policy Related Issues

- In some form, 90% of respondents made some reference to a perception that policy-makers do not fully understand the realities, needs and subtleties of the independents' creative ecology. Reasons suggested for this ranged from traditional barriers and political agendas, institutionalisation, general unwillingness of key personnel from cultural organisations to get involved with the micro-ecologies of the creative community, 'myopia' and 'nepotism'. There was a general call for more 'imaginative policies' in this context.

- The perception of the larger cultural organisations from within the independents is characterised by 'mixed messages'. On the one hand there is some welcoming of their development and their contribution to the local cultural economy, on the other hand it was commonly felt that they could do more to help develop the economic and cultural vibrancy of the independent sector.

- 60% of respondents made some suggestion that there was a growing self-reflexivity within the independent sector. A growing recognition of the key economic and cultural contribution that the independents make to 'Cornwall'. This is in terms of generating culture, attracting tourists, making Cornwall a place with a distinctive culture (e.g. Golowan Festival was the most common example of this). Along with this there may be a growing dissatisfaction with the cultural authorities getting this economic and cultural benefit 'for free'.

- Some suggestion that retention issues need to be addressed by developing training, particularly in creative content, and by tending to the health of the informal networks and hidden ecology as a whole over and above individual projects.

- The 'measurable outcomes' orientation was criticised quite heavily. There is a perception that funders are too interested in such measurable outcomes. A key point about the independent ecology is that it operates in an unplanned and flexible way. To ask for too many and too rigorous measurable outcomes attached to funding before this process is simply inappropriate. In this sense the *process* was deemed to be as important as the *outcomes* in some situations.

These qualitative observations tend to be borne out by responses to the telephone survey which are broadly similar to those from the more established businesses interviewed but with stronger emphases in the following areas:

- a more pronounced 'average to poor rating' (72%) for training in marketing and sales
- a higher 'average to poor' rating (88%) for availability of finance
- a higher reliance on grant funding with 41% of respondents identifying this as 'important to crucial'
- a higher level of linkage between creative activity and Cornwall with 80% of respondents identifying this relationship as 'important to crucial'
- a stronger sense of being 'part of a creative community' (77%)
- 37% had relocated to Cornwall to pursue their creative activity
- a higher evaluation of networking with creative collaborators with 76% rating this as 'important to crucial'
- a stronger reliance on local markets with 69% rating these as 'important to crucial' and 70% giving a similar rating for the importance of tourism and tourists to their activity
- a high reliance on local platforms and venues for presentation of their work with 84% rating these as 'important to crucial' and 83% rating the proximity of cultural institutions in general in the same category
- a strong sense of place-loyalty with 69% not willing to move from their part of Cornwall and 84% not willing to relocate outside of Cornwall as a whole
- a very low rating for support measures from regional and local government support agencies with 78% of respondents rating these in the 'Not very important - irrelevant' categories
- 67% of respondents experiencing market growth over the past year with the majority of respondents in the 5-50% range
- 85% of respondents rated local markets as important; 62% rated national markets as important and 38% rated international markets as important

Our work in both this survey and analyses from elsewhere in the country clearly shows that while this group may often be 'invisible' in both statistical and policy terms, their role is of strategic significance to the creative sector as a whole. They are, in many senses, the 'incubators' of the cultural economy and carry out the very important work of, to continue the agricultural metaphor, cross-fertilisation, between publicly funded and commercial sectors.

The health, dynamism and sustainability of this sector is crucial to the capacity of the cultural sector as a whole to be innovative, to create new and diverse content and to create both new audiences and new cultural forms.

5.5 Significant Issues

More than the established commercial sector, this is a highly network-dependent group with high levels of reliance on a peer creative and social community and a stronger dependence on factors of clustering and locality. Their interests are not only parochial, however. We can see that they and their product or service also have a national and overseas presence.

They key issues for this sector, therefore are:

- availability of flexible and responsive training programmes with a strong emphasis on creative training in their field and multiple entry and exit points

- appropriate business support and development services and agencies especially in areas such as marketing and the development of a client base locally, regionally, nationally and internationally

- availability of a range of financing options 'beyond the grant'

- enhanced informal and formal networking capacity and opportunities

6 The Economic Impact of the Creative Industries in Cornwall

6.1 Direct Economic Impacts

Let us restate the basic direct impacts of the Creative Industries in terms of numbers employed, turnover and gross and *per capita* GDP. These are as follows:

Numbers employed (all sub-sectors)	8,600
Turnover	£250 million
GDP (@ c.40% of turnover)	£100 million
GDP *per capita*	£11,600

For the three sub-sectors under analysis the respective figures are:

Film & Video

Numbers employed	816
Turnover	£23 million
Sub-sector GDP	£9.2 million
Sub-sector *per capita* GDP	£11,274

Visual arts

Numbers employed	3300
Turnover	£80 million
Sub-sector GDP	£32 million
Sub-sector *per capita* GDP	£9,697

Performing arts

Numbers employed	745
Turnover	£11 million
Sub-sector GDP	£4.4 million
Sub-sector *per capita* GDP	£5,906

GDP (Gross Domestic Product) and its year on year growth or decline, remains, in the absence of more refined and sector sensitive measures, the fundamental unit of calculation - of significance - of the economic health and well-being of a country or region. GDP refers to the total *value* of goods and services produced by a nation or region (by people and property).

Among other things it is used, for example, by the EU to determine the allocation of Structural Funds to a specific region. Because Cornwall's GDP *per capita* is below an agreed European threshold, it qualifies for Objective 1 funds. GDP *per capita* in 1995 in Cornwall was £7,511 compared to £10,200 for the UK as a whole and £9,792 for the South West Region. Cornwall's GDP *per capita* was therefore 73.6% of the national average and, notwithstanding growth in some sectors, remains close to that level, across all industry sectors in 2002. This is a baseline against which we can begin to evaluate the economic contribution and impact of the Creative Industries in Cornwall which, with the exception of Performing Arts, appear to be contributing, on a *per capita* basis, above the weight of Cornish industry as a whole.

But for Cornwall there is a need to be cautious with GDP calculations. As the Office for National Statistics advises,

> *'...county figures for GDP should be treated with some caution: underlying industrial and more specifically, demographic structures can explain much of the large differences in terms of GDP per head. These influences mean that that the differences in counties' GDP are longstanding and tend to persist over time'. (Focus on the South West, 1998:16)*

Calculation of GDP includes an assessment of total consumer and government spending on goods and services, of the value of investment and assets, and the total value of exports less that of imports. In its gross form it is a calculation best applied at national level but on a *per capita* basis it can also be used at regional and county levels as a rough indicator of the significance and impact of a particular industry.

6.2 Indirect Economic Impacts

But the story of impacts does not stop there. An 'impact' implies a more or less direct causal relationship between an action, like an investment decision, and an outcome, like new jobs created, increased revenues and profits, etc.

It is logical to suggest that arising from the direct impacts of the investment decision - jobs created, revenue and profits increased in the company or industry concerned, etc – there are other *indirect impacts*.

Indirect impacts are the flow-on consequences of the immediate impact beyond the company or industry concerned. Thus, in our case, the decision to fund or invest in a new stage production, beyond creating a demand for actors, will lead to new demand for the services of costume suppliers, set designers, lighting technicians, etc. Payments to these people will also flow to other businesses for food, clothing, etc.

There are also indirect impacts associated with the actual production or staging of the event. People attending the production will spend money on transport, may possibly take a meal at a local restaurant, may stay overnight at a local hotel and so on. This 'ancillary spending' associated with arts and cultural events, festivals, etc is fairly well-documented and often used as a strong advocacy case for the funding, through public subsidy, of culture and the arts. On the basis of this argument, 'multiplier effect' arguments are often adduced, suggesting that, for example, for every £1 spent on the arts there is a multiplier effect of between 1.6 and 2.5 depending on the nature of the industry and sub-sector under consideration.

The report *The Economic Impact of the Arts and Creative Industries in Wales* published in 1998, calculated the following multipliers for the Performing Arts, Visual Arts and Media in Wales as follows:

	Output impact	**Income impact**	**Employment impact**
Performing Arts	1.61	1.45	1.49
Visual Arts	1.74	1.64	1.60
Media	1.66	2.07	2.47
Cultural Sector	1.83	1.71	1.62

This is a plausible range of multipliers and conforms to earlier work done in the UK on the economic significance of the arts and is more conservative than numerous US studies. We use these multipliers below.

Taking performing arts as an example from this formula what this means is as follows:

- For every extra £1 million of gross output generated in the Performing Arts sector there is a total *output impact* of £1.61 million. (multiplier 1.61)
- An extra £1 million in disposable wage income generated through Performing Arts would mean an extra £1.45 million of wage income (multiplier 1.45)
- An extra 100 jobs created in the Performing Arts sector would support a total of 149 jobs (multiplier 1.49)

Applying these multipliers now to the three sub-sectors that are the focus of this study and to the creative sector as a whole we can arrive at the following calculations for the combined direct and indirect economic impacts of the three sectors and for the Creative Industries (the cultural sector) as a whole

	OUTPUT IMPACT	INCOME IMPACT	EMPLOYMENT IMPACT
Performing Arts	£11.7 million x 1.61 **Total output impact** **£17.98 MILLION**	£4.68 million[6] x 1.45 **Total income impact** **£6.79 MILLION**	745 x 1.49 **Total employment Impact** **1110 JOBS**
Visual Arts	£80.11 million x 1.74 **Total output impact** **£139.39 MILLION**	£48.06 million[7] x 1.64 **Total income impact** **£78.82 MILLION**	3300 x 1.60 **Total employment Impact** **5280 JOBS**
Film and Video	£23.37 million x 1.66 **Total output impact** **£38.79 MILLION**	£11.69 million[8] x 2.07 **Total income impact** **£24.19 MILLION**	816 x 2.47 **Total employment Impact** **2015 JOBS**
Creative Sector	£250 million x 1.83 **Total output impact** **£457.5 MILLION**	£100 million[9] x 1.71 **Total income impact** £**171 MILLION**	8600 x 1.62 **Total employment Impact** **13,932 JOBS**

Crucially, however, the calculation of these multipliers cannot be done by simply importing them from elsewhere, especially given the distinctive demographic and

[6] Assumes that salaries account for 40% of total turnover based on figures provided by CAM Partners.
[7] Assumes that salaries account for 60% of turnover based on aggregated figures provided by CAM Partners.
[8] Assumes that wage costs are 50% of turnover
[9] Assumes wage costs overall at 40% of turnover

industrial features of Cornwall. They are produced by a thorough understanding of the dynamics and flows of the local, regional and national economy. In the USA, the Bureau of Economic Assessment undertakes rigorous and detailed analysis of local and regional economies, their trading flows and patterns, their contributions to GDP, etc. In the UK this is not work that is currently well-advanced at local, regional or national levels.

As the Wales report stresses,

> *To estimate…indirect or multiplier consequences it is necessary to have some picture of the local economy that specifies how the various sectors fit together in terms of their trading relationships. (p.13)*

7 Concluding Remarks

As this reports draws to a close it is important to review a number of crucial issues:

- Before this research was undertaken there was little or no base line data to support the economic assertions of the Creative Industries.
- The lack of research is based principally on the narrow and out of date definitions used by mainstream data collection tools – primarily the SIC and SOC codes. This situation is made more acute by the level of freelance and self employed activity. Together these factors have rendered much of the economic activity of the Creative industries invisible.
- The task of mapping all 13 sub sectors of the Creative Industries in a meaningful way was too large a task for the funding available.
- The primary reason for mapping was to provide a detailed, robust and accurate quantitative and qualitative view of sector activity and for these reasons the steering group narrowed the detailed mapping to 3 sub sectors.
- In order to achieve a high degree of accuracy primary data was gathered on the ground using experienced sector practitioners as research workers. This process has given a higher sector response rate (up to 40%) than any other Creative Industries research done to date.

The key findings from the overall research begin to provide a significant baseline from which we can plan, invest, advocate and negotiate. It also provides a benchmark from which we will be able to measure future growth and impact.

These include the following headline figures:

All Creative Industries

Creative Industries Combined Turnover	▶ **£250 million.**
Number of economic units	▶ **3,294**
Number of employees	▶ **8,600**
Percentage of workforce	▶ **4%**
Growth in workforce 1998-2000	▶ **4%**
Average % freelance/self employed	▶ **76**
GDP	▶ **£100 million**
% of Cornwall GDP	▶ **3.3**
GDP per capita	▶ **£11,600**
Total output impact	▶ **£457.5 million**
Total income impact	▶ **£171 million**
Total employment impact	▶ **13,932**

CREATIVE VALUE: CORNWALL

Growth across Visual Arts, Performing Arts and Film & Video Sub-sectors

Market growth 1996-2001	▶ 61% reported growth in excess of 20% with 22% reporting growth in excess of 100%
Export	▶ 22% reported export as being a significant part of their market
Tourism	▶ 45% reported non UK tourists as being an important part of their market ▶ 56% reported that UK tourists formed an important part of their market

Visual Arts sub-sector (not including crafts or photography)

Turnover	▶ £80.1 million
Number of economic units	▶ 1,500
Number of employees	▶ 3,300
Proportion of workforce freelance/self employed	▶ 79%

Performing Arts (Dance and Drama and associated activity – not including music)

Turnover	▶ £11.2 million
Number of economic units	▶ 315
Number of employees	▶ 745
Proportion of workforce freelance/self employed	▶ 80%

Film & Video

Turnover	▶ £23.4 million
Number of economic units	▶ 220
Number of employees	▶ 816
Proportion of workforce freelance/self employed	▶ 53%

These headline figures combined with the detailed sub sector analysis begin to provide the evidence for future policy making. The research is being published at a critical time when Creative Kernow, a new development agency for the Creative Industries is being established. It is essential that Creative Kernow and the wider stakeholder community responds to the key issues, as identified in the research, in considering how the new organisation allocates its time, influence and resources.

In addition Creative Kernow must recognise that there were a number of key issues identified during this exercise which will need further work. These include:

- further mapping of the other sub sectors
- support for a Creative Industries observatory function

- policy and organisational attention for - business start up and growth, marketing, finance, education and training

- development and consolidation of ICT potential

In order to act on these issues and to keep the process moving forward an advocacy document and a number of policy recommendations will follow the publication of this document.

Appendices

1. Standard Industrial Classification (SIC) Codes for the Creative Industries

(Note: the categories are given weightings whereby, for example, in the first 9 codes 1771 - 1930 (textiles, clothing and footwear) only 0.5% of the workforce can be included as 'creative' in their fashion and design capacities)

SIC Code	Description
1771	Manufacture of knitted/crocheted hosiery
1772	Manufacture: knitted/ crocheted pullovers
1810	Manufacture of leather clothes
1821	Manufacture of workwear
1822	Manufacture of other outerwear
1823	Manufacture of underwear
1824	Manufacture of other wearing apparel nec
1830	Dressing and dyeing of fur
1930	Manufacture of footwear
2051	Manufacture of other products of wood
2211	Publishing of books
2212	Publishing of newspapers
2213	Publishing of journals and periodicals
2214	Publishing of sound recordings
2215	Other publishing
2221	Printing of newspapers
2222	Printing nec
2223	Bookbinding and finishing
2224	Composition and plate-making
2225	Other activities related to printing
2231	Reproduction of sound recording
2232	Reproduction of video recording
2233	Reproduction of computer media
2615	Manufacture/processing of other glass
2621	Manufacture: ceramic household articles
3622	Manufacture of jewellery nec
3630	Manufacture of musical instruments
3661	Manufacture of imitation jewellery
5247	Retail sale of books/newspapers etc
5248	Other retail sale: specialised stores
5250	Retail sale: second-hand goods in stores
7220	Software consultancy and supply
7420	Architectural/engineering activities
7440	Advertising
7481	Photographic activities
7484	Other business activities nec
9211	Motion picture and video production
9212	Motion picture and video distribution
9213	Motion picture projection
9220	Radio and television activities
9231	Artistic and literary creation etc
9232	Operation of arts facilities
9233	Fair and amusement park activities

9234	Other entertainment activities nec
9240	News agency activities
9251	Library and archives activities
9252	Museum activities etc
9253	Botanical and zoological gardens etc
9272	Other recreational activities nec

2. Location Data and Methodology for Estimating Employment Figures

Location
Where is this happening? The employment figures by postcode is as follows:

POSTCODES	PERFORMING ARTS	FILM & MEDIA	VISUAL ARTS
TR 1	31	9	65
TR 2	4	0	23
TR 3	5	4	22
TR 4	1	2	6
TR 5	3	4	8
TR 6	2	2	5
TR 7	1	3	10
TR 8	2	1	6
TR 9	1	0	4
TR10	10	8	22
TR11	14	8	100
TR12	1	5	56
TR13	2	4	53
TR14	9	1	25
TR15	10	8	20
TR16	4	3	11
TR17	1	4	20
TR18	28	29	154
TR19	17	16	98
TR20	8	9	51
TR21	0	0	3
TR22	0	0	0
TR23	0	0	0
TR24	1	2	1
TR25	0	0	1
TR26	9	4	198
TR27	5	4	23
TR28	0	0	0
TR29	0	0	0
PL10	2	4	1
PL11	0	1	7
PL12	1	5	14
PL13	2	3	15
PL14	14	12	14
PL15	4	6	36
PL16	0	0	2
PL17	2	0	11
PL18	1	1	6
PL19	0	0	0
PL20	0	0	0
PL21	0	0	0
PL22	1	1	4
PL23	6	6	11
PL24	7	0	12
PL25	4	2	15
PL26	9	2	13
PL27	1	1	17
PL28	1	2	9
PL29	1	0	5
PL30	12	2	20
PL31	1	1	4
PL32	3	3	10
PL33	1	1	4
PL34	2	1	15
PL35	0	0	8
EX22	0	0	0
EX23	1	0	26

Methodology

From the telephone survey we have 56.30% of businesses across the three sub sectors as being sole traders/freelancers. However we know from the mapping exercise database, which is more accurate, that 1571 of 2068 businesses are sole traders/freelancers ie 75.97%

We therefore have taken 75.97% as the true figure and translated the information from the telephone survey in the following way.

If 56.30% of businesses consist of self-employed/freelances then 43.7% of companies have employees. In the telephone survey we have 43.7% of companies employing more than one employee and 32% of the total employing between 1-4 employees. This relationship can be represented as $\frac{43.70}{32.00} = 1.366$

We can translate this relationship to where sole traders/freelancers are 75.97% and therefore companies employing more than one employee are 24.03% (the more accurate information from the mapping exercise) In this case we represent the band of companies employing 1-4 employees with *X*. This relationship can be translated across from survey in the following way

$$\frac{24.03}{X} = 1.366$$

$$1.366\,X = 24.03$$

$$X = \frac{24.03}{1.366}$$

X = 17.59 = Proportion of employers/employees on database who employ between 1 and 4 people. i.e. 17.59% of 2068 = 364 employers employ between 1 and 4 employees.

Calculation for companies with 5-9 employee

In the telephone survey 43.70% of organisations employ more than one employees and 6.8% employ between 5 and 9 then relationship is $\frac{43.70}{6.80} = 6.426$

Where, in the mapping exercise 24.03% of companies employ more than one employee we represent the band of companies employing 5-9 employees by X. This relationship can be translated across from survey in the following way

$$\frac{24.03}{X} = 6.426$$

$$X = \frac{24.03}{6.426}$$

$$X = 3.73$$

Calculation for companies with 10- 49 employees

In the 43.70% of organisations employ more than one employees and 4.3% employ between 5 and 9 then relationship is $\frac{43.70}{4.30} = 10.162$

Where in the mapping exercise 24.03% of companies employ more than one employee we represent the band of companies employing 10-49 employees by *X*. This relationship can be translated across from survey in the following way

$$\frac{24.03}{X} = 10.162$$

$X = 2.36$

Adjustments
Current calculations give us

Sole traders/freelancers	75.97%
1- 4 employees	17.59%
5-9 employees	3.72%
10 – 49 employees	2.36%
Total	99.64%

This leaves 0.36% for companies over 50 employees i.e. 0.36% of 2068 = 7 companies. In fact there is only one company in the three sub sectors who employs more than 50 employees.. One company = 0.05% We have therefore adjusted the figures accordingly by re- allocating the 0.31% proportionally to the other employment bands.

Sole traders/freelancers	76.20%
1- 4 employees	17.65%
5-9 employees	3.73%
10 – 49 employees	2.37%
50+	0.05 %

3. Telephone Survey

CORNWALL CREATIVE INDUSTRIES MAPPING AND IMPACT STUDY

Questionnaire for telephone survey of cultural industry businesses

Date and time of call:………………………………………………………………………

Telephone number……………………………………………………………………………

"Good morning/afternoon/evening, my name is …………………….. and I am a member of a team commissioned by Cornwall Arts Marketing and a number of South West regional agencies to undertake a survey and impact assessment of the Creative Industries in Cornwall. The aim of the project is to assess the extent and impact of the Creative Industries[10] and their importance for Cornwall. The project is being undertaken by the Newlyn-based company Perfect Moment with the Cultural Policy and Planning Research Unit at The Nottingham Trent University.

Would it be possible to speak to the Director/Manager/Owner of your company/organisation for about 20 minutes?

If you would like to check my *bona fides* before answering you can contact Richard Glover, Director of Cornwall Arts Marketing in Truro on ….. (email….) or the project research director, Professor Colin Mercer, at Nottingham Trent University on 0115 848 4920 (email: colin.mercer@ntu.ac.uk)"

(**Arrange call-back if necessary and note preferred time** …………………………………..)
Advise that this is a confidential survey covered by the provisions of *the* Data Protection Ac***t and that no information about individual companies/organisations will or may be disclosed to any third party. All results from this survey will be presented in aggregated form that does not disclose the characteristics of any individual business or organisation***.

(Please use tick boxes where appropriate)

1.0 Can I ask your name and position in the organisation (tick one or more as necessary)?

Name:………………………………………………………………………………

Owner	
Chairperson	
Chief Executive Officer	
Managing Director	
Senior Spokesperson	
Other (specify below)	

…………………………………………………………………………………………………
…………………………………………………………………………………………………..

2.0 Can I confirm the name, address and contact details for your organisation?

Name of company:…………………………………………………………………

Address of company (include postcode)

………
………
…………………………………………………

Telephone number……………………………………………………………………

Fax number…………………………………………………………………………

[10] Definition will be available for survey staff.

e-mail……………………………………………………………………………………

web address………………………………………………………………………………

3.0 Can I ask how long your business has been in existence?

< 1 year	
1-2 years	
2-3 years	
3-4 years	
4-5 years	
5-10 years	
10-15 years	
15-20 years	
>20 years	

4.0 Is your business/organisation

Wholly Independent (as sole trader, partnership, limited company, etc (**specify which**……………………………………………………………………………..**)**	
A subsidiary of a company based elsewhere in Cornwall	
A subsidiary of a company based elsewhere in the UK	
A subsidiary of an overseas owned group or company	

5.0 Thinking now about your business premises now do you

Work from home	
Work in your own premises	
Work in rented premises	
Other **(specify)**…………………………………………………………………	

6.0 Are you/your business members of any business bodies or support networks such as:

Local Chamber of Commerce	
Federation of Small Businesses	
Institute of Directors	
Digital Peninsula Network	
Other **(specify)**…………………………………………………………………	

7.0 Thinking about how you started the business, what were the sources and availability of finance?

Personal/family funds	
Bank loan/overdraft facility	
Other commercial source of finance (venture capital, finance house, etc **(specify)**…………………………………………………………………………	

Grant funding (from government, EU sources, etc **(specify)…………………** ………………………………………………………………………………..	
Other **(specify)………………………………………………………………..** ………………………………………………………………………………..	

8.0 Did you draw on any sources of business advice when you started your business?

Yes	
No **(go to question 9.0)**	

8.1 If 'Yes', which?

Commercial (High Street) bank	
Financial/ business advisor	
Solicitor	
Friend or colleague	
Government funded services (Small Business Service, Business Link, etc)	
Other **(specify)………………………………………………………………**	

8.2 If 'Yes' how would you rate this business advice

Excellent	
Very good	
Good	
Average	
Poor	
Very Poor	

9.0 Have you received any business advice in the past three years?

Yes **(go to question 9.1)**	
No **(go to question 10.0)**	
Not applicable (business less than three years old **(go to question10.0)**	

9.1 Did you pay for this business advice or was it provided free of charge by a funded business support agency?

Paid	
Free of charge	
If free of charge **(specify which organisation(s) provided the advice)** ………………………………………………………………………………..	

10.0 Thinking about the skills available to you, when your business started how would you rate them in terms of the following categories?

10.1 The creative skills/capacity available to you and/or your employees to create and produce the product or service that is the core business of your company/organisation: (Skills for actual creation)

Excellent	
Very good	
Good	
Average	
Poor	
Very Poor	

10.2 Business management, administration and planning

Excellent	
Very Good	
Good	
Average	
Poor	
Very Poor	

10.3 Marketing and promotion

Excellent	
Very Good	
Good	
Average	
Poor	
Very Poor	

10.4 ICT and New technology skills

Excellent	
Very Good	
Good	
Average	
Poor	
Very Poor	

11.0 What is the annual revenue of your business/organisation?

< £9,999	
£10k-£19,999	
£20k-£49,999	
£50k-£99,999	
£100k-£199,999	
£200k-£299,999	
£300k-£399,999	
£400k-£499,999	
£500k-£749,999	
£750k-£999,999	
£1 million-£4,999,999	
£5 million-£9,999,999	
>£10 million	

11.1 Can you say, roughly what proportion of this income came from

Cornwall	%
South West Region	%
Rest of the UK	%
International	%

12.0 How many staff do you/your business employ (full-time and part-time) in an average year?

Respondent only	
1-4	
5-9	
10-49	
50-99	
100-249	
250+	

12.1 Of these, how many/what percentage are:

Permanent staff	
Short-term contract staff/freelancers	
From Cornwall	
From elsewhere in the UK	
From overseas	

12.2 Does your business/organisation enjoy any support from volunteers or in-kind contributions?

Yes	
No **(go to question 13)**	

12.3 If 'Yes'

What percentage (roughly) of annual staff time is contributed by volunteer and/or in-kind support?……………………………………………………….

13.0 Thinking now about your customers and client base. Can you indicate the financial significance to your company/organisation in the following categories?

13.1 Individual/household consumers based in Cornwall

Crucial	
Very Important	
Important	
Not very important	
Insignificant	

13.2 UK based tourists

Crucial	
Very Important	
Important	
Not very important	
Insignificant	

13.3 *Tourists from overseas*

Crucial	
Very Important	
Important	
Not very important	
Insignificant	

13.4 *Private sector companies and organisations based in Cornwall*

Crucial	
Very Important	
Important	
Not very important	
Insignificant	

13.5 *Private sector companies and organisations based in the UK*

Crucial	
Very Important	
Important	
Not very important	
Insignificant	

13.6 *Private sector companies and organisations from overseas*

Crucial	
Very Important	
Important	
Not very important	
Insignificant	

13.7 *Voluntary sector companies and organisations based in Cornwall*

Crucial	
Very Important	
Important	
Not very important	
Insignificant	

13.8 *Voluntary sector companies and organisations based in the UK*

Crucial	
Very Important	
Important	
Not very important	
Insignificant	

13.9 *Public sector companies and organisations based in Cornwall*

Crucial	
Very Important	
Important	
Not very important	
Insignificant	

13.10 Public sector companies and organisations based in the UK

Crucial	
Very Important	
Important	
Not very important	
Insignificant	

13.11 Public sector companies and organisations based overseas

Crucial	
Very Important	
Important	
Not very important	
Insignificant	

14.0 Would you say that, in the past 5 years, your client-base/market has

Decreased **(go to 14.1)**	
Grown **(go to 14.3)**	

14.1 If 'Decreased" by approximately what percentage?

0-4%	
5-9%	
10-19%	
20-49%	
50-100%	

14.2 Can you say briefly you think that your client base/market has decreased?
………
………
………
………
………………………………………………………………………………………………………

14.3 If 'Grown' by approximately what percentage?

0-4%	
5-9%	
10-19%	
20-49%	
50-99%	
100% +	

14.4 Can you say briefly why you think your client base/market has increased?
………
………
………
………
………………………………………………………………………………………………………

15.0 Approximately what percentage of your annual budget do you spend on marketing and promotional activities?

0-4%	
5-9%	
10-19%	
20-29%	
30%+	

16.0 Can I ask your opinions on the following areas?

16.1 How would you generally rate the local (Cornwall) availability and appropriateness of training and skills for your business/organisation

Very Good	
Good	
Average	
Poor	
Very Poor	

16.2 How would you generally rate the availability and appropriateness of finance for your business/organisation?

Very Good	
Good	
Average	
Poor	
Very Poor	

16.3 How would you generally rate the availability and appropriateness of business support and advice for your business/organisation?

Very Good	
Good	
Average	
Poor	
Very Poor	

16.4 How would you rate the adequacy of business infrastructure in the following areas:

Availability/cost of appropriate business premises?

Very Good	
Good	
Average	
Poor	
Very Poor	

Access to/availability of appropriate ICTs (information and communications technologies);

Very Good	
Good	
Average	
Poor	
Very Poor	

16.5 Can I ask how important ICTs are to your business?

Crucial	
Very Important	
Important	
Not very important	
Insignificant	

16.6 Can you say for which purposes ICTs are important?

Business and administration	
Creation and production of product or service	
Distribution	
Marketing	
As 'point of sale'	

17.0 Finally, can I ask why you decided to locate your business and stay in Cornwall? (rank in order if necessary)

Always lived and worked here	
Personal/family reasons	
Market and client base	
Infrastructure costs	
Training and skills availability	
Quality of life and lifestyle	
Other **(specify)** ………………………………………………	

'Thank you for sparing the time to respond to these questions, Your responses will be very useful for developing measures to assist the Creative Industries in Cornwall.

As part of our quality control measures you may receive another brief call in a few weeks to confirm that this interview has taken place.

When the survey and report have been completed would you be interested in receiving the Executive Summary or a full version of the report?"

YES	
NO	

If 'Yes':

By post	
By email	

Confirm details of where and how to send this

4. Cornwall Arts Marketing - The Partners

Acorn Theatre, a venue/arts centre in Penzance

Arts Centre Trust, the professional performing arts promoter for Carrick and Kerrier

Badcocks, a private art gallery in Newlyn

Bash Street Theatre, a theatre company based in Penzance

Beside the Wave, a private art gallery in Falmouth

Cornwall Crafts Association, an art development agency and exhibitor of crafts

Cornwall Folk Festival, a performing arts festival in North Cornwall

Cornwall Promoters' Consortium, a network of professional promoters across Cornwall

Cornish Theatre Collective, a theatre company based in Falmouth

Cornwall Theatre Festival, a performing arts festival in North Cornwall

Dance Agency Cornwall, the dance development agency for Cornwall

Duchy Opera, Cornwall's main semi-professional opera company

Eden Project (artistic programme), performing and visual arts as part of the overall interpretation policy of the project

Falmouth Art Gallery, a public art gallery in Falmouth

Falmouth Arts Centre, a venue/arts centre in Falmouth

Glasshouse Gallery, a private art gallery in Truro

Golowan Community Arts, a cultural festival and year-round community arts provider

Gwynngala Artists, an artist collective based in Launceston

Hall for Cornwall, the major performing arts venue in Cornwall

Hart Gallery SW, a private art gallery in Penwith

Indian King Arts Centre, a venue/arts centre in North Cornwall

Julia Mills Gallery, a private gallery in Porthleven

Just Arts, a marketing consortium based in St Just in Penwith

Kneehigh Theatre, a theatre company based in Truro

Leach Pottery, a private museum/gallery in St Ives

Lemon Street Gallery, a private art gallery in Truro

Mid Cornwall Galleries, a private gallery in St Blazey

Minack Theatre, a venue/attraction in Porthcurno

Miracle Theatre Co, a theatre company based in Falmouth

Net Loft Gallery, a private art gallery in Porthleven

New Millennium Gallery, a private art gallery in St Ives

Newlyn Art Gallery, a public art gallery in Newlyn

North Cornwall Arts, the professional performing arts promoter for North Cornwall

Penlee House Gallery & Museum, a public museum/art gallery in Penzance

Printmakers Gallery, a private gallery in St Ives

Restormel Arts, the professional performing arts promoter for Restormel

Royal Cornwall Museum, a public museum/art gallery in Truro

St Ives Ceramics, a private art gallery in St Ives

St Ives Festival & Events, a performing arts festival and promoter based in St Ives

St Ives International, a visual arts consortium based in Penzance

STERTS Arts Centre, a venue and arts centre based near Liskeard

Tate St Ives, a public art gallery based in St Ives

Theatre Cornwall, the theatre development agency for Cornwall

Trelissick Gallery, a private art gallery based at the National trust garden near Truro

Up and Above Gallery, a private art gallery in Falmouth

Inside Cornwall, an arts and leisure magazine based in Newlyn

'Strategic partners'

Cornwall Enterprise, the organisation responsible for the Tourist Board and the 'Image and Brand of Cornwall' initiative
Cornwall County Council
South West Arts, the regional arts Board

South West Arts Marketing, the regional marketing body based in Bristol

5. Benchmarked studies and bibliography

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