

Cultural and creative spillovers in Europe:

Report on a preliminary evidence review

Executive summary

October 2015



This report was commissioned and funded by:



Arts Council England (ACE) champions, develops and invests in artistic and cultural experiences that enrich people's lives. The organisation supports a range of activities across the arts, museums and libraries – from theatre to digital art, reading to dance, music to literature, and crafts to collections. Great art and culture inspires us, brings us together and teaches us about ourselves and the world around us. In short, it makes life better. Between 2015 and 2018, ACE plans to invest £1.1 billion of public money from government and an estimated £700 million from the National Lottery to help create these experiences for as many people as possible across the country.



The **Arts Council of Ireland** is the Irish government agency for developing the arts. It works in partnership with artists, arts organisations, public policymakers and others to build a central place for the arts in Irish life.



As a not-for-profit organisation, **Creative England** cultivates the TV, film, games and digital industries so they continue to flourish. The organisation funds, connects, mentors, advocates and collaborates at all levels of the industry – from small independents to large internationals – creating the right conditions for more success.



The **European Centre for Creative Economy (ecce)** stems from RUHR.2010 – the first European Capital of Culture that has come to accept the cultural and creative economy as an essential pillar of its programme and part of cultural diversity. ecce supports the creative economy and the development of creative locations and spaces in the region. A central part of the work of ecce is to organise debates on culture and the creative industries in the Ruhr region that are relevant across Europe. ecce is funded by:

Ministerium für Familie, Kinder, Jugend, Kultur und Sport des Landes Nordrhein-Westfalen



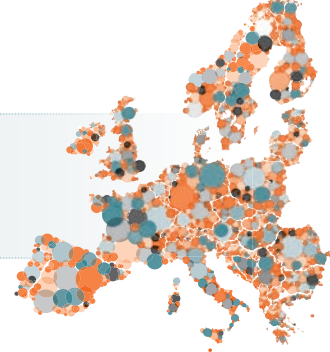
The **European Cultural Foundation (ECF)** is an independent foundation based in the Netherlands, which has been operating across Europe since 1954. Over the past six decades, ECF has been striving towards an open, democratic and inclusive Europe in which culture is valued as a key contributor. It bridges people and democratic institutions by connecting local cultural change-makers and communities across wider Europe. ECF supports creative collaborations that contribute to fostering democratic societies, doing this through grants, awards, programmes and advocacy.



The **European Creative Business Network (ECBN)** is a network of cultural and creative industries development agencies. They represent 19 board members and over 220 creative centres. As a non-profit foundation, based in the Netherlands, their aim is to help creative entrepreneurs to do business and collaborate internationally and firmly believe that Europe and its neighbourhood can be powered by culture.

ECBN supports the project in-kind through financial administration and contracting

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About the author

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This report has been authored by Tom Fleming Creative Consultancy (TFCC). TFCC are the leading international consultancy for the creative economy. They offer strategy and policy leadership across the creative, cultural and arts sectors. Through research, evaluation, collaboration and advocacy, they are a 'think and do' tank for the creative economy. TFCC offer technical expertise, strategic thinking and the tools to position creativity to the heart of society.

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Research partnership acknowledgements

This study has been a genuinely collaborative endeavour. TFCC has worked closely with the funding partners plus research partners to shape the methodology, collect, systematise and analyse the evidence library, and develop the core findings. Considerable resources of time, energy and expertise have contributed to a study which can be viewed overall as co-created. Particular acknowledgements are given to:

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Foreword

In 2012, the European Commission put spillover effects of the arts, culture and creative industries on the political agenda (COM(2012) 537). In 2014, Arts Council England (ACE), Arts Council of Ireland, European Centre for Creative Economy (ecce), European Cultural Foundation, European Creative Business Network (ECBN) and Creative England initiated and funded a collaborative preliminary methodological review about the evidence and causality of spillover effects in Europe.

As a European research partnership on cultural and creative spillovers we came together through a shared desire to demonstrate the value of public funding for arts and culture and to investigate how we could map the various value chains between the arts, culture and the creative industries as well as the wider economy and society. We had two core objectives in mind: to evaluate the relationship of public funding in the spillover context and to recommend methodologies that may be able to capture spillover effects, as well as to advocate for longer-term European funding, to address the wider research gap in this area and to strengthen development and the case for public support of the arts, culture and the creative industries.

We are proud of how our organic approach has brought partners together across Europe around a shared yet complex research agenda. Our collaborative research process has included partners from nine countries: national cultural funding agencies, regional cultural development bodies, foundations, universities and organisations operating Europe wide.

We'd like to take this opportunity to thank Tom Fleming Creative Consultancy (TFCC), who we commissioned in January 2015 to undertake this analysis, for their dedication and collaboration in delivering this research. They were the first to encounter the enormity and complexity of the task. Together we acknowledge the limitations as well as the key learning points of this exploratory review of the very first evidence base on spillover effects.

This report sets a framework that incorporates the diversity of the arts, culture and the creative industries. It sheds light on cultural and creative spillovers in Europe, and spurs interest for new and continued collaboration in research at the European level.

We are in a good position to test the findings and recommendations presented in this report. Having identified future research topics to address local, regional, national and international needs to better understand, evaluate and improve public funding schemes, this review closes with recommendations primarily to the European Union, paying tribute to its policy focus on spillover effects as laid down in

the EU communication (COM(2012) 537). We will advocate at European policy level, as well as in each of our Member States and beyond, in order to mainstream a new holistic approach for evaluating cultural and creative spillovers.

Our primary policy recommendation is the creation of the first holistic agenda for cultural and creative research, envisioning the Joint Research Centre of the European Union as a key player to innovate research methods in the cultural and creative industries (CCIs), and to drive spillovers in the arts, culture and the creative industries within the context of Agenda 2020.

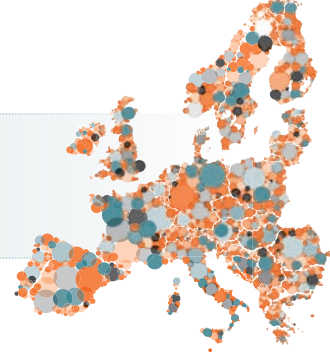
To launch a new holistic approach to cultural and creative research, we recommend that the European Commission takes the lead as change-maker by:

- Dedicating a small proportion (e.g. five per cent) of all Creative Europe- and Horizon 2020-funded projects in the cultural and creative sectors for holistic evaluation that balances qualitative and quantitative evidence capture.
- Creating a new programme for the development and progression of qualitative methods and indicators in the cultural and creative industries, to be led by the Joint Research Centre of the European Union.
- Calling for the co-ordination of national research agendas in the cultural and creative sectors by an Open Method of Coordination (OMC) group. This group will be tasked with strengthening and testing new qualitative methods as part of a balanced quantitative and qualitative research agenda.

Without a new holistic research agenda, cultural and creative policies will not be able to innovate, unleash and capture the wider value of the arts, culture and the creative industries to the wider economy and society. We recommend that governments and policymakers at all levels realise that they are key change-makers for the creation and evidencing of cultural and creative spillovers.

Finally, as policymakers and advocates for public investment in the arts, culture and creative industries, we know we are not the only research initiative in this area. Collaboration and open information-sharing are at the heart of this research agenda to evidence cultural and creative spillovers. We look forward to engaging with others to develop further, enrich and share broadly our future research activities. We now look forward to sharing our future European research agenda in 2015/16 and creating a wider evidence base for cultural and creative spillovers through <http://ccspillovers.wikispaces.com/>.

Please join the conversation.



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Executive summary

In 2012, the European Commission made spillover effects of the arts, culture and the creative industries the subject of its agenda for the first time (COM(2012) 537). A little after, conversations about the need for further research into spillover effects began and, in 2014, Arts Council England (ACE), Arts Council of Ireland, European Centre for Creative Economy (ecce), European Cultural Foundation, European Creative Business Network (ECBN) and Creative England initiated and funded a collaborative research project about the evidence and causality of spillover effects in Europe. The research consisted of:

- the creation of the first evidence base of 98 spillover projects,
- a review of evaluation methods and the strengths and weaknesses of existing methodologies,
- finding an evidence-based concept and definition of 'cultural and creative spillover effects', and
- recommendations for future research on spillover effects.

Despite the preliminary and exploratory nature of this research, we have noted a widespread interest and curiosity among researchers and politicians in Europe – including the Latvian EU Presidency in 2015.

This response – even before the research was finished – reflects what we believe to be one of the major findings of this report: that there are research gaps about causality and even more about commonly accepted methods of quantitative and qualitative evaluations.

The policy recommendations focus on:

- a holistic concept of research to correlate to interdisciplinary (sub-)categories of spillovers,
- progressing and testing qualitative methods, and
- dissemination and dialogues with the wider economy and society to support the recognition of multiple types of spillover and the whole value of the arts, culture and creative industries.

The missing proof of causality of the spillover effects of public investments was the core motivator for the research project, which has developed into an international research partnership. This partnership continues and grows as connections are made with others through the open collaborative wikispaces platform, <http://ccspillovers.wikispaces.com/>. This is vital for the second stage of research.

Proposal for an evidence-based definition

This study by the Tom Fleming Creative Consultancy (TFCC) sets out a preliminary evidence review of the spillover effects

of public investment (public money awarded directly or indirectly by government) in the arts, culture and the creative industries in Europe. The starting point for this research uses a broad definition of spillovers, which takes account of previous work in the field and seeks to meet the strategic and practical needs of artists, cultural organisations, creative businesses, policymakers, funders and strategic bodies:

We understand a spillover(s) to be the process by which an activity in one area has a subsequent broader impact on places, society or the economy through the overflow of concepts, ideas, skills, knowledge and different types of capital. Spillovers can take place over varying time frames and can be intentional or unintentional, planned or unplanned, direct or indirect, negative as well as positive.

Proposal for a review of cultural and creative spillovers

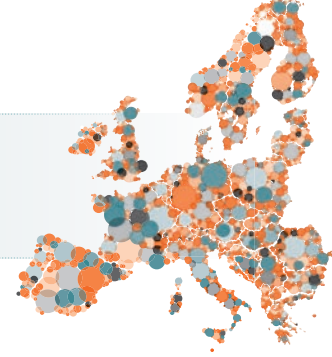
The main focus of study is an evidence library of 98 documents from 17 European countries collectively created by partners¹. These documents – a rich mix of literature reviews, case studies, surveys, quantitative analysis and more – were analysed for what they had to say on spillovers, public investment and methodology. To analyse the evidence they provide, we have adopted an approach which categorises each spillover effect into three broad and overlapping types of spillover:

Knowledge spillovers refer to the new ideas, innovations and processes developed within arts organisations and by artists and creative businesses which spill over into the wider economy and society without directly rewarding those who created them.

Industry spillovers refer to the vertical value chain and horizontal cross-sector benefits to the economy and society in terms of productivity and innovation that stem from the influence of a dynamic creative industry, businesses, artists, arts organisations or artistic events.

Network spillovers relate to the impacts and outcomes to the economy and society that spill over from the presence of a high density of arts and/or creative industries in a specific location (such as a cluster or cultural quarter). The effects seen in these are those associated with clustering (such as the spread of tacit knowledge) and agglomeration, and the benefits are particularly wide, including economic growth and regional attractiveness and identity. Negative outcomes are also common – e.g. exclusive gentrification.

¹ See the full report Acknowledgements for a full list of partners and contributors.



Within these three types of spillover, the report introduces 17 sub-categories where evidence is demonstrated most frequently or there are emerging claims on evidence and impact. The 17 identified spillover sub-categories are presented in Figure 1. The full report features an analysis of each of the 17 sub-categories with a short summary of key points relating to methodology, public investment and evidence strengths.

Findings

Strength of evidence in the preliminary library

There are three areas where evidence for spillovers is particularly strong and/or where there is an apparent need for further research (e.g. because of the strategic importance afforded certain types of return on investment).

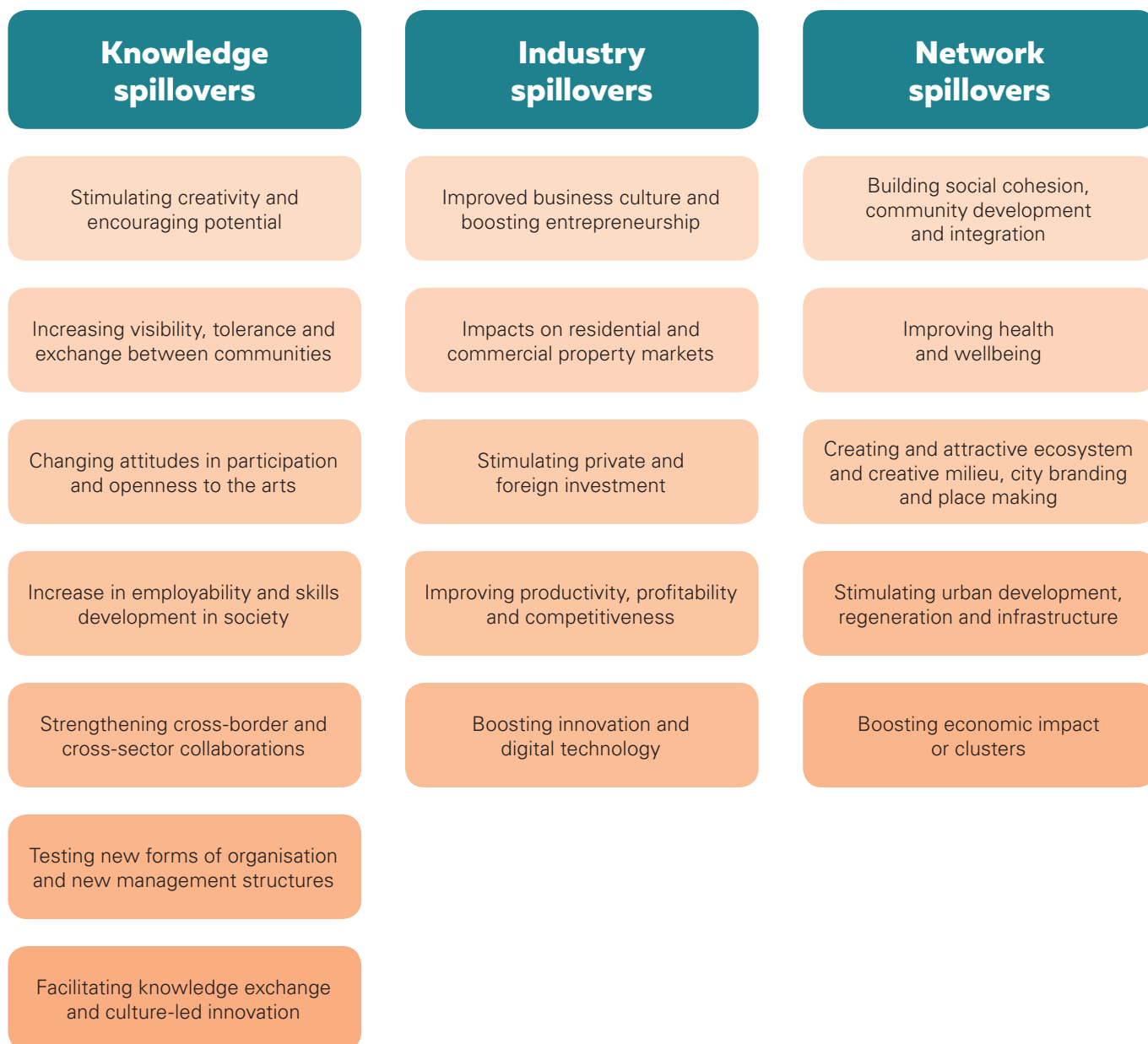


Figure 1. Diagram of spillovers and sub-categories

These are discussed in more detail in the report, and are:

- Innovation via knowledge spillovers.
- Health and wellbeing via knowledge and industry spillovers.
- Creative milieu and place branding/positioning via network, knowledge and industry spillovers.

Evidence in knowledge spillover is most persuasive² around the benefits to individuals of long-term engagement with arts organisations (CEBR, 2013, and Cuypers et al., 2011), the role of culture in developing social capital (OECD, 2005), the wide impact of large-scale cultural events (Rutten, 2006), the spillover between publicly funded and commercially funded arts (Albert et al., n.d., and Tafel Viia et al., 2011), the importance of culture in improving cross-border co-operation (Interact, 2014) and the linkages between culture, creative industries and innovation (Rutten, 2006).

Analysis of the library suggests that evidence of knowledge spillovers would be improved through more research into how experiencing and practising 'creativity' in one sphere translates into bringing a more creative approach to other spheres of activity. Furthermore, as long-term engagement with the arts seems to be so important in delivering personal impacts, studies which allow for this to be tracked would help fill in current gaps. Other key areas for examination include the role of volunteering in developing social capital, the special impact and value of large-scale cultural events, the value of cross-border networks, and the impact of creativity throughout the value chain and beyond manufacturing.

The strongest evidence of industry spillovers is that communications within organisations can be boosted (Antal/ Strauss, 2012), culture-led regeneration has a positive impact (Rutten, 2006), cross-fertilisation occurs between commercial and non-commercial sectors (OCE, 2014), investment in design has an impact (Sternó/Nielsén, 2013), spillovers play a role in boosting uptake of new technology (KEA, 2006) and networks are important in spreading innovation (Schopen et al., 2008).

Examination of the library suggests that the evidence of industry spillovers would be improved if there was more analysis of the two-way relationship between culture and the wider economy in terms of innovation and entrepreneurship. Further research in the value of public sector investment in stimulating risk-taking would be valuable, as would be exploring the role of social media and spillover effects that occur without the benefits of physical proximity through clusters.

The clearly articulated and developed evidence of network spillovers is found in the impact of culture on

social cohesion (KEA, 2009, and BOP, 2011) and community cohesion (Dümcke/Gnedovsky 2013, 2013), on the way that the process of social cohesion occurs (Goodlad et al., 2002), on the individual benefits of visiting museums (Fujiwara, 2013), on the association between cultural activity and perceived health and satisfaction with life (Cuypers et al., 2011, and Billington, 2010), on the role of culture in place-making and city-branding (ICC, 2010, and Rutten, 2006), on the 'creative milieu' effect and on the importance of creative entrepreneurs (CURE, 2014).

Reviewing the library indicates that evidence of industry spillovers would be improved by further research into the complex relationship between arts, culture and wellbeing, and taking an ecosystem approach to analysing the interplay of complex factors also supports our understanding of the role that culture plays in place attractiveness. Other areas where further research would be particularly valuable include understanding the spillover effects of individuals.

Analysing and reporting on the methods of evaluation

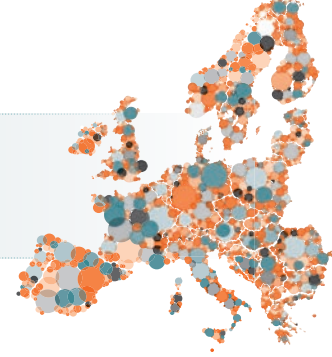
used – especially in the 17 spillover sub-categories – is the main contribution of this report to the current scientific and political debate. Furthermore, it has clear outcomes for cultural practitioners and academics who want to apply and test methods in their institutions. Based on the evidence library, **causality** is not systematically evaluated in the cultural and creative sectors against scientific standards such as Bradford Hill Criteria. Out of the library of 98 documents only two approach the standards needed for causality (Bakshi et al., 2013, and Cuypers et al., 2011). More methods derived from the social sciences, especially those that test hypotheses using qualitative research methods, could be beneficial.

These include:

- Experimental studies which test cause-effect relationships in a controlled setting including counter-factuals and control groups.
- Action research, where hypotheses are tested through the introduction of interventions into complex social phenomena or ethnographical techniques, including immersion over a period of time.
- The proxy research approach – utilising techniques developed in other areas including research into Social Return on Investment (SROI).

In terms of social policy, a KEA 2009 report recommends encouraging local, regional and national agencies to deploy **cultural resources in social and public services** and to commission 'a series of longitudinal studies (possibly linked to EU funded projects), examining the impact of cultural activity in key social areas such as social cohesion and civic renewal'.

² Persuasive, but falling short of proving causality to scientifically accepted standards.



Methodological recommendations

In terms of developing methodologies which will allow for greater understanding of the value of public investment, analysis of the library suggests that the following interdisciplinary approaches should be investigated:

- Longitudinal intervention studies based on best practice from social science, including the use of control groups.
- Testing hypotheses around the process and means by which cultural and creative spillovers drive innovation in places and the wider economy through experimental methodological approaches utilising 'big data' and wellbeing (frameworks).
- Consumer analysis utilising new technology to help us get a better understanding of culture's role in driving the experience economy.
- Developing a holistic set of methodological tools across the 17 spillover sub-categories that could work at different levels of government.

Recommendations for future research

From the evidence library, we can draw out a range of areas where future research programmes would be particularly valuable. These include research into:

- How to embed spillover research into mapping and evaluation tools which track and measure public investment, and how to identify spillover outcomes as part of the overall outcome proposition for public funding programmes.
- Incentivised programmes into cross-sector working including collaborations between the arts and culture, creative industries and other sectors.
- Hybrid and cross-sector spaces and places which allow for structured and unstructured knowledge transfer between the arts, culture and creative industries and wider business, social and technological sectors.
- Incentivised spillover-generating actions such as knowledge- and technology-exchange programmes that connect the arts and cultural sector to universities and technology businesses.
- Strategic commissioning for arts, health and wellbeing and how spillover effects can be encouraged and facilitated.

Policy recommendations

Our primary policy recommendation is the creation of the first holistic agenda for cultural and creative research, envisioning the Joint Research Centre as a key player to innovate research methods in the cultural and creative industries and to drive spillovers in the arts, culture and the creative industries within the context of Agenda 2020.

To launch a new holistic approach to cultural and creative research, we recommend that the European Commission takes the lead as change-maker by:

- Dedicating a proportion (e.g. five per cent) of all Creative Europe- and Horizon 2020-funded projects in the cultural and creative sectors for holistic evaluation that balances qualitative and quantitative evidence capture.
- Creating a new programme for the development and progression of qualitative methods and indicators in the cultural and creative industries, to be led by the Joint Research Centre of the European Union.
- Calling for the co-ordination of national research agendas in the cultural and creative sectors by an Open Method of Coordination (OMC) group. This group will be tasked with strengthening and testing new qualitative methods as part of a balanced quantitative and qualitative research agenda.

Our policy recommendations need the support of national, regional and local level governments and policymakers. We ask that they acknowledge that they are key change-makers in the creation and evidencing of cultural and creative spillovers. Without a new holistic research agenda, cultural and creative policies will not be able to innovate, unleash and capture the wider value of the arts, culture and the creative industries to the wider economy and society.

**To read the full report please see
<http://ccspillovers.wikispaces.com/>**

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