

Insights for Policymakers: Creative Industries Innovation in Seaside Resorts and Country Towns

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Pre-pandemic, research suggested that being located in intensive, largely urban clusters was beneficial to the growth of creative enterprises, leading to possible assumptions that dispersion and rurality are disadvantages. Policy interventions and funding followed, targeting creative industry businesses in geographical areas where they are at high density. The AHRC Creative Industries Cluster Programme 2018 to 2023, for example, invested £120 million in nine regional clusters that followed this high-density model.

However, recent evidence suggests that rural and geographically dispersed creative industries have done relatively well during the pandemic. The PEC's *Creative Radar 2021: The Impact of Covid-19 on the UK's Creative Industries* showed that creative businesses located outside the major creative clusters were more likely to have added new employees, having increased their sales to the rest of UK. Building on this data and evidence is crucial to understand and deliver the policy intervention and funding needs of creative industries businesses in rural and coastal regions so they can generate the wider economic and social value that is associated with the creative industries such as high GVA and jobs growth for rural and coastal regions and communities.

This policy briefing draws on new qualitative research from the University of Exeter, funded by the PEC, into whether this recent data evidence rang true for rural and dispersed creative SMEs in Devon and Cornwall, showing how future policymaking and investment might build on this in the Peninsula South West and similar rural and coastal regions of the UK. The research complements and builds on the findings of the PEC and NICRE (National Innovation Centre Rural Enterprise) May 2022 report: [Mapping and Examining the Determinants of England's Rural Creative Microclusters](#).

The research found that creative SMEs in Devon and Cornwall were dynamic and resilient, easily able to adapt to the changing conditions of the pandemic. On top of this, the move to online and hybrid working, and networking largely benefitted rural creative SMEs, which were often able to expand their client bases and audiences. However, the creative industries in Devon and Cornwall, like many other rural UK areas, need access to the mix of investment from UKRI R&D grant funding, British Business Bank backed loan

and equity funding, local councils, and commercial lenders, that has been available to creative industries businesses in high density clusters so that they might innovate and scale-up. Funders often require local governments to evidence density of creative industries businesses and aggregated economic value before they will put regional creative industries funds in place. This has led to an intensification of creative industries funding in some areas, such as Bristol and Bath, while areas where companies are more dispersed have received little funding.

Policy Recommendation: Funders should develop and adopt metrics for the value of creative industries businesses that do not only depend on regions evidencing density and aggregate value to reach dispersed creative industries businesses and enable regions starting with a low density to develop the sector. Mechanisms for distributing funding may need to change to make the overhead cost of managing funding to more dispersed SMEs viable.

Investment and Funding

Creative SMEs that were easily able to adapt and pivot over the pandemic were not necessarily the same SMEs which qualified for funding and investment with strict parameters such as Innovate UK grant funding. Success in applying and accessing this funding is historically low in Cornwall, compared with other UK regions.

Indeed, creative industries SMEs in rural regions face a double challenge because they are both in a sector that struggles to access funding no matter where in the UK they are located and they are in regions outside London where companies from all sectors struggle to access capital. Pandemic support funds have been most successful in the region where they have been non-prescriptive as in the case of the Local Authority Discretionary Grant Fund, allowing creative SMEs to invest in areas suitable to their business development and immediate needs.

Our interviewees asked for more support in learning about best practice in applying for investment and funding. Participants felt they needed more information about available funding and how it can be applied to their work. Despite Access to Finance programmes, this knowledge barrier to finance for creative industries SMEs has been acknowledged by DCMS, which launched Create Growth Programme, in summer 2022 to provide six local area partnerships outside London access to £1.275 million each over three years to deliver a business advice support package to their creative industry businesses.

Policy Recommendation: DCMS should consider creative industries low-density areas for a series of networked rural-specific support programmes, and ensure financial support is sufficiently flexible and non-prescriptive to support agile and adaptable small rural creative SMEs which often do not qualify in the context of traditional funding parameters and finance.

Animating spaces and networks post Covid-19

Rurally dispersed creative SMEs, where opportunities for social interaction, are limited faced particular challenges in encouraging communities to come back together following the pandemic. To re-animate creative spaces and realise the benefits of clustering there was a need for community investment and involvement. Emphasis was placed on the sustainability of creative workspaces, and the desire that these hubs build communities around them. Benefits go beyond creative industries SMEs to spill-over effects including supply-side effects and regeneration.

Supporting professional, peer networks across a widely dispersed region was critical. These networks need to be facilitated, long-term and offer ongoing learning and exchange, so that creative SMEs could be enabled to dedicate time out of work pressures and schedules. There was success in hosting online regional sector-specific networks of this sort.

Policy Recommendation: Undertake research into Creative Land Trust and similar broad coalition models for sustainable creative re-use of space in local areas to support creative industries and drive regeneration for wider public benefit. Use planning powers to incentivise these kinds of developments and ensure capital funding for projects also includes long-term funding for programmes that animate spaces.

Replace funding for one-to-one business mentoring for creative industries businesses with facilitated sector-specific networks that offer ongoing peer learning and discussion. Encourage Business Schools to run Help to Grow programmes with cohorts from creative industries sectors.

Supporting young people and graduate talent to stay in rural areas

Creative SMEs in Devon and Cornwall were keen to support young people and graduates but struggled to offer full time positions without long-term investment. Creative industries education is available at both FE colleges and universities in Cornwall and Devon, but there was a desire for more industry experience to be built into FE and HE courses, with the feeling that graduates were often not ready to enter the workplace without costly training from creative SMEs, working to already tight budgets and without working capital. Many rural creative SMEs had utilised the Kickstarter scheme and wanted a creative apprenticeship scheme that took account of the project-based nature of their work and the size of their companies.

Policy Recommendation: The Government's Institute for Apprenticeships and Technical Education should accelerate the availability of flexible apprenticeships in Creative Industries occupations (currently in pilot with large organisations) that allow young people to work across multiple creative SMEs over a period. Invest in regionally adaptive flexible creative apprenticeship schemes that would take account of the micro-company scale and keep young talent in the region. Promote awareness and value of T Level skills to Creative Industries SMEs. Build more industry experience into creative FE and HE courses and support local creative businesses to play a part in this.

Local infrastructure

A critical theme emerging throughout our research was the need for wider infrastructural investment in the region – into transport links, housing, and creative spaces. Creative SMEs spoken with were unable to hire graduates due to the cost and time of travel or found employees could not relocate to the area because of lack of housing, made acute in seaside resorts by second homes and short-term holiday rentals. These were recurring themes and challenges, that were often a barrier to sustaining local creative ecologies and allowing them to flourish.

Policy Recommendation: Improved rural infrastructure including transport and housing is essential for creative industries as well as for all other sectors and the Levelling Up agenda needs to address this for creative industries to thrive and pave the way for creative-led regeneration.