

UNIVERSITY OF WARWICK

How are different legal entities and business models supporting creative, cultural and heritage sector organisations in place?

RESEARCH PAPER

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Abstract

This paper examines various legal entities in the creative, cultural and heritage ecosystem in the UK and the support available for their growth and sustainability at a local level. Drawing on reports and case studies, we outline the effectiveness of support for growth and identify gaps in provision. Following a brief illustration of how creative entities make decisions about forming and changing legal structure, we discuss some of the support initiatives available by illustrating the support landscape and related policies in the West Midlands, based on interviews data from staff at combined authority, county and district level. We surmise that for an even distribution of growth across business stages and legal entities in the creative, cultural and heritage ecosystem at local level, we need more tailored support, availability of detailed information on the challenges and benefits of the different legal entities, and more effective evaluation of current business growth schemes.

Keywords

business models, legal entities, business growth, business support, creative industries.

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Executive Summary

Whether as a freelancer, limited company, or a charity, starting a venture in the creative, cultural and heritage ecosystem is dependent on a range of external factors and personal decisions of the business owner. Governmental support for growth of the sector, is one of the key factors influencing the pace of individual business growth. In this paper several schemes supporting growth and sustainability available to different legal entities in this ecosystem are discussed. The aim is to examine their effectiveness in supporting differing business models.

While it is impossible to draw a holistic picture of the various creative business support initiatives that exist across the UK within the scope of this paper, we provide a flavour of the types of initiatives and related policy points they speak to by presenting the case of the West Midlands combined authority area, a county council, and a district council in this region. This examination results in the identification of key gaps in provision which can inform local policy makers and related stakeholders involved in business support for the creative, cultural and heritage ecosystem. The findings can also assist in making future business support and growth initiatives more effective and accessible across the various subsectors of the creative industries.

To meet our aims, we first drew on relevant literature on business support available to creative entities during and directly after the pandemic. Furthermore, we analysed case studies from creative businesses across the UK incorporated in different ways and at various stages of growth. The case studies included publicly funded and commercial organisations at differing scales of operation. Finally, to better understand the current and forthcoming support landscape at a local level, interviews were conducted with three West Midlands based officers with responsibility for devising business support for the creative, cultural and heritage ecosystems at district, county council and combined authority levels.

We found that support ranges from skills development to business advice; mentoring to investment and funding and is primarily skewed towards individual business owners or SMEs in the start-up phase. The research also highlighted a significant lack of information about the benefits and challenges of the different legal entities for business owners. The lack of local level data about the differing sub sectors and legal entities within it also

negatively impacts on the decisions made by business owners about incorporation and access to support. We infer that in the West Midlands new business support initiatives like the Ownership Hub are a positive response to mitigating issues that hinder business growth in the creative, cultural and heritage ecosystem, such as lack of capacity and specialist skills at the start up end and having robust and acceptable exit plans for more mature business owners on the other.

In summary, to ensure that business support at local level is better distributed across business models, sub sectors and business stages in the creative, cultural and heritage ecosystem, focussed efforts are needed in three key areas.

Firstly, tailored support is needed at local level rather than a “one size fits all” approach. Local authority business support advisors need a better understanding of this ecosystem and its business owners’ priorities.

Secondly, accessible information is needed to help business owners make informed choices about legal entities including an understanding of the specific advantages and challenges of different legal entities at the point of incorporation. This includes the realities of creating hybrid entities to take advantage of growth opportunities.

Finally, comparable local level economic impact data is needed (in addition to case studies) for existing business support schemes, including how they are impacting individual businesses and creative clusters. More honest and transparent evaluation of business support and growth schemes needs to be undertaken and made available to all involved in such schemes in the future. Having access to information about past schemes is perhaps as important at local level as setting up more novel initiatives.

Introduction

The creative industries sector is widely regarded as one of the fastest growing in the UK (Creative Industries Federation, 2018). The privately and publicly funded cultural sectors are also a rich and dynamic set of sectors that play an important role in society. To a greater extent than in any other sector, commercial businesses, publicly funded organisations, and freelancers work hand in hand to produce the creative services and products that deliver economic, social, and cultural success across the creative, cultural and heritage ecosystem.

Moving from the initial idea to taking a product or service to market is no different for creatives as compared to entrepreneurs in any other sector, as all business ideas respond to opportunity identification. However, the trajectory of a creative venture, including how quickly it moves through the business growth stages, depends to a large extent on access to business support, knowledge and investment. Furthermore, some creative entrepreneurs have to consider the balance between their creative and commercial motivations for establishing a business and deciding on the level of control they desire over their ventures; this can inform the choices around the legal entities they form in the initial stage of the business development. Hence, access to information, business support and personal motivations of the creative entrepreneur/business owner together contribute to the initial decisions about forming legal entities in these sectors.

As a creative business grows, there is a re-examination and where possible, reconfiguration of the business model to access new or emerging opportunities for funding and other support to grow the venture. In the UK, there are documented sub-sectoral differences in this area (BOP Consulting, 2010). Our research shows that while performing arts, craft or related visual arts-based businesses evolved from sole proprietorship to charities, Community Interest Companies (CIC) or Community Interest Organisations (CIO), more technology focussed creative businesses start with or quickly progress to limited companies or more commercially focussed models.

Some of these decisions are based on sub sector / industry norms while others are based on decisions made by the business owners about their growth aspirations. These include important factors such as desired market position, rate of growth, organisational culture, and external perception of the business. In some cases, the growth can be serendipitous

based on their participation in business support opportunities that emerge at local level through business mentoring, training, and other business support schemes run by local authorities, universities, creative business networks and hubs.

In essence, some of the schemes supporting growth and sustainability that are available to different legal entities in the creative, cultural and heritage ecosystem are critiqued in this paper. An attempt has been made to note their effectiveness and identify gaps in this area to inform local policymakers.

The paper starts with a short discussion of different legal entities and how they appear across the subsectors of the creative and cultural industries. This is followed by a note about the methods used to gather insights for this study. The discussion highlights how different entities were supported during and after the pandemic through initiatives announced by the UK Government, many of which were devolved and delivered at a local level. Here we include a discussion of support currently available for creative business growth in the West Midlands including one of the initiatives being trialled by the West Midlands Combined Authority (WMCA) that shows promise in addressing issues faced by small community and worker-run creative ventures. The final section presents a summary of areas that need further thought and attention from policy makers and related stakeholders.

Distribution of legal entities and business models

In 2023 the UK Government, in partnership with the Creative Industries Council, unveiled its Sector Vision for the UK's creative industries to drive growth and develop new talent and skills by 2030 (DCMS, 2023). This plan included key actions, including research and support initiatives that connect a host of policy areas from education to employability to climate action, delivered through multiple agencies working with the creative industries.

For implementation at local level, it emphasised objectives to support creative clusters across the country which were outlined as engines for economic growth that "enrich lives and strengthen pride in place across the UK." (pp 6) while making a note of the differing devolved administrations' growth priorities for the creative industries. It also identified (through case studies) previous successes of programmes delivered at local level such as the Department of Culture Media and Sport (DCMS) funded £4 million Creative Scale-Up

(CSU) pilot programme, which supported creative businesses in the West Midlands, West of England and Greater Manchester from 2019 to 2022 (pp 24).

The vision document broadly outlined five stages of creative ventures (e.g. pre seed, seed, early stage, growth stage and scale up) and a review of the objectives and actions show that much of the support and investment outlined was expected at seed and scale-up stages across all subsectors. The other stages rarely found a mention in the visioning document. Examining the actions clearly highlights how the various sub sectors (e.g. fashion, music, or film) would be supported; however, it was more difficult to understand how the support may be focussed on or beneficial to specific types of legal entities (say charities, or limited companies). These two areas appear as clear gaps in the plans outlined at a national level to support the growth of the sector from now to 2030.

Furthermore, to inform this study, no definitive economic figures could be obtained to show the distribution of legal entities across the DCMS defined subsectors of the creative and cultural industries. For the UK, the Creative Industries Council summarises value and growth figures by sub sector; however not much is known about how many sole proprietors, CIC's or indeed limited companies make up these sub sectors and their relative contribution to these figures. Little is also known about how often entities transition from one legal form to another, what their motivations are for these transitions and at what points in the venture these can occur.

Although quantitative figures are not readily available, a review of case studies of individual creative businesses signal some specific patterns. For example, nationally, the games subsector which falls within 'IT, software and computer services' is dominated by limited companies (UKIE,2023) while the crafts subsector is dominated by freelancers/sole proprietors (BOP, 2012) with a few CIOs and CICs. Interestingly, 'IT, software and computer services' comprises the largest subsector component of the creative industries by Gross Value Added (GVA) (£53.4bn in 2022). It also formed the largest contributions to the increase in creative Industries GVA from 2021 to 2022 growing by 7.3 per cent. All segments of the creative industries grew their GVA from 2021 to 2022, apart from the crafts subsector, which fell by 6.8 per cent (DCMS, 2024). Although these figures alone do not provide enough evidence to make judgements about a possible relationship between business growth and formalised commercial legal entities, there appears to be some

relationship between the two factors - which necessitates the need to support growth in the less formalised subsectors by offering the most relevant support to them.

To better understand how creative ventures grow within the various subsectors we researched individual creative business case studies of growth and change (see Appendix 1). While summarising the various changes possible even within one sub sector is beyond the scope of this paper, an attempt to understand the growth trajectory of some of the firms was made, including an identification of the types of local support they received during their growth. While setting up as a charity, say in the performing arts sector, may have unlocked public grant funding and potentially regular funding from local authorities, service level agreements with such bodies could be restrictive to growth and change of remit or activities. In the same vein, setting up a limited company, say for digital content production, unlocked start up loans and training/mentoring support however a certain pace of growth and specific outputs were required to ensure that such support continued and were not one-off interventions for these ventures. More examples of how effective business support has been for growth and sustainability of different legal entities are included in the discussion below.

Method

Before we move to the main discussion, we present a short note on the methods used to gather information and insights for this paper. The aim of this paper was to collate insight into how the different types of legal entities in the creative, cultural and heritage ecosystems industries in the UK gather knowledge and support during their lifecycle to become more sustainable and grow. In the context of 'the future of local cultural decision making' open policy development programme, we were keen to understand how local authorities and local (rather than central government) initiatives were received by these entities.

To achieve this, we drew on relevant literature, particularly those related to business support accessed by creative entities during and directly after the pandemic. The decision to focus on literature in this period is twofold: firstly, to ensure that in keeping with the fast paced and ever-changing nature of the sector, the information was current and hence useful to inform future local decision making and policy initiatives. Secondly, this enabled us to take advantage of the plethora of research studies that have been undertaken by

academics and the subsectors bodies examining business survival and growth during and since the pandemic. This includes studies evaluating the various business support schemes and a discussion of their effectiveness for freelancers, small and medium sized enterprises (SMEs), and larger institutions in the creative, cultural and heritage ecosystem. In addition to a review of the literature, this paper draws on published case studies that harness the business model and growth experiences of creative workers, entrepreneurs, and business owners. Here the case studies were mined to understand the growth-related issues encountered, how support was used, and the motivations and decisions being made by these individuals to grow their ventures.

Finally, to better understand the current and forthcoming landscape for creative business support at a local level, interviews were conducted with three West Midlands based officers with responsibility for heading up business support for creative, culture and heritage ecosystems at district, county council and combined authority levels. The information from the interviews adds detail on the current policy frameworks in place to support various legal entities and business models in their area. Given the limited geographic area represented by the interviewees, the information from the interviews has been treated as purely indicative.

The interviews were conducted online using a semi-structured discussion guide. The interviews were transcribed, and each interview lasted between 30-45 minutes. Additionally, observational data and participant notes have been included from an event organised by WMCA launching a new initiative of business support for community based creative and cultural businesses to support their growth and resilience. While information from the literature review has been used to provide context to the study, data from the case studies and interviews have been broken down into themes of discussion which broadly reflect on the issues faced by different legal entities to grow and how far the current support available at local level is useful to for mitigate them.

Discussion

The review of case studies illustrates that although different options such as freelance, not-for-profit, or commercial are available to the creative and cultural business owner at the point of inception, before deciding on a particular structure, it was important to consider the bigger picture and long-term aspirations of the entity. More specifically, this included

areas such as level of investment needed, type of ownership, pace of return on investment and level of reward desired. Increasingly organisations in the creative, cultural and heritage ecosystem are choosing more than one structure to support the various aspirations and capitalise on the different opportunities offered to them.

For example, a venue-based entity, say a visual arts gallery and makerspace may be set up as a charity and also include a subsidiary trading company which engaged in the sales of products and services. A commercial entity in the games sector could have a social enterprise that works with schools and young people looking for digital careers. Research shows that over time some creative entities evolve into more complex legal structures and hybrid models that enable different investment options, the involvement of different people, access to skills and also help to 'compartmentalise' different types of business risks that these entities encounter (Parrish, 2008).

Our research into individual case studies showed that business support initiatives very rarely provided tailored advice on how to set up and take advantage of hybrid legal structures. Despite the clear advantages, creative businesses had to "find their way" into setting up these types of structures through trial and error rather than this type of set up being the initial plan. Having considered a few of the motivations and challenges for choice and growth of legal entities, we focus on the support for growth that has recently been made available to the different legal entities in the creative, cultural and heritage ecosystems.

Pandemic related support for growth

During the pandemic and the immediate period after, perhaps the area of research in the creative, cultural and heritage ecosystem that received the most attention related to the precarity of the sector and the effectiveness of the support made available to individual entities for their survival. During the pandemic the HM Treasury provided a £1.57 billion package of emergency cultural funding through the Cultural Recovery Fund (CRF). Subsequent analysis of CRF's effectiveness in supporting business survival and growth determined that the scheme helped to secure nearly 220,000 jobs and 5,000 organisations increasing the income of supported organisation by 140% (Ecorys, 2022). The funding was allocated in three rounds by four arm's length bodies i.e. Arts Council England (ACE), British Film Institute (BFI), Historic England (HE) and the National Lottery

Heritage Fund (NLHF) that maintained detailed accounts of the grants they made by region, discipline and sector.

Although the overall impact of this funding for the survival of the creative, cultural and heritage ecosystems cannot be negated, the level of support made available to different legal entities that operate in the creative and cultural sector was highly debated. In essence this support was disproportionately allocated to 'building based' and more 'tangible' creative entities. Additionally, bodies that had previously accessed public funding were also at an advantage in receiving support from the four schemes that formed part of the CRF. Individual freelancers, small and medium sized, non-building based and more commercially focussed creative and cultural entities missed out on support primarily because of their lack of understanding or track record for applying for funding to support the survival and growth of their businesses.

Arts and culture as a sub sector fared worse than the other subsector and places with a history of obtaining public investment - and the arts and cultural organisations based in those places - benefited most from the CRF (Gilmore et al., 2022). In addition to the CRF, local authorities issued small grants to creative and cultural businesses, some of which supported local creative activities and the employment of creative workers during the pandemic. Some local authorities were also able to offer relief on business rates and tax for creative businesses which according to data from the case studies were seen as effective and more accessible than some of the national support schemes.

For some creative entities that operated as self-employed, an option for support was through self-employment income support scheme (SEISS) which was announced in March 2020. Initially the scheme paid taxable grants of 80% of someone's average monthly trading profit, for a three-month period. The impact of the pandemic on the income of creative freelancers is already well documented (Gilmore et al., 2022; Easton, E & Beckett, B. 2021) and there is evidence that some creatives were unable to access any income support despite the SEISS scheme.

Hybrid business models adopted in these sectors meant that some creative entities and individuals where business owners had a portfolio career model were ineligible for support. For example, research into visual arts workers during this period showed that

circa 25% of individuals that applied for support to sustain their business or creative practice found themselves ineligible for any support (Earthen Lamp 2020).

Furthermore, support and funding for individuals were in many cases not made available quickly enough, requirements were often extremely strict, and communications were confusing and frequently shifting (Earthen Lamp, 2020, p9). Again, we noted sub sector-based trends in the level of satisfaction with business support received during and post pandemic with owners of smaller and more independent music, performing arts and visual arts businesses faring worse than heritage and digital organisations.

Current support for growth: Case study of the West Midlands

Moving on from the pandemic to the present, we gathered information about the types of business support initiatives currently available to different legal entities in the creative, cultural and heritage sectors in the UK. In order to provide structure to this discussion, we focussed our research in a specific area - the West Midlands Combined Authority area.

Currently, in the West Midlands a significant amount of funding (£10m) and support is being made available to support the growth aspirations of the creative, cultural and heritage sectors. Earlier in 2024, the then Chancellor of the Exchequer allocated these funds to be administered by WMCA for investment into the creative and cultural industries across all levels and legal entities. A quarter of the total funding (circa £2m) is being double devolved to local authority partners to support hyper local creative and cultural activity within their local areas including business and networking support for its almost 10,000 freelancers. A further £2.2m will assist the set up free skills bootcamps in immersive arts, digital, social media and content creation, music, AI, and venue technicians (WMCA,2024). Grants are also available to help establish international cultural and artistic partnerships.

For WMCA the main policy point that supports investment in the creative and cultural industries, and consequently the various business growth initiatives in this area, are the vision outlined in *Plan for Growth* (WMCA 2022). The decisions on how this funding is allocated also draws on substantive policy research pieces commissioned by WMCA that speak to the need for specific interventions to support different types of entities and business models. Building on that, some of the investment supports the policy of *Inclusive*

*Communities*¹ and is targets diverse local communities and creative businesses originating from those communities that have traditionally been excluded from business growth related support. Others are driven by policy that emphasis *Pride in Place*². All policy under the devolution deal and investments emanating from the funds that have been made available under this deal are underpinned by these key policy areas. By placing creativity and culture at the heart of its core senior level decision making (and senior team) WMCA claims to be taking creativity seriously in how that informs all its thinking and investment in the region.

To appreciate the types of business support for growth and change available currently (and post pandemic) at a local level, the approaches and initiatives in the West Midlands region are illustrated below. We believe that this list is indicative of some of the initiatives that are available at a local level to creative businesses across the UK. At a combined authority level some of the current schemes for business support for the creative, cultural and heritage sectors include:

- Funded (and non-funded) 1-2-1 business mentoring support.
- Creative Bootcamps for new businesses and entrepreneurs - (12 weeks) content include understanding taxation, legal responsibilities and registration, funding and investment planning, business planning etc.
- United Kingdom Shared Prosperity Fund (UKSPF) funded Creative Business Growth Programme - 'hub and spoke' model with business support advisors at each local authority.
- Co Lab Innovation Accelerator - assisting in the development of new products and services helping and finding new markets.
- Action Zone funding for capital investment in cultural institutions and hubs
- Revenue and Capital investment grants for all forms of creative and cultural businesses through double devolved funding
- Continued Professional Development sessions for creative workers delivered in conjunction with Higher Education and Further Education institutions.
- Short one-off business development and advice webinars open to all types of creative and cultural entities.

¹ [West Midlands Levelling Up Growth Prospectus, 2023](#)

² [West Midlands Culture + Place: Our Side of the Story, 2023](#)

- Establishing local creative networks, meet ups and creative hubs across the area.

Based on our research at county council level, specialised creative and cultural business support for SMEs and individual creatives were more readily available during the pandemic when specific grants and initiatives were in existence. Most of these support schemes ended in 2022. Currently, advice and support are provided through inward investment from the county council itself and mainstream business advisory schemes and grants, rather than specific initiatives that are set out for creative, cultural and heritage entities. Some of these county council run schemes have been critiqued by the organisations examined in the case studies because of their inflexibility and lack of understanding about entities (and business owners) that operate in these sectors.

At the district level, the teams supporting the creative, cultural and heritage ecosystem do not appear to have access to significant funds beyond small grants from the local authority's core budgets to support this. From time-to-time funds are available to undertake seminars, networking events and joint marketing and communication initiatives in the local area to bring together and showcase the local ecosystem and individual entities within it. Much of these are accessed by individual creatives and SME owners in the initial stages of their business. Very little support or advice is available at this level for attracting investment for scale up activities. That said, although the district does not appear to be driving creative business growth decisions (as its seen as the county council's remit) they are moderately successful in connecting this agenda to other growth agendas in the area such as regeneration and education in the local area. At the district level, officers contribute to steering groups and creative business growth projects initiated by other bodies such as local universities, Business Improvement Districts (BIDs), Creative Hubs/Zones or Heritage/Destination Marketing Boards.

Trialling innovative business models: The Ownership Hub

Having broadly reviewed how the West Midlands is rolling out support across the creative, cultural and heritage ecosystem, we discuss the potential of one innovative support scheme recently launched by WMCA for the sector to illustrate in more detail how local level decision makers are trying to find new ways of supporting different legal entities in the sector.

For freelancers and sole proprietary businesses that are in the seed or early-stage of the business, key issues related to lack of capacity, resources, and visibility in the marketplace. At the other end of the spectrum, larger entities (say limited companies, CIOs or CICs) that are looking to scale up or where the owner of the business is looking to exit, find few options for changing their business or ownership model. An initiative supported by three combined authorities i.e. The Ownership Hub offers innovative solutions to creative entities on either ends of the size and growth stage spectrum.

With an aim to support “good jobs and boosts workforce wellbeing, making businesses and local economies stronger, sustainable, and more productive” the programme was first initiated in 2022 by South Yorkshire Mayoral Combined Authority (SYMCA) in partnership with Co-operatives UK (CUK) and the Employee Ownership Association (EOA). Co-operatives UK (CUK) and Enterprise Ownership Association (EOA) are membership and policy bodies for the UK’s co-operatives and employee-owned businesses, respectively, that are based in the north of England and work nationally. The initiatives were supported by the South Yorkshire’s Mayor, Oliver Coppard for “providing alternative business models and workers a greater stake in the business whilst positively contributing to his wider economic vision” in the region (SYMCA,2022). Since then, an Ownership Hub was set up by Greater London Authority (GLA) in 2022 and quite recently by WMCA in 2024.

The programme provides tailored business support, works to raise awareness, and seeks to work with colleagues and partners for a favourable business and policy environment. The three Ownership Hubs together form a national network of learning and support. As a new initiative, much of the impact of the hub in meeting its aims are yet to be realised however initial reports by GLA (Mayor of London 2024) have already highlighted case studies where the uptake and initial levels of impact have been summarised.

The West Midlands Ownership Hub is being managed by the WMCA working with Co-operatives UK, and the Employee Ownership Association and a decision was made to focus the work of this Ownership Hub on the creative and cultural sector. Therefore, unlike the other two existing hubs, the West Midlands Ownership Hub solely focuses its activities to help creatives entities have more control over their work through combining resources on cooperative principles or owning the organisation in which they work. They seek to support local creative freelancers, not-for-profits, and businesses of all sizes in the creative industries which include sub sectors such as theatre, performing arts, film, TV, animation,

VR, AR, web design, product design, fashion design, publishing, heritage and galleries, advertising, marketing and more. Currently a wide range of support and advice is available through the Ownership Hub to individual creatives or SMEs to explore the advantages of setting up a co-op, or for creative business owners looking to secure the future sustainability of their mature creative entities.

Although the initiative is new and, in some sense untested in the West Midlands, the initial case studies and level of interest in the scheme demonstrates that the Ownership Hub may provide creatives workers (freelancers and employees) a response to some of their issues related to invisibility, uncertainty and precarity. More specifically, the initiative holds promise of becoming an effective support mechanism for a range of issues highlighted by creative and cultural businesses such as barriers to growth including capacity issues, lack of financial resources and business skills like marketing and financial management. The launch of the event (in May 2024) included initial case studies from large and well-known creative companies such as Aardman Animations³ who are converting to employee ownership, to a small and relatively new gallery space like Artefact Stinchley⁴ that have recently formed a cooperative. The participating businesses presented a range of advantages of these innovative business models and asserted that working for the creative and cultural sector adopting these business models for growth and survival was a 'no-brainer'.

These business models also speak to the regions' policy priorities of *Inclusive Communities* and *Pride in Place* highlighted above as the cooperative model is best suited to smaller community-based entities and the employee ownership helps to retain larger entities in their geographic location. Although, its applicability across sectors and particularly sizes of business are yet to be tested, the ethos of the model is well suited to the motivations of many creative business owners as highlighted through our research into case studies of creative business growth. Much more information is needed about the uptake, distribution and impact of these scheme before they are heralded as a success. However, the fact that such focussed and innovative support is being offered by combined authorities at a local level is a positive move and appears to respond to specific

³ [Aardman Animations](#)

⁴ [Artefacts Stinchley](#)

challenges of individual creative businesses largely ignored by more traditional methods of business support.

Conclusion

Having reviewed information about support for growth and sustainability from and about different legal entities and business models in the creative, cultural and heritage ecosystems a few key gaps are apparent where future local policy and related business support activity could be focussed.

Need for tailored support: venture stage, legal entity, size, profit motive and geography

The review of quantitative figures and case studies demonstrates that the support available currently and primarily from the UK Government take a 'one size fits all approach' which is not suitable for distributed growth across the creative and cultural industries. Freelancers, SMEs, and larger creative businesses need more tailored support for growth and sustainability at a local level where there is a better understanding of the needs of the local creative, cultural and heritage ecosystem. The support available through the pandemic and initiatives since then have demonstrated a greater need for individualised assessment of needs followed by support and advice that acknowledges the specific conditions and motivations of creatives to help them make better decisions about the future of their venture.

For example, there is widespread recognition that freelancers are essential to keep the creative and cultural sector running but are at the same time largely ignored by larger government initiatives. The period after the pandemic saw multiple surveys nationally asking similar questions about freelancers i.e. their working conditions and rewards, which signals that there is some desire to initiate changes and support freelancers for the sustainability and growth of their practice. One of our interviewees mentioned that "it feels like something had happened at central and local government level to bring them to the fore." We are only now starting to see some specific initiatives at local level addressing this gap.

Even though UK Government funding is more inflexible, the devolved funding offered at local level needs to be tailored to take advantage of the stages of the creative business i.e. pre seed, seed, early stage, growth and scale up and support specific geographic specialisations of sub sector and creative hubs e.g. games industry, crafts and performing arts like dance. Combined authorities also need to examine and take responsibility for the impacts of using policies such as *Pride in Place* and *Inclusive Communities* as stand-alone guides for rolling out support, as these may be hindering certain types of creative businesses particularly those that are traditional and/or more established in the local area.

Our research also indicates that local authority employed business advisors offering support at county level, need skills and understanding of areas specific to creative entities and their owners. This includes practical areas such as creativity and IP; and more perceptive areas such as creative identities, conflicting priorities of creatives, and sector and peer perceptions. We found that when business support at local level is delivered by specialist agencies and creative network bodies instead of council teams, the support is more targeted and well received.

Lack of local level economic data about the creative and cultural sector, including information about sub sectors has contributed to the problem of skewed support for some creative businesses over others. This is a situation widely acknowledged as a barrier for local level growth, comparison and decision making for the sector (Lyons and Conolley, 2024). Local level sub-sector mapping studies with comparable methodologies across local authority areas and regions is likely to result in a more detailed and consistent understanding of the growth of the local ecosystem and entities within it - which in turn could inform a more evenly distributed support provided at this level.

Need for knowledge: features and benefits of entities and hybrid models

We conclude that although there are multiple business models in the sector based on differing priorities of the business owners and the sub sectors they belong to, there is confusion about the pros and cons of the legal entity options available in the creative, cultural and heritage ecosystems.

Much of the information about specific advantages and challenges of say a limited company over a CIC for a gallery is only available through case studies that a start-up may or may not be able to access. Alternatively, such advice and knowledge are acquired

through timely interactions with a business mentor or training provider. More detailed information could be readily available about the suitability of different legal structures (and hybrid entities) for creative and cultural businesses. Review of the case studies also demonstrates that although hybrid legal set ups are popular, there is very little specific support to help business owners consider what kind of hybrid set up would benefit them to unlock growth opportunities and investment.

One of our local authority interviewees indicated that the lack of knowledge about legal entities of business owners also impedes them in accessing specific initiative for growth and support. "There are very few patterns in how they [creative business owners] have make their decisions about business models and set up - it feels chaotic. Some are registered some are not and we don't know where they are getting their set up advice from. There needs to be better understanding of the pros and cons of the different business models and we need to sign post to advice rather than offering support in the first instance."

Additionally, more knowledge is needed about how making changes to the legal structure at different points of the venture impacts the growth trajectory, income potential, control, and regulatory responsibilities. There is a level of trial and error in this area where certain businesses set up entities (say a charity arm) after much effort then this reveals itself to not be useful or effective for the business. We should however acknowledge that some individual creatives and smaller grassroots organisations may not be able to access support at local level that help them make these decisions - as a local authority officer noted "there are a few workshops we offered which touched on this kind of support but there were zero sign ups. We realised that they could not afford to come due to lost income."

Need for reflection: learning from successes and failures

Fundamentally, the considered evaluation of business support available to different creative legal entities is essential, to ensure that future policy initiatives supporting the sector are informed by a more nuanced understanding of how and what currently exists in this space which works to support growth ambitions of the creative business owners.

This study has demonstrated a real lack of information and learning about business models and legal entities in the sector that can be readily accessed by individual creatives,

business owners and policy makers. We have already noted the lack of quantitative data about size and scope of legal entities across all sub sectors. The qualitative information available, primarily through case studies and testimonials is also not easy to access and often biased towards highlighting the positive impacts of specific initiatives. Case studies of business failure, reasons for winding up and stories relating to growth after business failure or loss are rare. Case studies that provide evidence of impact abound however their focus, depth, intention, and availability are sporadic.

Furthermore, evaluation of the different types of initiatives e.g. scale-up programmes, business mentoring, loans and investment into individual businesses and creative clusters delivered at local level are not currently made available in a way that helps other local initiatives and decision makers. For example, the evaluation of new initiatives and business models in the creative and cultural sectors, such as the work being undertaken by the Ownership Hub across three combined authorities, could provide useful knowledge and inspiration for the work of other local areas and hubs. A central repository hosted by a national body say the Creative Industries Policy and Evidence Centre (PEC) or Creative Industries Council could be considered. Some work in this area in relation to creative clusters and micro clusters was initiated in 2023 by the PEC in partnership with the Royal Society of Artists (RSA) and Arts Council England (ACE) which would allow for the sharing of evidence and international case studies for the first time.

Honest and transparent evaluations of past and current business support and growth initiatives at local level that are comparable and accessible are as important for the growth of creative entities as devising more support initiatives for the sector and all that work within it.

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Appendix

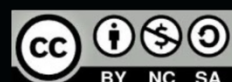
Case studies examined include:

- [Ardmaan Animations](#), Bristol
- [Art in the Park Festival](#), Leamington Spa
- [Artefact Stirchley](#), Birmingham
- [Baltic Creative](#), Liverpool
- [Being Knitterly](#), Loughborough
- [BoHo Arts](#), Newcastle upon Tyne
- [Cockpit Arts](#), London
- [Commercial Photographers' Network](#), National
- [Coventry Biennial](#), Coventry
- [East Street Arts](#), Leeds
- [FARGO Village](#), Coventry
- [Live and Local](#), Warwick
- [Plane Structure](#), Birmingham
- [Powered by CAN](#), Sandwell
- [SICK! Festival](#), Manchester
- [Simmer Down Arts](#), Birmingham
- [The Stove Network](#), Dumfries

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