

# Creative Opportunity Zones

## Proposal Paper March 2022



SOUTH EAST  
LOCAL ENTERPRISE  
PARTNERSHIP

South East  
Creative  
Economy  
Network

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# Introduction

Creative Opportunity Zones will help build awareness of the role and value of the creative industries and cultural sector in local development, provide partners with a set of tools and guidance on how to nurture and grow the local creative and cultural sector, and introduce learning resources on what works and what doesn't. They will shine a light on best practice in the South East Region which will elevate the profile and status of the region as a place which 'gets culture'.

This proposal paper forms one part of the South East Creative Economy Network's publications that are endorsed by the South East Local Enterprise Partnership (SELEP) to support the growth of the creative economy across the region.



This paper introduces the concept, rationale and approach for Creative Opportunity Zones (COZ) as a new intervention to drive inclusive growth and facilitate sustainable culture-led regeneration in the South East Creative Economy.

A COZ is a flexible development tool and cultural investment vehicle exploiting alignment of policy and investment in a defined geographic area. It will encourage the introduction of affordable cultural and creative infrastructure, including workspaces, amenities and platforms for cultural and creative production and consumption. It will also provide wider support for creative professionals, businesses and freelancers to put down roots at local level, scale up and grow.

### The core purpose of the Creative Opportunity Zone (COZ) in the South East is:

- To establish a new investment model for local creative economy development where the creative industries and cultural sector are championed for their role in driving inclusive growth, enhancing the quality of place and delivering positive spillover benefits.
- To measure the impact of interventions which prioritise creative industries and cultural sector development at a place-based level and as an action learning process which builds knowledge across the South East region.
- To support, through an evidence-based approach to innovation, sector development and creative place-making – giving partners (local authorities, the creative and cultural sector, investors, developers) proven tools which can be adapted to specific local contexts.
- To leverage investment into specific places – for culture and the creative industries and for other development priorities.
- To raise awareness of the role and profile creative and cultural investment for other places.

# The opportunity

‘Successful clusters are not started from scratch, but instead are built on a pre-existing economic and physical base. Policy makers and other leaders can help transform a barren landscape into fertile ground, but a seed must be available that can grow to fruition’<sup>1</sup>

### The rationale for COZs

The South East geography is characterised by over 745 miles of coastline, the presence of a network of unique towns and cities and a wide range of rural, seaside and urban communities. The region is polycentric in nature and creative businesses, organisations, and freelancers gravitate around a number of medium and micro-size ‘hotspots’ or ‘clusters’ in a dynamic way. Acknowledging the particular characteristics of the South East geography, the LEP and other regional and local stakeholders have the ambition to support both established and emerging creative locations.

The approach proposed for the Creative Opportunity Zone initiative draws on national and international best practices regarding the growth dynamics of creative industries clusters. It recognises that successful clusters are emergent rather than created and involves prioritising investment, in particular stimulating innovation and learning to enhance existing local competitive strengths.

Local interventions and investment have also been found to strengthen the local infrastructure where they support growth within the clusters to form a critical mass of businesses, sharing common supply chains, complementary technologies and investing in similar skills, for example. This critical mass can then provide a stronger basis for local collaboration and wider partnerships and networking, evolving the local ecosystem to better

1. [https://www.brookings.edu/wp-content/uploads/2017/12/es\\_20171208\\_bailyclustersandinnovation.pdf](https://www.brookings.edu/wp-content/uploads/2017/12/es_20171208_bailyclustersandinnovation.pdf)

support a cycle of ongoing growth. Such insights are of specific importance at a time when the Government seeks to strengthen local delivery infrastructures through stronger place-based strategies.

### The South East creative clusters and micro-clusters

Recent research conducted by the PEC<sup>2</sup> has highlighted the significance of micro-clusters in the region. The study identified 709 creative micro-clusters around the UK, with a third of these located outside of the larger, established and already recognised clusters such as London. It also demonstrated that there is greater creative and cultural capacity than captured in standard employment figures in some areas of Kent, Essex and East Sussex, especially in the form of freelancers and micro-businesses. Of particular interest in the context of the COZ development, the findings suggested that there may be untapped growth opportunities within micro-clusters outside of the creative industries hotspots that are usually the focus of government support.

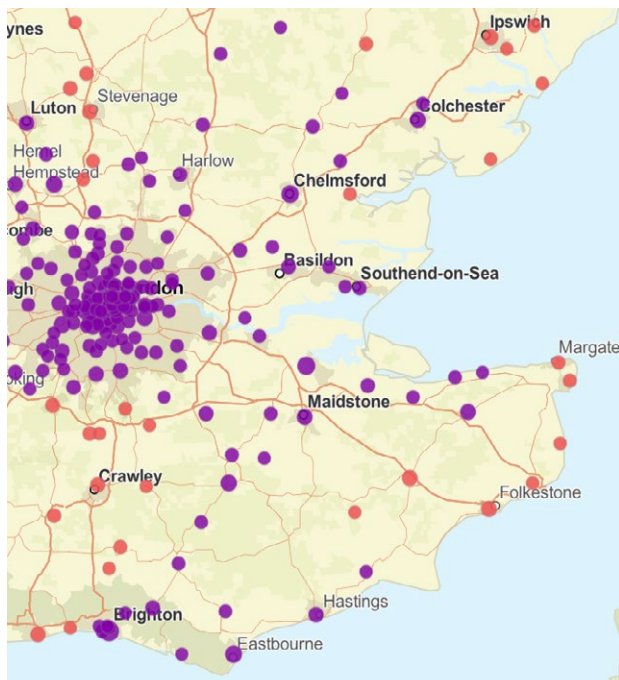
Across the region, creative clusters are at different stages on their journey – from conceptual and emerging to nationally recognised examples of growth – and there is a need to support both existing clusters and support emerging ones. Micro-clusters of creative activity and local sub-sectors and specialisms offer huge future creative potential and can create a more virtuous cycle at regional level, driving growth, attracting more businesses and in turn generating further investment.

The PEC research also highlighted the specific benefits that businesses draw from being located in established **clusters or microclusters** as well as the key barriers to growth. In particular, it showed that businesses located within micro-cluster reported similar locational benefits around proximity and networking than businesses located within established clusters. However, specific barriers remain in relation to access to finance. In rural locations, businesses are also more likely to have issues around connectivity and access to technology and skills.

Overall the research makes the case for intervening at local and place-based level and in areas where creative activities are currently happening ‘behind the radar’.

2 Creative Industries Radar, Mapping the UK’s creative clusters and microclusters (2020), PEC

## 0.1 The opportunity



- Micro-cluster inside established creative cluster (areas of high concentration of creative businesses and that had been showing recent growth)
- Micro-cluster outside established creative cluster (areas of low concentration of creative businesses and that had low growth level)

### COZs: An opportunity to enable a suite of diverse micro-clusters

Each Zone should be authentic to the challenges and opportunities of its locality and, as such, should be built from bottom up with local authorities and the creative industries sector working together to co-produce action plans for three-year pilot projects.

The COZs present an opportunity to think about the longer-term needs of the sector including workspace, talent and skills development and business growth. In a post-Covid world, and at a time where the role of 'proximity' is being re-assessed, the COZs also present an opportunity to think about the role that place-based clusters can play in supporting and developing not just the creative sector but the wider regional economy.

With the ongoing and unprecedented investment streams being directed towards local places, including town centres and high streets, there is a strong opportunity for the COZs programme to complement

and add value to the other agencies and agenda at play, including the critical investment of Arts Council England (Heritage Action Zone, Creative People and Places, Cultural Compacts, Cultural Recovery Fund, Cultural Investment Fund, Cultural Development Fund, Future High Streets Fund), the historic and emerging agendas of local governments and the strategies of the sector itself.

# Overview of comparators

The COZ model is influenced by significant good practice over the last 20 years in allocating preferred uses to districts or zones of urban areas.

From Sheffield's pioneering Cultural Industries Quarter<sup>1</sup> in the late 1980s, Folkestone's Creative Quarter<sup>2</sup> initiative in the 2000s, to the development of Creative Enterprise Zones<sup>3</sup> in London in 2018, cities and towns across the UK and beyond have sought to nurture and support the cultural and creative industries as a vital part of a balanced, productive and innovative economy.

Overall, approaches include:

- Branding/ promotion to attract creative and cultural activities to an area and showcase activities which are already present;
- Targeted business support, skills and investment – to support growth and enhance capacity for cultural and creative enterprises;
- Investment in property, to secure long-term or meanwhile cultural and creative use;
- Developing pro-culture policies in planning, housing, business development, technology, superfast broadband and infrastructure.

1. <https://www.sheffield.gov.uk/home/planning-development/conservation-areas/cultural-industries-quarter>

2. [www.creativefolkestone.org.uk](http://www.creativefolkestone.org.uk)

3. <https://www.london.gov.uk/what-we-do/arts-and-culture/culture-and-good-growth/explore-creative-enterprise-zones/about-creative-enterprise-zones>

## Enterprise Zones

Enterprise Zones were originally launched in the early 1980s to support business investment in areas which had experienced significant de-industrialisation in the post war period.

The second era of Enterprise Zones was launched in the UK at the national level in 2011. These were slightly different to the zones of the early 1980s in that they are hosted by Local Enterprise Partnerships. Enterprise Zones (EZs) are geographically defined areas. Generally large in scale (50-150 ha<sup>7</sup>), enterprise zones make use of a range of instruments to incentivise enterprises locating and expanding in the designated EZ area. Along with these instruments, EZs have also been supported by associated and dedicated funding streams, largely focused on enabling works and infrastructure improvements.

Some proposed EZs have targeted specific industries to a degree, encouraging clustering of similar businesses in order to accrue co-location benefits, but this has largely been achieved through promoting cluster types rather than through exclusive application of incentives to particular industries.

### Relevance to COZs

- Targeted spatial intervention to incentivise economic development and achieve a critical mass of activities;
- Focus on regeneration of under-used assets;
- Focus on economic restructuring - e.g. high growth, knowledge intensive industries replacing industries in decline;
- Incentives - potential for financial, planning and support measures in a COZ, albeit within a lighter touch legal framework.

### Opportunity:

- EZs are simple to understand: a well-known incentive which can be applied to a geography;
- Intensification of creative industries activity at the level of a local cluster;
- Introduction of 'soft infrastructure' such as B2B networks, public realm enhancement and place-marketing in order to build the attractiveness of a COZ.

## 2.0 Overview of comparators

### Challenges:

- EZs are less relevant to creative businesses and limited evidence of positive impact from previous Enterprise Zone projects;
- COZs lack the legal framework and scale of an EZ - they are smaller, more tailored, nuanced and explorative.

### Discovery Park Enterprise Zone, Sandwich, Kent

Targeted cluster-focused solutions are not new to the South East region, with a range of mechanisms and approaches tested in recent years. This includes the Enterprise Zone Model, which is a proven success at the former Pfizer campus close to Sandwich, which was sold to a private consortium - Discovery Park Ltd - in August 2012. The package of incentives on offer for businesses locating at the Enterprise Zone include:

- Business rate discounts: The available discount is a maximum of £55,000 per year, for up to five years.
- Planning simplification: Dover District Council has introduced a Local Development Order (LDO) in partnership with businesses in the EZ, Kent County Council, the Environment Agency, English Heritage, Natural England, Locate in Kent, Business Link, Sandwich Town Council and Thanet District Council. The LDO enables the conversion of existing buildings, the development of new buildings and changes of use, without the need for individual planning permissions.
- Superfast broadband: to ensure high levels of connectivity required by technology-driven businesses.
- Spillover effects: The EZ has mobilised a range of strategic projects in the vicinity. Thanet District Council has worked closely with Dover District Council on strategic projects along the Richborough corridor including developing a masterplan for Discovery Park which now includes 500 homes and a combined heat and power plant.

### Relevance to COZs

Discovery Park is viewed as one of the more successful Enterprise Zones. 650 Pfizer jobs remained on site and with new companies on site now employ around 2,400 people.

The EZ provides a clear and ambitious approach with shared purposes for public and private sector partners. The package of incentives combined with strong branding and effective approaches to business networking and knowledge exchange have enabled the development of a cluster of enterprises embedded in a wider process of place-making.

This combination of structural intervention (incentives, planning) and partnership-driven approaches to drive investment and intensify activity in the Enterprise Zone demonstrates how COZs can make a positive difference in the South East. Even without the same level of structural interventions, COZs can accelerate co-location and enhance opportunities for creative enterprises to co-locate and collaborate to fashion a new level of sector development.

## Creative Enterprise Zones, London

Creative Enterprise Zones are designated areas of London where artists and creative businesses can find permanent affordable workspace. In these zones, creative businesses are supported to start-up and grow, and local people can learn creative sector skills and find new jobs. In December 2018, six boroughs were awarded a share of £11 million of funding to become the UK's first Creative Enterprise Zones. London's Creative Enterprise Zones (CEZ) provide an initial precedent for COZs in the South East. They have been awarded to six areas at a neighbourhood level with a core objective of projecting and developing creative workspace. The Greater London Authority (GLA) identifies four elements of support:

- Space: creating permanent, affordable, creative workspace and live-work spaces at below-market rents and ensuring no net loss of space in each zone

## 2.0 Overview of comparators

- Providing skills and business support: building entrepreneurial skills and offering business support to artists, start-ups, sole traders, micro-sized and small businesses, developing career pathways and opportunities
- Policy: development and delivery of proactive policy approaches which support artists and creatives in Local Plans, housing and business rates policies
- Community engagement and socially inclusive places: embedding creative production in communities, creating socially inclusive places and strong links with education providers

Collectively, the zones are expected to leverage more than £30 million of investment, create more than 3,500 new jobs and support more than 1,000 local people into education, training and job opportunities.

The zones will also deliver up to 40,000 square meters of new affordable workspace for creative businesses and entrepreneurs, with the long-term creation of additional affordable space embedded into their planning process. Each local authority with a designated OEZ is working with consortia of local creative businesses, artists, local community groups, developers, workspace providers, further and higher education institutions and other stakeholder.

The GLA has (as of January 2022) commissioned a detailed evaluation of the OEZ programme, which will provide vital insight on the impacts of the programme. Early findings suggest that the provision and safeguarding of space alongside the development of business networks have been the most effective part of the programme. In addition to this, the OEZ brand has been helpful in galvanising cooperation and partnership working.

To date, the adoption of new policy has been less impactful. Planning policy takes time and will be tied up with Local Plan timescales, whilst business rates relief normally requires a financial sacrifice from councils which cannot always be accommodated in the current funding climate. OEZs have been more successful in leveraging funding from developers and landowners, providing a structure to capture value from a creative brand and a framework for investors to 'give back' to a creative community. The development of policy and strategy with other teams within Boroughs has also been successful, particularly where this has tied into activities relating to young people.

### Relevance to COZs

- OEZs provide a range of locally derived initiatives tailored to places, issues and sub-sectors. They offer a proof of concept for a bespoke place-based approach to creative industries development as part of a wider strategic development programme for the sector. Each is different - working with a specific set of challenges and opportunities. But each also works to develop a coordinated strategic agenda to support mayoral policy goals.
- There is a level of knowledge exchange and learning between the OEZs - both informally and brokered by the GLA. There is also a level of knowledge exchange with localities across London - where the creative industries or culture-led regeneration are prioritised. In this context, OEZs are exemplars or beacons which indicate how place-based approaches can be impactful.
- Each OEZ works on an 'asset-based approach'. This differs from the Enterprise Zone model, which is often on brownfield sites. The OEZs work to leverage building-based assets, talent, public realm, and key institutions - to energise, connect and aggregate these assets toward a stronger, more innovative creative economy.

### Opportunity:

- A ready made precedent spanning industrial, town centre and innovation district areas. Peer learning networks already exist and there are several zones with links to the wider south east.
- The adoption of a similar asset-based approach, with each COZ adopting a different development pathway according to the unique local context;
- The foreground of talent and enterprise - focusing on networks, exchange and quality of place; boost confidence for investors, developers and enterprise: generating a buzz and sense of shared opportunity.



## 2.0 Overview of comparators

### Challenges

- COZs are less likely to have the same density of creative and cultural assets as CEZs, which are all located in dense urban areas in London. COZs' role will be less one of protecting existing creative enterprises, nascent clusters of activity, emergent creative branding. They will be an 'earlier stage intervention', which comes with a risk that the creative industries will fail to take hold.

## Cultural Action Zones, GBSLEP

In the West Midlands, the Greater Birmingham and Solihull LEP (GBSLEP) has adopted the concept of developing 'cultural action zones'. These zones will be able to exist at various scales, from city centre to local high street, and can involve projects of all sizes, from major redevelopments to smaller community-led initiatives.

Cultural Action Zones (CAZs) are being set up as a concentrated, multi-agency, multi-action place-based approach to cultural development. Their role is to promote the area's distinctive heritage, cultural and creative industries assets through targeted promotion and investment. Priority areas include the introduction of creative workspace and activity space, outdoor spaces for cultural activity, and a set of skills and enterprise activities. Supported by the Combined Authority, Greater Birmingham and Solihull LEP (GBSLEP), Arts Council England and the local authorities, 4 CAZs are currently under development in the Black Country, with investment plans of £50,000 to £500,000 to bootstrap cultural and creative use<sup>1</sup>.

Cultural Action Zones (CAZs) are an investment model that takes the whole cultural ecosystem into account. It is place-specific and connects the different stakeholders within a place across the cultural sector and beyond through collaboration and actions. Each zone will be authentic to the challenges and opportunities of the place. To develop the Cultural Action Zones, the partners involved are initiating conversations with the

1. Via the Community Renewal Fund, Shared Prosperity Fund, Community Ownership Fund, Levelling Up Fund, and Local Authority Events and Arts & Culture Programmes.

residents, cultural sector organisations, private sector, voluntary sector and other stakeholders to take a bottom-up approach - while ensuring alignment with Local Authority plans and other investment. This will result in a 3-year action plan for each area, brought to life through small-scale interventions, capital investments, meanwhile uses and cultural programming with a focus on improving the opportunities for the cultural ecology to thrive.

### Relevance to COZs

- CAZs are a way of bringing together multiple agencies, funding and organisations to re-animate high streets and neighbourhoods and develop the cultural and creative sector. The ethos is about bringing public, private and academic sectors to create interventions, allocate investment and deliver projects that create inclusive economic and creative sector growth. The focus is mainly on place rejuvenation and community development.

## Heritage Action Zones

The Heritage Action Zone scheme is a £95 million Government funded programme which is being delivered by Historic England. It aims to use the power of the historic environment to create economic growth and improve quality of life in villages, towns and cities across England, fuelling economic, social and cultural recovery. More than 60 high streets have been offered funding to give them a new lease of life.

The lead partners in each place (mostly local authorities) are working with Historic England to develop and deliver schemes that will transform and restore disused and dilapidated buildings into new homes, shops, work places and community spaces, restoring local historic character and improving public realm.

## 2.0 Overview of comparators

### Relevance to COZs

- HAZs take an asset-based approach and seek to re-imagine heritage assets for a diversity of cultural, social and economic uses. COZs also take an asset-based approach and will utilise heritage assets, especially in town centre or industrial locations .

## Creative Improvement Districts, Greater Manchester

Greater Manchester has adopted the concept of Creative Improvement Districts. These will be places where incentives and support will be provided to creative businesses and cultural organisation. This will include business and communication support, support in securing event licences and grants , depending on the levers available at each local authority level. They will aim to support and attract cultural venues, festivals and pop-up events, increase the vibrancy of town and local centres and provide space to create and produce culture.

### Relevance for COZs

- As with Creative Enterprise Zones In London, Manchester CIDs provide an intensive and asset-based approach to creative cluster development. They are less property-led than the approach In London, with a focus more on animation, business support, capacity building and Inward Investment. This is highly relevant to COZs - with an opportunity to build capacity from the grassroots up and link cultural activity to community development and place-making. The focus on cultural events and festivals also provides links to the evening economy and cultural tourism as part of the solution to diversify activity In town centre contexts.

### Challenges and opportunities for COZs

With a growing portfolio of place-based and location-specific approaches, the COZs can learn from and adapt models developed elsewhere. However, they do offer a distinctive approach based on the need in the South East to bootstrap emergent creative Industries activity, better connect assets, and to initiate vibrancy and a more diverse economic base. This introduces a specific set of both challenges and opportunities. These include:

#### Challenges

- To define success where each COZ will be distinctively place-based and thus in need of a bespoke approach.
- To incentivise creative industries activity which 'sticks and grows' without significant financial incentives or planning levers.
- To mobilise a coalition of partners in the public and private sectors to work together for shared purpose. This will require open and trust-based dialogue, the co-creation of shared purpose and the establishment of COZ-specific outputs and outcomes in addition to those which are programme-wide.
- To facilitate innovation or unexpected outcomes. The COZs are pathfinders, which means they will stimulate activity with unforeseen outcomes. Critical will be to embrace the unexpected, which could spark a dynamic future for the COZ.

#### Opportunities

- To co-design tailored programmes of activity which are asset-based and shaped to nurture a sustainable creative industries sector in each COZ.
- To unlock place innovation – in a partnership model, planning, commissioning and the role of creatives in place-making and renewal.
- To drive sustainable and inclusive creative industries growth with a local impact embedded in community and place.
- To connect local approaches to a distributed model for creative clusters across the South East as a distinct sub-region made of coast, estuary, rural, county towns, small towns, villages, and cities.

## The COZ model

### A Creative testbed programme for the South East

Consultation on the concept of Creative Opportunity Zones has highlighted an appetite to introduce them as a pilot or 'test bed' in four types of place. This is to embrace the diversity of places across the region and develop tailored models which work with local distinctiveness as a resource.

Some places across the South East have been pioneers at a national level in the ways they have prioritised cultural and creative development for the renewal of town centres (e.g. Margate, Folkestone), development of cultural capacity (e.g. Southend), diversification of economic activity (e.g. Medway), and enhancement of the quality of place (region-wide). However, other places are yet to fully benefit from the region's creative renaissance and have not yet established the enabling conditions which will attract cultural and creative in-migration, from London and elsewhere, and support the development of local talent.

The Creative Opportunity Zones will involve applying the core notions of an Enterprise Zone - attracting and supporting enterprise location and growth - to the creative industries at local level. As with traditional Enterprise Zones, a set of targeted incentives should apply to a geographically defined area. However, unlike traditional EZs which primarily seek to draw enterprise and business growth into areas largely unpopulated by businesses, the COZ should seek to build on existing capacities and competencies, working to scale these up as well as attracting new creative industry enterprises, professionals and organisations into the designated areas.

#### The South East COZ programme will:

- Champion the cultural and creative industries to be at the heart of economic development and renewal, delivering inclusive and sustainable growth;
- Test a range of models and approaches which are tailored to the specific environment of each place;
- Establish structured knowledge exchange to support places across the region (and beyond) to learn from each other and implement their own approach to cultural and creative development.

For the areas designated as COZs, the potential advantages and benefits will be around:

- Status and recognition: an accredited COZ status is likely to attract inward investment;
- Leverage for funding opportunities: the COZ status alongside a clear action plan is likely to make it easier to attract public sector funding, including from government and Arts Council England programmes, where the activities of the COZ align with the priorities of other funding streams;
- Access to support and advice from the peer learning and action learning programme: regular knowledge exchange events will be held to support COZs and shape the programme in an iterative way.

The LEP and wider regional stakeholders could also offer to help local areas and the sector to access the funding they need. This could include supporting them to understand the financial mechanisms and strategic opportunities available and it would make sense to create a comprehensive and up-to-date list to support COZ. This includes:

- Local level: Planning contributions (S106 and CIL), prudential borrowing, joint ventures, local levys, tax increment financing, crowdfunding.
- Regional Level: Sector Support Funding, Creative Land Trust.
- National Level: National Lottery Arts Council England Project Grants, Creative People and Places, Architectural Heritage Fund, High Street Heritage Action Zone, emerging Shared Prosperity Fund, Cultural Development Fund, Future High Street Fund, Levelling Up Fund.

### 3.0 The COZ model

## COZ typologies

Given the diversity of places across the region, an outline typology has been established to guide partners in the identification and creation of COZs. These are flexible typologies and open to review :

|  |   |
|--|---|
| <p><b>High street/<br/>Town centre</b></p> | <p>It is now widely accepted that the dominant model of the high street is in decline, and that the Covid-19 pandemic has helped accelerate a number of trends already seen across the country. Exploring the relevance of the COZ model in a high street context would bring together sector and cultural development growth and the high street regeneration agenda to re-balance and revitalise these contexts, providing hubs of creative production and consumption, to boost sector capacity, offer a density and dynamism of activity, and deliver spillover effects across the local economy. This typology is likely to include the active re-use of heritage and vacant assets, development of meanwhile creative uses, enhancement of public realm, and cultural programming or events.</p> <p>This could build upon and add value to ongoing initiatives linking high street and town centre recovery to the creative sector growth agenda, such as the High Street Heritage Action Zone programme, or other cultural programmes with a place focus, such as Creative People and Places.</p>  |
| <p><b>Industrial location</b></p>          | <p>In some parts of the region, there is significant space and capacity for growth from decommissioned docks and former manufacturing campuses. In other parts of the region, the lack of commercial space available is constraining growth but there are opportunities for intensification of industrial uses. Overall, relative affordability of land and space, benchmarked with the London context, is a significant advantage. For existing creative micro clusters in industrial settings, COZs would help building a critical mass of creative and cultural production to re-imagine the role and purpose of such settings where traditional business activities (e.g. warehousing, light manufacturing etc.) have lapsed. This is also to seed new activities with room for growth – e.g. in screen, digital, and space-intensive activities across all creative sectors.</p> <p>This typology is likely to include financial interventions (e.g. business rate relief, re-location tax incentives, finance for capital expansion) , interventions around identity and promotion (e.g. improved branding and marketing, identity development), placemaking interventions (e.g. promotion of new routes , making ‘visible’ the productive capacities of the area’s workspace), provision of workspaces and investment in infrastructure (e.g. innovative use of publicly-owned assets, workspace subsidy schemes, investing in broadband), enterprise support etc.</p> |
| <p><b>New community</b></p>                | <p>Across the region, there are a number of large scale regeneration schemes in the pipeline as well as a number of new planned communities (such as Ebbsfleet and Purfleet). In these contexts of significant new housing-led growth, a COZ could support new cultural and community infrastructure and the activation of creative industries development ‘from scratch’ to ensure dynamism, quality and sustainability.</p> <p>This is about the active development of cultural place-making, establishing high quality places which prioritise quality of life and wellbeing and demonstrate the role that arts, culture and the creative industries can play in planning and placemaking. Infrastructure includes spaces for cultural production, community spaces, and the public realm as a cultural amenity.</p>   |
| <p><b>Rural-urban network</b></p>          | <p>The South East region is 72% rural and there is a need to recognise that the digital age has caused a fundamental shift as networks and networking do not have to happen around a specific location. This COZ typology could strengthen creative hub and network models which connect home-working to new models of creative workspace and activity space.</p> <p>This would include a focus on B2B networking; shared opportunities for showcasing and market development; and support for freelancers and micro-enterprises.</p>   |

### 3.0 The COZ model

## The approach

It is recommended for the Creative Opportunity Zone initiative to progress iteratively by taking the form of an action learning programme which will build knowledge across the South East Region, test innovative cultural development vehicles at local level, and give partners (across the sector, higher education, planning, economic development, environmental sustainability and wellbeing) proven tools which can be adapted to specific local context.

It is recommended that one Creative Opportunity Zone pilot to be set up in Year 1, with a three-year action-learning lifespan. Then, in Year 2, a further Zone, and a further Zone in Year 3. Thus by Year 3, there will be a minimum of three Creative Opportunity Zones operating as a region-wide action learning programme.

Below are the key functional assumptions.

#### Cost / scale

The Creative Opportunity Zones will vary in size and scope, depending on the location and availability of funding. It is advised that a shared COZ fund is developed to provide minimal services, signing and branding. This should initially aim toward £600,000 (£150,000 per COZ). This will activate officer support, a shared website and social media, a tailored events and support programme, and knowledge exchange / evaluation. This initial funding can be used to leverage additional investment and pay for officer time to support proposals for funding. Such funding will be for capital investment (e.g. refurbishment to establish creative workspace; and public realm enhancement); skills and business support; and targeted grant funding for creative programming. To build shared capacity, some resources could be shared across Zones, following the model of South East Creatives for example.

#### Criteria for awarding a COZ

A Creative Opportunity Zone award should be for a locality with an emergent concentration of cultural and creative industries activities where there is potential critical mass. A selected COZ will need to

demonstrate a case for public sector investment across three outcomes:

- Inclusive growth and employment: as a cluster of activity which delivers jobs and supports enterprises to develop.
- Creative place-making: dynamic, high quality, attractive places which attract economic and social activities and enhance wellbeing and cohesion.
- Creative spillovers: boosting innovation across the economy and driving sustainable development.

These outcomes have been developed to align with SECEN's key actions and objectives. These are:

- Growing Creative Clusters
- Championing Placemaking
- Increasing Workspace
- Growing Cultural Tourism
- Driving Innovation through Creativity
- Growing Creative Businesses
- Fostering Skills and Creating an Inclusive Workforce

#### Recruiting COZs

Partners have the option of holding a competition to designate the first COZs, in a similar way the Greater London Authority did for the first Creative Enterprise Zones, or they can co-identify the first generation of COZs based on the above typology. This may be influenced by the level of investment partners are able to secure for the COZ programme. A smaller level of investment will require each COZ to be more self-starting and thus reduce the attractiveness of a competition process.

It is also important to pitch the COZ opportunity appropriately. For example, the lack of COZ status does not mean a place isn't creative or can't / shouldn't pursue a strategic approach to the cultural and creative industries. Also, COZs are not the 'best in class' for culture and creative place-making. Such places will benefit less from COZ status because they are already relatively established centres of cultural and creative activity. Indeed, such places can play an advisory role within the COZ programme.

Overall, the attraction of being a COZ is promoted in terms of being part of an action learning

### 3.0 The COZ model

programme for the creative economy of the South East. A COZ is able to test models of cultural and creative development as part of a wider network of places. It is also given a profile and status as a pioneer for exploring creative approaches, which will in turn increase its attractiveness for investment and support.

#### Governance

A Creative Opportunity Zone Steering Group should be established – as a sub-group to SECEN. It should include representatives from local authorities, SELEP, higher education, and the cultural and creative industries. Art Council England could participate as observers – given their stated commitment to creative places. The Steering Group will long-list and short-list COZs (whether through a competition process or internal assessment). The Steering Group will co-design the Service Level Agreement for each COZ and agree the approach to monitoring and evaluation. A lead officer(s) should be designated with responsibility to oversee the COZ development process (either one officer working across the three counties or shared responsibility across this geography).

The Steering Group will set up a COZ exchange network / platform. This is the shared ‘front door’ for the COZ programme, showcasing the overall model. It is the platform where action learning outcomes will be shared and where news / features of COZ activities will be described. It can link to the web platforms of each COZ – as with the CEZs in London.

Each COZ will establish its own Action Group – to oversee COZ development. This will include the local authority, enterprise, and partners such as business improvement districts. In some cases, the COZ can be overseen by an existing partnership – e.g. a BID, a Cultural Compact or a Heritage Action Zone consortium. It is likely a lead-officer will be allocated for each COZ. Funding dependent, a COZ champion can be recruited – to work as an advocate, facilitator and producer, giving energy and personality to the COZ.

#### Delivery

Each COZ will establish its own Strategy and Action Plan: a light touch framework to set out priorities and key projects / actions / intervention areas.

This also provides the basis for evaluation and knowledge exchange – locally and at a regional level. It will set out priority activities for Year 1, with a set of outcomes and outputs. The COZs will come together quarterly for a review and knowledge exchange process, overseen by the COZ-wide Steering Group.

Key activation activities will include sector networks; trial creative hubs / spaces; planning guidance on creative workspace; creative commissioning; skills and capacity building for creative enterprise; targeted pilots – e.g. on culture and wellbeing; cultural tourism; and freelance support. This will also include locally delivered business support which could build upon and be seen as a legacy of the South East Creatives programme. Of particular importance will be providing small, micro-businesses and freelancers support in accessing finance as this has been identified as a clear barrier to micro-clusters’ growth.

#### Knowledge exchange / learning activities

This will include ‘look and see’ visits, promotion of good practice, and advocacy for the roll-out of Creative Opportunity Zones across the region. An annual COZ summit can be staged to exchange knowledge and promote creative place-making to a wider public. This will also play an important role in fund-raising and in promoting the region as a pioneer in creative development pilots – e.g. on culture and wellbeing; cultural tourism; and creative freelance support.

## Example: High Street COZ

### Rationale for high streets

The rationale to support the development and vitality of the creative sector on high streets is strong and multifaceted: offering benefits both in terms of creative sector development and high street vitality more generally.

It is now widely accepted that the traditional model of the high street is in decline, and that this trajectory has been perpetuated by the Covid-19 pandemic. The increasing dominance of online retail, changing patterns of working and evolving consumer expectations and behaviours (among other factors) has resulted in a recent focus on 're-imagining' the role of high streets across the UK. The scale of the challenge is significant: in towns such as Southend and Basildon, for example, retail employment continues to be a dominant part of the local economy, and yet retail vacancy is touching 20%: there is a pressing need for new strategies to support local job creation, economic diversification and place-making.

In response to the challenges facing high streets, policy-makers across the UK are developing schemes to renew and reshape town centres and high streets, backed by government funding programmes such as the Future High Streets Fund, the Towns Fund and the Levelling Up Fund.

The important role that creative and cultural infrastructures and uses can play in rejuvenating places is a cross cutting and recurring theme: it is accepted that creativity and culture has a key role to play in the transition to a more viable future for high streets and town centres.

High streets are already an important focal point for creative activity in the South East. Recent research by We Made That and PRD for the SELEP and Arts Council England has found that:

- Across the SE LEP area, around 4,600 creative businesses are located within 200m of a high street (this equates to around a fifth of the region's creative businesses);
- On average, around 10% of high street businesses are working within the creative and cultural sector on average. This figure appears to be growing: 18% of SELEP high streets' start-ups/new businesses were creative in 2020;
- The concentration of creative activity on high streets varies significantly across the SELEP area - with towns such as Brentwood, Tonbridge, Bexhill, Sevenoaks, Chatham, Hastings, Colchester, Canterbury, Folkestone and Lewes high streets registering more than 15% of businesses which are creative.

Despite this, the South East's creative economy continues to lag behind other regions - both in terms of the intensity of activity and in terms of growth trajectory. Challenges which have been identified in the region in previous research include lack of skills; poor productivity among experience economy sectors in comparison to other areas of UK and a high proportion of micro-businesses that lack access to workspaces and to wider networks to sustain innovation and growth.

The COZ model has the potential to respond to these challenges. With high streets, culture and creativity being a key area of policy focus nationally, via the COZ model, SELEP and partners are ideally placed to bring together knowledge and capacity, and deliver leadership for high street rejuvenation through creative and cultural initiatives which will drive recovery, long-term growth and resilience in the South East.

The Arts Council and SELEP commissioned [Creative High Street report provides the blueprint upon which future high street COZs should be developed.](#)



### 3.0 The COZ model

#### Potential good growth outcomes

The outcomes delivered will be specific to the individual objectives (and context) of each COZ. However, the broad outcomes being targeted by the COZ model include:

| Theme  | Outcomes   | Example of existing relevant activities in the South East high streets   |
|--|--|--|
| <p><b>1. Inclusive growth &amp; employment</b></p> | <p>Direct growth in the presence and role of the creative sector on the high street - as measured by the number of sector jobs and businesses and the number and amount of creative space. Depending on the nature of the intervention, there may also be related outcomes regarding the accessibility of sector employment across all parts of the community, and training and skills improvement within local communities.</p>                             | <p><b>Providing business support and skills programme:</b> The BasildON Creative People and Place programme focuses on Basildon town centre and provide a range of business support activities and training programmes for creative professionals and the wider community.</p> <p><b>Providing affordable space for artists:</b> At 29 South Street in Eastbourne, the charity Hypha Studios has matched a creative with an empty retail unit.</p>   |
| <p><b>2. Creative placemaking</b></p>              | <p>The high street COZ model would also be expected to help animate and bring new visitors to high streets - with outcomes targeted including evidenced increases in footfall and spend and changes in the perceptions and satisfaction of visitors. Depending on the initiative delivered, environmental outcomes should also be targeted - with a focus on embedding circular economy principles via delivery and reducing workforce carbon footprint.</p> | <p><b>Providing opportunity for showcasing:</b> In Dover town centre, the Makers' Market offer young creatives free stalls to test products and business ideas, alongside training sessions on market trading, business modelling, finance etc. It also drives visitors to the town centre and as such helps in animating and bringing new audiences to the town centre.</p> <p><b>Sector-led planning and delivery and re-use of assets:</b> Heritage High Street Action Zones across the South East are delivered by a local consortium of sector stakeholders looking at creative approaches to improve the public realm, create better connections and enhance town centres' sense of place through culture and creative-sector led interventions and re-use of heritage assets.</p> |
| <p><b>3. Creative spillovers</b></p>               | <p>While strengthening the local creative sector, the high street COZ model would aim to deliver economic benefits more broadly. Key outcomes targeted might include increased levels of investment across the economy, higher levels of take up of space (and reduced vacancy), enhanced employment and business growth rates, and enhancements in the overall reputation of place.</p>   | <p><b>Public investment in assets for creative workspace delivery:</b> In Colchester town centre, the delivery of creative workspaces (e.g. SPACE Colchester) has stimulated regeneration and private investment in both cultural and creative related projects and wider commercial uses (e.g. shopping centre renovation).</p> <p><b>Quality of place and vibrant programming:</b> In Folkestone, the critical mass of creatives and high profile of cultural programming have contributed to increasing tourism, driving up visitor numbers and spending as well as communicating a renewed sense of place.</p>   |

# Approach to accreditation and evaluation

## Accreditation process

As mentioned in the previous section, partners have the option of holding a competition to designate the first COZs or they can co-identify the first generation of COZs based on their priorities.

Whichever approach is chosen, a clear and robust assessment criteria will be an important part of the accreditation process. It will help direct and shape Action Plans, ensure fair and transparent decisions, and underpin the approach to evaluation, monitoring and reporting.

### Essential requirements

At a minimum, the COZs should:

- Be able to demonstrate demand and need: there must be a clear rationale for intervention and demonstrating evidence of demand and need.
- Strategic alignment: the COZ proposals must align with and actively contribute to wider strategic objectives at national, regional and local levels (particularly SECEN priorities).
- Buy-in and collaboration: there needs to be clear evidence of buy-in and an intention to work collaboratively with the Steering Group, local stakeholders and other COZs.
- Monitoring and reporting: there must be a commitment to monitoring and reporting.

## Evaluation, reflection, and sharing learning

Evaluating place-based approaches can be challenging as such programmes are often not funded to be able to observe and capture long-term outcomes. In the case of the COZs, the range of typologies and partners will bring different objectives that are diverse and each one will have their own competing evaluation approach. In addition, some threads of change that will be sought through these initiatives will be qualitative.

### Evaluation approach

It will be therefore important for the overarching evaluation approach and individual COZs to consider:

- Theory of change – to define the assumptions in which the programme is built and define what success might look like and how this can be measured.
- Theory of place – this will allow stakeholders and partnerships to articulate the rationale for working in a place and map out its focus/foci and resources.
- Co-creation of an evaluation strategy with the partners to help ensure that long-term outcomes and changes are captured alongside any capacity building, participation, and behaviour change.
- Building in time regularly for conversations about 'what we really want to achieve'.

### Action learning approach

Evaluation is not just about impact and it will be important to learn how change is achieved. An important step therefore is to capture the learning from the pilots, and share it.

This will include:

- The development of a structured action research process, to acknowledge learning and adapt the programme in an iterative way.
- Peer learning exchange, to share, learn, reflect and critique.
- The production of a half-yearly monitoring and annual report by each of the COZ.
- With available funding, the COZ will also develop a portfolio of action learning tools - such as case studies and 'look-ins' on good practice.

## 4.0 Approach to accreditation and evaluation

### Evaluating against key outcomes

The COZ programme will be underpinned by an Evaluation Framework. This allows for a ‘theory of change’ approach to COZ development, with the COZ approach adapted to deliver maximum return on investment across the following outputs and outcomes:

| Priority theme               | Outcomes / Outputs to include   |
|------------------------------|---|
| <b>Inclusive Growth</b>      | <ul style="list-style-type: none"> <li>- New jobs in the Creative and Cultural Industries (CCIs)</li> <li>- Jobs safeguarded in the CCIs</li> <li>- Diversity: jobs for young people, women and minority communities</li> <li>- Sustainability: freelancers and micro-enterprises are able to develop secure and sustainable work</li> <li>- Workspace: increase production space for the CCIs – leasehold and freehold; increase in creative activation of retail and office space</li> <li>- Skills: enhanced skills for CCI enterprises – technical and management</li> <li>- Creative education partnerships secured and developed</li> <li>- Increase in access and participation in internships and apprenticeships for people of all backgrounds</li> <li>- Infrastructure: new cultural facilities for production and consumption</li> <li>- Attraction of inward investment – revenue and capital</li> <li>- Reduced carbon footprint</li> </ul> |
| <b>Creative Place-making</b> | <ul style="list-style-type: none"> <li>- Creative and cultural animation: more events, festivals and accessible activities</li> <li>- Public realm enhancement: safer, high quality spaces which can be adapted for creative and cultural use</li> <li>- Evidence of net zero practice in the creative and cultural sectors</li> <li>- New circular economy activities – growth of specialism in creative and cultural activities which embrace the circular economy</li> <li>- Enhanced environmental literacy / awareness across the creative and cultural sector (and audiences)</li> </ul>  |
| <b>Creative Spillovers</b>   | <ul style="list-style-type: none"> <li>- Cultural tourism: increase in visitor numbers /spend</li> <li>- Positive spillover effects to build environmental responsibility across the economy</li> <li>- New knowledge on approaches to inclusive growth and place-making for the cultural and creative industries.</li> <li>- Growth in innovation and productivity in key sectors across the economy</li> <li>- Increased local brand profile (e.g. press features).</li> </ul>  |

# Resources and delivery

The scale of resource which can be secured to activate the programme and to support on the ground delivery will play a critical role in determining COZ's shape and success.

While the COZ model outlined in previous sections does not necessarily need significant levels of capital and revenue funding, a degree of staff resource and funding will need to be identified and ring-fenced to support the development and launch of the programme. Thereafter, each COZ will need to develop a programme of activity which reflects the levers and resources (internal and external) that it has at its disposal (or within its influence). Given the resource challenges faced, a degree of innovation in funding and delivery is implicit within the model. The initial piloting of the programme will offer opportunities to test new resourcing and delivery approaches which, where successful, can hence be scaled and delivered in other similar areas in the region.

Four broad 'action phases' should be considered from a funding and delivery perspective:

## Action phase 1: Establishing the programme

Identifying an overarching programme lead with responsibility for developing and mobilising the programme. Initially this would likely be a part time role although it is likely that the time requirement would increase over time (particularly if the programme moves beyond pilot phase into scale up). Key responsibilities would include developing the COZ 'prospectus', securing seed funding (see below), establishing programmes governance arrangements (see section 3), and overseeing the setup, knowledge exchange and reporting back of the Initial pilot COZs.

It is currently assumed that the programme lead would sit at regional level (SELEP/SECEN), it is possible that a more spatially devolved approach will be required.

## Action phase 2: mobilising the pilots

As set out within section 3, a degree of 'seed' funding will be required to establish the pilots and to ensure that there is sufficient resource to deliver against the programme objectives.

Based on the recent London CEZ experience, an initial revenue budget of £150,000 per pilot should be sufficient to cover staff resource, strategy development and initial signposting and delivery

activities. It is envisaged that each pilot will require ring fenced officer resource - again, likely to be on a part time basis (potentially in-kind time from existing local authority employees).

## Action phase 3: Project delivery

Initial strategy development will help to establish a clear delivery programme for each COZ and identify the additional resources needed to progress. The nature of this will vary between COZ areas and types, but will need to consider a breadth of resourcing options and opportunities. Examples of potential levers and investment pathways are summarised below; this list is not intended to be exhaustive.

| Investment                      |   |
|---------------------------------|---|
| <b>Government Grant</b>         | E.g. Towns Fund, Levelling Up Fund and future Shared Prosperity Fund. Numerous SELEP locations have been successful recently in securing government funding via the Towns Fund and Levelling Up Fund, and a number of the proposed projects are centred around the creative sector. Other authorities are eligible to bid in future rounds, providing an opportunity to coordinated and deliver impact. |
| <b>Arts Council England</b>     | Including Heritage Action Zones, Creative People and Places, Cultural Compacts, Cultural Recovery Fund, Cultural Investment Fund. ACE funding can be malleable and bids are developed through consultation. As a potentially innovative approach the COZ programme might be well placed to lever further ACE funding into the area.   |
| <b>Institutional Investment</b> | Pension funds are increasingly looking to more diverse investments and hence will consider specific locations and proposals. For example, the BA Pension Fund backs the Creative District Co's investment in Ashford and there may be possibilities of some more footloose investors backing a portfolio approach across the area, albeit in the longer term.   |
| <b>Social Investment</b>        | There are a range of social investors such as Big Society Capital, Social Investment Business, Nesta, Ethical Property Co. who might invest if a strong social case can be demonstrated.  |

## 5.0 Resources and delivery

|                                     |  |
|-------------------------------------|--|
| <b>Borrowing</b>                    | Public sector borrowing remains low cost (although may increase) and could support specific COZ capital projects through access to cheaper capital.  |
| <b>Lending</b>                      | Councils may be able to offer up front funding to support COZ property focused delivery via low cost loans which are repaid through operation of the properties.   |
| <b>Levy</b>                         | Levy models have become mainstream in local placemaking delivery over the past decade and have enabled the BID model to become established. Such a model could be explored in the long term - although it is recognised that this would be complex to delivery and potentially contentious and would clearly require a strong case to have been made regarding the benefit and rationale for delivery via the pilot phase. |
| <b>Policy levers</b>                |  |
| <b>Rates relief</b>                 | Local Authorities can offer business rates for operators to encourage location. This tends to be applied to not for profit businesses or those which will reinvest surplus into some other form of public value. LB Waltham Forest in London is an example of an authority which has delivered strong impact in recent years, foregoing income of around £350k per year for two years to incentivise location.             |
| <b>Affordable workspace policy</b>  | Local Authorities can develop policy to oblige developers to deliver a quantum/proportion of affordable workspace within any given development. The practice has become commonplace in recent years - particularly in London where around two thirds of boroughs have some form of affordable workspace policy (ranging from mandated proportions of all workspace development, to more nuanced partnership models).       |
| <b>Providers list</b>               | Often linked to the above, a list of approved providers who can be linked to developers, particularly where there is specific requirement to deliver affordable or creative workspace.   |
| <b>Cultural / Creative Strategy</b> | Cultural/Creative strategies can provide an alternative lens through which to look at property. This can be specific and targeted or through a broader economic strategy for a place. A good example is the London Legacy Development Corporation which has developed specific asset strategies for artist and creative workspace which is enshrined in Planning policy.   |

| <b>Creative Workspace Delivery</b> |  |
|------------------------------------|--|
| <b>Compulsory Purchase Order</b>   | While a blunt instrument, where the case can be made strongly, Councils can use CPO powers to take control of properties which have been vacant for a long period of time.   |
| <b>Community Asset Transfer</b>    | Transfer of management and/or ownership of public land and buildings from its owner (usually a local authority) to a community organisation for 'less than best consideration' - i.e. less than the highest obtainable or estimated market value. This discount is based upon a presumption of long-term local social, economic or environmental benefit.      |
| <b>Special Purpose Vehicle</b>     | Establishing arm's length trusts to take on the responsibility of management and stewardship of buildings. These are already in existence with the SELEP area: within the emerging Creative Land Trust in Margate and the JV between Southend Borough Council and Public Sector PLC.   |
| <b>Social Value Leasing</b>        | Discounted leasing offered by the public or private sector in order to mitigate risk or deliver a broader benefit/public good. Perhaps the best example is LB Hackney In London which has a VCS lettings policy which sets a flat rate of £4psqft for non-profit companies letting spaces owned by the council (in exchange for social and economic outcomes). |

Source: PRD, *Creative Estuary Workspace Study*

Over time, the aspiration should be to establish a self-sustaining delivery model, where ongoing COZ operation is supported by levered and external resource (i.e. minimising the extent to which the model is reliant on ongoing public sector grant).

### Action Phase 4: Programme Scale Up

Depending on the outcomes of the pilot phase, programme scale up would then commence. The scale and nature of this will determine the ongoing resourcing model - although it is assumed that any scale up would require ongoing ring-fencing of central resource for programme coordination, alongside additional 'seed funding' to support the mobilisation of new COZs.

## 6.0 Next steps

# Next steps

Building on the above direction of travel, SEGEN should work to:

- Explore opportunities to secure initial funding and resource to activate the programme in line with 'phase 1' identified in section 5 above;
- Develop branding and terms of reference for the Creative Opportunity Zones pilot programme;
- Select 'trailblazers' and initiate start-up phase inclusive of strategy/action plan for each, and a corresponding evaluation framework;
- Set up a shared platform, for knowledge exchange and learning;
- Launch the pilot programme.

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