Creative Fuse North East Phase 2 – Summative Assessment

Client: Newcastle University

Project Title: Formative and Summative Evaluation of Creative Fuse North East Phase 2

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1. Introduction

1.1 Creative Fuse North East Phase 2

Creative Fuse North East was originally launched in 2016 and ran a successful programme up to the end of the first phase in 2019. It was established to bring together five North East Universities and their combined strengths, assets and networks to support the region's creative, cultural and digital businesses and freelancers. The focus of the project to unlock the potential of the creative, digital and technology sectors through innovation and collaboration.

The central idea of the project is that through a fusion of ideas and skills from the creative, design and technology disciplines, businesses can achieve accelerated performance. It focuses on tackling a number of market challenges, including productivity, collaboration, developing skills and confidence, navigating the innovation landscape and disruption.

An independent evaluation was commissioned to review Creative Fuse North East phase 1, and this showed that:

- new products and services have already been developed by 31% of the sample of beneficiaries, and 25% have already achieved new markets;
- as a result of engagement with Creative Fuse, new knowledge has already been achieved by 71% of the companies, with a further 5% saying it will happen in the future;
- higher levels of collaboration and showcasing of the business has or will be achieved by at least two-thirds of the sample; and, access to technology and facilities has or will be achieved by half the respondents;
- the most important contribution of the Project for the future was to provide a platform for connecting similar and complementary businesses;
- over three-quarters (78%) of the sample scored the first phase of Creative Fuse as a four or five, out of a one to five scale for its clarity and accessibility.

Creative Fuse North East is now in its second phase, having re-started (as a soft start) in February 2020 prior to receiving the funding contract letters during the onset of the Covid-19 pandemic at the time, and runs to June 2023 (following recent approval of a project extension). Phase 2 builds on the solid foundation established in phase 1, delivering a number of activities and types of support, including events, consultancy and knowledge exchange, workshops, internships, funding, applied research and sector analysis/intelligence.

The support aims to achieve a range of benefits targeted at SME businesses and freelancers operating in the target sectors (creative, cultural, digital) across the North East LEP area. It is notable that the project is not strictly confined to these industries; in fact, it is seeking to support SMEs outside the three core sectors in recognition of the fact that both the 'fusion' approach and the creative/technological focus can find wider application across the whole economy.

Creative Fuse North East is delivered through a partnership of four North East Universities: Newcastle University, Northumbria University, Durham University and the University of Sunderland. A sister and co-branded project is also delivered through Teesside University but this is funded via a different ERDF funding stream (Digital City). Newcastle University is project lead and hosts the Creative Fuse management team.

Creative Fuse is funded from three key sources: ERDF along with match funding from UKRI via the Arts and Humanities Research Council (AHRC) and the Universities involved. ERDF funding comes with the requirement to undertake an independent evaluation of the funded project to understand the extent to which intended outputs, outcomes and impacts were delivered.

1.2 Aims and objectives

In March 2022, Ortus Economic Research were commissioned by Newcastle University to undertake an independent, longitudinal evaluation and ERDF Summative Assessment of the Creative Fuse North East programme. The evaluation includes two phases: an initial formative evaluation report (presented in September 2022); and this final summative assessment report.

This summative evaluation report provides an independent assessment of programme performance and effectiveness across the whole programme, from February 2020 up to May 2023. It focuses on presenting evidence on project progress to date, trajectory, and direction of travel, with an emphasis on the following.

- An overview of the project, its logic model, activities, funding and intended outputs and outcomes
- Progress towards delivering against the key performance indicators
- Reviewing management and partner arrangements
- Reviewing project communications and marketing
- Evidence of impact and benefit of the project
- Lessons learned and how this can inform the final stages of the project and potential future activity.

Because of the need to prepare the summative assessment prior to the completion of the programme, the assessment presents a near-complete picture of programme performance. Monitoring data up to the end of March 2023 has been reported, coupled with projections covering the remaining three months of the programme. Surveys were undertaken in June 2022 (to inform the formative evaluation) and May 2023 (to inform the summative assessment). Consultation interviews were undertaken in July/August 2022 (to inform the formative evaluation) and in May 2023 (to inform the final summative assessment).

1.3 Methodology

The following key research tasks have been undertaken to inform the evaluation report:

- Analysis of Newcastle University's management information records, including ERDF financial and output monitoring returns.
- One-to-one consultations with:
  - 4 delivery partners – Newcastle University, Durham University, University of Sunderland and Northumbria University
  - 8 external stakeholders
  - 10 beneficiaries
- Consultation, via and an online survey with:
  - 95 beneficiary SMEs from a potential pool of 192 that had worked with Newcastle University, Durham University, Northumbria University, and the University of Sunderland up to the end of March 2023 (i.e. appeared on ERDF claims). This equates to a response rate of 48%, representing a high level of engagement in the evaluation from beneficiaries. The sample includes 45 responses[1] to the survey at the formative stage and a further 40 responses at the summative stage.

[1] Note that a follow-up survey was undertaken with respondents that completed the survey at the formative stage, eliciting 24 responses (i.e. 53% response rate).

1.4 Report structure

The report is structured as follows:

- Section 2 provides an overview of the logic model for Creative Fuse, outlining the key issues it seeks to address and the rationale for the project. It describes the expected causal links between the activities and outputs it will deliver, and how this will lead to benefits for individual beneficiaries, and in turn, impact upon the economy.
- Section 3 assesses the extent to which Creative Fuse is making progress towards its ERDF financial and indicator targets.
- Section 4 considers the effectiveness of programme delivery and management arrangements, including the extent to which Creative Fuse is effectively targeting eligible beneficiaries. It also considers the quality of support provided by the programme.
- Section 5 explores the initial outcomes and impacts generated by the programme.
- Section 6 summarises the evaluation conclusions and lessons learned from programme delivery to date and suggests recommendations that Newcastle University and partners may wish to consider in the ongoing delivery of Creative Fuse.

2. Logic Model review

2.1 Introduction

This section considers the economic and policy context in which Creative Fuse was designed. It explores the rationale for intervention and market failures it is addressing, and the link between its aims and objectives, activities, outputs and outcomes. It is based on the programme's logic model and considers the extent to which its targets are realistic and appropriate.

2.2 Overview of the logic model

Figure 1 on the following page provides a summary of the Creative Fuse logic model, which is based on the application made in 2019.

2.2.1 Project Context

The project aligns to the European Structural Investment Funds (ESIF) Thematic Objective 1b and will contribute towards the NELEP's local growth priorities by drawing together research led innovation within the four North East Universities to support economic growth and product, process and service development in the regional CDIT (Creative/Digital/IT) sector. Innovation is central to the North East Strategic Economic Plan's (NESEP) long term ambition to build a more productive North East. The NESEP identifies 'Digital' as a cornerstone of the strategy, in terms of sectoral growth (i.e. more digital and tech businesses) and supporting greater digital transformation. It identifies that:

- The digital community is one of the most vibrant, productive and rapidly developing in the UK
- The software and technology industry is valued at £2billion.
- The CDIT sector employs c.35,000.

It is a resilient sector that needs further investment and innovation support to reach its full potential, with micro-SME firms predominating. In particular, the cross-disciplinary and cross-sector nature of many creative business creates a need for more innovatory approaches. Creative Fuse has been developed in response to information and coordination failures and will contribute to improved access and take-up of multi-disciplinary innovation support to improve the innovation capacity of NELEP businesses. A key facet is bringing together the NELEP universities to better co-ordinate provision, enabling an aggregated, scaled delivery that drives better engagement and better return on investment.

2.2.2 Market failure

Business Expenditure on R&D is 1.1% of GDP in the UK (below the OECD average of 1.63%). BIS Innovation Reports state that a key weakness is the relatively small proportion of firms engaged in innovative activity. A business-university collaboration review (Dowling), found strong enthusiasm amongst both SMEs and larger companies for the benefits offered by collaboration. However, it concluded that there is an ongoing challenge to engage companies that have never participated in collaborations. Although CDIT sector businesses understand the importance of innovation and development, they can struggle to prioritise time within often small teams, and frequently do not have the experience necessary to address business growth and innovation. Particular issues comprise:

1. Productivity: region performing relatively poorly against UK and Europe – large(r) companies can pull through the development of smaller companies in their supply chains.
2. Collaboration: often confined to specific sectors limiting levels of innovation and value realisation - challenge for SMEs is to better collaborate and share/shape approaches, often informed by a multi-disciplinary 'fusion' process, and use this knowledge to develop innovative processes/products/services.

3. Innovation landscape: Complex innovation landscape – progression from research to innovation to commercial success is typically very far from linear.
4. Disruption: Opportunities for innovation can exist at the interfaces between technologies and markets.
5. Additionally, Priority Axis 1 projects are required to demonstrate that measures will be adopted to promote female participation

2.2.3 Rationale

The region's universities will work collectively to provide a 'one-door' approach to innovation across the NE CDIT sector. Through the combined partner networks/resources, regional SMEs will have access to innovation opportunities, this shared capacity providing greater impact and reach than could be attained individually:

- Multi-disciplinary – Aligning expertise from a range of specialisms (incl. design, interactive media, computing, arts/humanities, business/management), to frame innovation challenges and opportunities that extract new value propositions, and support wider outcomes e.g. widening female participation.
- Spill-over – Supporting knowledge and skills spill-over from CDIT SMEs to other sectors to maximise growth potential by unlocking partnership knowledge and networks with key sectors (e.g. manufacturing and health).
- Triple / Quadruple-helix model – Bringing together SMEs, academics, larger organisations and stakeholders in a collaboration providing new research informed business models.

2.3 Evaluation evidence

There is strong support for the rationale of the project and the market 'need' which it aims to address. Building on the success of Phase 1, Phase 2 continues to focus on what partners consider to be an ongoing need within the CDIT sector to build collaborative relationships, find opportunities to blend creativity with other disciplines, access opportunities which maximise the value of creative input in order to address ongoing issues related to the livelihoods of creative practitioners (i.e. comparatively low incomes) and to provide an opportunity for creative businesses to spend time focusing 'on' their business as well as 'in' their business. That opportunity to consider and reflect, in an environment that stimulates collaborative opportunities, knowledge exchange and peer-support, is seen as central to the value of the Creative Fuse offer.

Innovation is the golden thread that runs through the Creative Fuse project, but in a much wider sense than employed within the ERDF funding scheme. Creative Fuse is focused on the question of how you best harness creativity and maximise its value across the economy. Due to issues of scale, typically, creative businesses tend not to have the capacity to drive innovative activities and Creative Fuse is designed to directly address this challenge, through encouraging and enabling collaboration and by informing creative businesses and linking them to wider opportunities. Looking forward, this approach is likely to only grow in importance in a post-Covid, post-Brexit and Net Zero-focused environment.

Figure 1: Creative Fuse North East Logic Model

Context

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The project aligns to Thematic Objective 1b and will contribute towards the NELEP's local growth priorities by drawing together research led innovation within the four North East Universities to support economic growth and product, process and service development in the regional CDIT (Creative/Digital/IT) sector. Innovation is central to the NESEP's long term ambition to build a more productive North East. The NESEP identifies 'Digital' as a cornerstone of the strategy, in terms of sectoral growth (i.e. more digital and tech businesses) and supporting greater digital transformation. It identifies that: • The digital community is one of the most vibrant, productive and rapidly developing in the UK • The software and technology industry is valued at £2billion. • The CDIT sector employs c.35,000. It is a resilient sector that needs further investment and innovation support to reach its full potential. In particular, the cross-disciplinary and cross-sector nature of many creative business creates a need for more innovatory approaches. Creative Fuse has been developed in response to information and coordination failures and will contribute to improved access and take-up of multi-disciplinary innovation support to improve the innovation capacity of NELEP businesses. A key facet is bringing together the NELEP universities to better co-ordinate provision, enabling an aggregated, scaled delivery that drives better engagement and better return on investment.

Market Failure Assessment

Edit

Business Expenditure on R&D is 1.1% of GDP in the UK (below the OECD average of 1.63%). BIS Innovation Reports state that a key weakness is the relatively small proportion of firms engaged in innovative activity. A business-university collaboration review (Dowling), found strong enthusiasm amongst both SMEs and larger companies for the benefits offered by collaboration. However, it concluded that there is an ongoing challenge to engage companies that have never participated in collaborations. Although CDIT sector businesses understand the importance of innovation and development, they can struggle to prioritise time within often small teams, and frequently do not have the experience necessary to address business growth and innovation. Particular issues comprise: Productivity: region performing relatively poorly against UK and Europe – large(r) companies can pull through the development of smaller companies in their supply chains. Collaboration: often confined to specific sectors limiting levels of innovation and value realisation - challenge for SMEs is to better collaborate and share/shape approaches, often informed by a multi-disciplinary 'fusion' process, and use this knowledge to develop innovative processes/products/services. Innovation landscape: Complex innovation landscape – progression from research to innovation to commercial success is typically very far from linear. Disruption: Opportunities for innovation can exist at the interfaces between technologies and markets. Additionally, Priority Axis 1 projects are required to demonstrate that measures will be adopted to promote female participation

Project Objectives

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Creative Fuse will: • utilise expertise from four universities to embed innovation potential and know-how within NE CDIT SMEs, enabling growth and fostering best practice; • exploit the potential for creative and innovation spillover, driving collaboration between CDIT SMEs and wider economy including manufacturing, data and health; • help build and strengthen B2B collaboration opportunities, promote cross-sector collaboration and dialogue; • facilitate the cross-pollination of ideas and approaches to developing products/services/content; • cultivate SME openness to interdisciplinarity, developing 'links and synergies between enterprises, R&D centres and HE sector' called for in Investment Priority 1b.

Rationale

Edit

The region's universities will work collectively to provide a 'one-door' approach to innovation across the NE CDIT sector. Through the combined partner networks/resources, regional SMEs will have access to innovation opportunities, this shared capacity providing greater impact and reach than could be attained individually: • Multi-disciplinary – Aligning expertise from a range of specialisms (incl. design, interactive media, computing, arts/humanities, business/management), to frame innovation challenges and opportunities that extract new value propositions, and support wider outcomes e.g. widening female participation. • Spill-over – Supporting knowledge and skills spill-over from CDIT SMEs to other sectors to maximise growth potential by unlocking partnership knowledge and networks with key sectors (eg manufacturing and health). • Triple / Quadruple-helix model – Bringing together SMEs, academics, larger organisations and stakeholders in a collaboration providing new research informed business models.

Inputs

What	Value
Newcastle University	£356,731
Durham University	£185,403
Northumbria University	£235,303
University of Sunderland	£220,699

Activities

What
Innovation workshops/pitstops
1-2-1 knowledge exchange/transfer and consultancy
Innovation residencies/placements
Open innovation workstreams/challenges
Innovation showcases/events

Outputs

What	Value
C1 Enterprises receiving support	247
C2 Enterprises receiving grants	54
C4 Enterprises receiving non-financial support	193
C5 New enterprises supported	34
C8 Employment increase	16
C26 Enterprises co-operating with research entities	52
C29 Enterprises with new products to the firm	35

Outcomes

ID	Intended Outcome	How is it Measured?	Level	Baseline	Actual
1	Increased GVA	Increase in GVA	Business	Regional sector statistics	
2	Increased employment	Employment increase in SMEs	Business	Regional sector statistics	
3	New products and services in firms	Creation of new products and services	Business	SME data at support commencement	
4	Increased/improved innovation potential	Qualitative evaluation of project	Project	Existing CFNE survey data	
5	Improved regional sector collaboration and profile	Qualitative evaluation of project	Project	Existing CFNE survey data	
6	Promote female participation.	Qualitative evaluation of project	Project	Existing CFNE survey data / regional stats	

Intended Impacts

What
Assist businesses to be innovation ready and to develop their innovation capacity
Support businesses to explore/embed innovation potential that will foster new organisational processes and cultures.
Create longer term a growing eco-system where creative talent and leaders work collaboratively exploring and exploiting new innovation
Create a culture of innovation focused collaboration between the region's HEIs and the regional CDIT sector

Source: Creative Fuse ERDF Funding Application

2.3.1 Contextual changes since the project was developed

Since the Creative Fuse funding application was submitted to MHCLG[2] in 2019, there have been significant changes in the wider operating environment, which have impacted on programme delivery.

Programme staff and stakeholders reported that there have been few changes to the broader innovation ecosystem, which is typified by a wide range of support projects and programmes being delivered by numerous partners. However, since a number of key innovation programmes being ERDF-funded, there may be a considerable 'drop-off' in innovation support around June/July 2023 as these programmes come to an end.

Whilst it is clearly the case that efforts to signpost and coordinate are being made, the system remains somewhat disparate and to some extent competitive. With numerous ERDF funded projects in train, for example, each project team is seeking to achieve the funded targets for their individual programme. However, it was reported that there are examples of referrals being made between different partners and that Creative Fuse is becoming better known across, and established within, the ecosystem. This outcome is supported by the fact that the Advisory Board includes a number of support agencies such as Digital Catapult (through Sunderland Software City) and Innovation Supernetwork, and the North East LEP. There is a supportive relationship between Creative Fuse and these organisations and they work in partnership to raise awareness and promote support from across the broad range of organisations.

In addition, the process by which each ERDF-funded innovation project seeks to achieve its targets is quite different. Partners and stakeholders agree that the focus of Creative Fuse makes it unique amongst the cohort of ERDF-funded innovation projects in the North East.

The major contextual issue has been the Covid-19 pandemic, which has had a number of effects on the creative business and Universities generally (for example, prioritising the delivery of online educational programmes) and the Creative Fuse project in particular. For the Universities, one of the key impacts of the pandemic has been the move to a remote engagement model, which has meant running all engagement activities remotely rather than in-person at the height of the pandemic. Later in the project a hybrid approach between remote and in-person delivery has been adopted. Creative Fuse Phase 2 began operating in February 2020, just a few weeks before the pandemic hit and the first lockdown was implemented. This meant an immediate shift to an online model. Creative Fuse staff also had to adapt to home-working.

In addition, the pandemic has had a significant impact on the CDIT sector, particularly smaller businesses, freelancers and practitioners. A number of significant challenges have been experienced – as evidenced by the national work undertaken by the Creative Industries Policy and Evidence Centre. These include;

- a lack of support through the Government's Self-Employment Income Support Scheme (SEISS) for those who were new to creative practice,
- significant reduction in demand, driven for example by cultural and artistic venues being closed down
- Remote working being incompatible with some forms of creative practice

In addition to the impact of the pandemic, the target beneficiaries have also had to endure the impacts of Brexit. These twin events have created existential challenges for some businesses in the CDIT sector and consequently has not only impacted on the level of demand for innovation support activities

[2] Ministry of Housing, Communities and Local Government which was the managing agent for ERDF funds in England. Now the Department for Levelling Up, Housing and Communities.

and projects such as Creative Fuse, but has also influenced the nature of support needed. For many, the focus is on reset and recovery and simply placing their business back on an even keel.

More recent evidence indicates that the negative impacts of the Covid-19 pandemic on the creative and cultural industries have not been uniformly felt across the regions of the UK. Analysis undertaken by the North East Cultural Partnership[3] using the DCMS Sector Economic Estimates[4] shows that the North East was particularly badly affected by the pandemic, with the largest proportional reductions in workforce for each of the four creative sectors out of all 12 UK regions. The statistics show that the creative industries workforce reduced by 20% between 2019 and 2021, the cultural sector by 31%, digital by 15% and the full range of DCMS sectors by 10%. This hollowing out of the sector has impacted the demand for support services such as those delivered by Creative Fuse, as well as both demonstrating and having the effect of changing the nature of the support demand (away from 'investment' towards 'survival').

Many of the themes touched on above are returned to when we consider the progress that the project has made towards its targeted outputs and outcomes.

2.3.2 Project Change Requests

Creative Fuse has submitted, and had approved, two Project Change Requests (PCR); one in August 2021 (approved November 2021) and another in May 2022 (approved June 2022). These PCRs were made on the basis of the delivery challenges set out above, with the first being a direct request from DLUHC for all ERDF projects in light of the Covid-19 pandemic. Notably, the PCRs do not cover a reduction in the key performance indicators, which are reviewed below, nor did they include a change to budgets. Instead, the PCRs simply requested an extension to the project timetable and a related reprofiling of the expenditure and the outputs.

Whilst the overall targets are broadly appropriate for a programme of this nature, evaluation feedback suggests there have been number of challenges in achieving the output targets. These include:

- the time required to establish the programme, recruit key staff and get to the point where the first activities and engagements could be identified and delivered
- challenges in scaling up marketing and communication channels to engage with target businesses
- challenges associated with staff turnover, particularly as the programme nears its end point. Such issues have been particularly acutely felt in Durham and Sunderland, but are not exclusive to these teams by any means. The central team at Newcastle has experienced significantly reduced capacity in the last months of the programme. These effects are not atypical of fixed-term funded programmes, but that makes them no less problematic, particularly when attempting to 'catch up' on outputs.

Furthermore, the Covid-19 pandemic has placed significant and important constraints on the project's ability to deliver outputs at the pace and scale anticipated. This is because of the need to immediately move to a remote delivery model (from which the project is emerged during its latter half) and a reduction in the capacity of small businesses within the creative industries to engage with projects such as Creative Fuse during and post-pandemic, where their focus was reset and recovery.

2.4 Project aim and objectives

Creative Fuse is designed to:

- utilise expertise from four universities to embed innovation potential and know-how within NE CDIT SMEs, enabling growth and fostering best practice;

[3] See https://www.case4culture.org.uk/employment-in-the-north-easts-creative-sectors-since-2015-and-the-effect-of-the-covid-19-pandemic/

[4] See https://www.gov.uk/government/statistics/dcms-sector-economic-estimates-workforce-2021

- exploit the potential for creative and innovation spillover, driving collaboration between CDIT SMEs and wider economy including manufacturing, data and health and wellbeing;
- help build and strengthen B2B collaboration opportunities, promote cross-sector collaboration and dialogue;
- facilitate the cross-pollination of ideas and approaches to developing products/services/content;
- cultivate SME openness to interdisciplinarity, developing 'links and synergies between enterprises, R&D centres and HE sector' called for in Investment Priority 1b.

The project to which this evaluation relates is being delivered in the North East Local Enterprise Partnership area only[5].

The project will be delivering across two Categories of Region (CoR) – More Developed and Transitional. The Category of Region approach was informed by the following:

- A review of project activity and delivery through the previous project (Creativity Works/Creative Fuse North East #25R1600751) – this comprised an analysis of SME beneficiaries receiving support across the output categories (data as taken from the summative evaluation final report) – this showed that 81.9% of beneficiaries were from the More Developed CoR and 18.1% came from the Transitional Area.
- Durham University have confirmed that all of their institutional project support will be focussed upon the Transitional Category Area (note: at a project level, the intention was to ensure that SMEs seeking support are not unduly excluded from participating in support on the basis of their location).
- Newcastle, Northumbria and Sunderland deliver support focused principally on the More Developed CoR, with some support provided to eligible Transitional CoR beneficiaries – this follows the broad profile and experience of the previous project mentioned above.

2.5 Project Inputs

Creative Fuse is delivered by a newly created Creative Fuse programme management team within Newcastle University's Business School. This team is led by a Project Director supported by a Project Administrator, Marketing and Communications Coordinator and an Innovation Associate, with wider institutional administrative support from staff with experience of ERDF delivery. Dedicated project staff comprise the wider Creative Fuse team across each delivery partner promote and deliver the Creative Fuse offer to the North East economy.

Newcastle University secured a total of £2,072,759 to deliver Creative Fuse North East, made up of £1,080,353 in ERDF grant and £992,406 in matched funding (including from the Arts & Humanities Research Council, AHRC) as shown in Table 1 below.

Table 1: Creative Fuse Project Funding

Source			Total
ERDF Grant			£1,080,353
Matched Funding:	AHRC Funding	University Funding	
Newcastle University	£170,478	£179,817	*£350,295*
Durham University	£110,513	£74,890	*£185,403*
Northumbria University	£113,340	£126,715	*£240,055*
University of Sunderland	£104,479	£112,174	*£216,653*
Total Match	£498,810	£493,596	£992,406

[5] Though there is a parallel project delivered in the Tees Valley which is part-funded through the AHRC and the ERDF Digital City programme.

Total Funding			**£2,072,759**

Source: Creative Fuse Management Information

It is important to recognise the contribution made by AHRC within the matched funding element. AHRC provided a grant of £608,323 (of which £109,513 is allocated to Teesside), meaning that alongside the ERDF funding for the More Developed and Transition areas of the North East, AHRC make a contribution of £498,810. In addition, each University makes a funding contribution, totalling £493,596 across the four institutions.

The commitment made by AHRC was a crucial factor in allowing the Creative Fuse project to progress as this enabled the creation of the matched funding at a level which was required to facilitate the ERDF application.

Creative Fuse runs across the North East LEP area and also in Teesside, though in that location the ERDF contribution is made directly and through the Digital City programme. However, whilst the ERDF funding going to Teesside is managed directly, the Creative Fuse management team administers the AHRC grant to Teesside.

The ERDF grant is split as follows:

- More Developed Region = £802,250.
- Transition Region = £278,103.

2.6 Activities

The core delivery elements of Creative Fuse comprise the following:

- **Innovation workshops** – supporting innovation awareness, adoption, culture change, cross-disciplinary collaboration. These will typically be delivered to small groups of eligible SME beneficiaries and will encourage and facilitate both individual business development and opportunities for collaboration. The workshops will cover a range of themes (e.g. digital transformation, developing innovation mindsets and cultures etc).
- **1-2-1 knowledge exchange and transfer/consultancy –** bespoke support to individual and/or small groups of practitioners and SMEs, exploiting/developing creative innovation. These will be a mix of targeted support for eligible businesses and also may flow from some of the aforementioned workshops, where deeper support is warranted and can generate further returns.
- **Innovation residencies / Placements –** placement of graduates/masters students to enable SMEs to develop innovation capacity and new organisational processes, and develop new products/services. This follows in broad terms from the previous placements programme which was well received by the sector.
- **Innovation hacks –** collaboration and challenge-focused hack/pitstop events to share cross-disciplinary experience and learning. These activities will in particular generate opportunities for cross sector engagement and awareness raising to develop new capabilities and market knowledge.
- **Open Innovation workstreams –** open innovation forums to respond to challenge-based propositions and opportunities. These are designed to explore cross-sector challenges where the application of creativity and creative-led collaboration can drive market/business improvements. A focus here is expected to support engagement with larger organisations and corporates where access to, in particular agile and nimble creatives can help drive organisational approaches and behaviours, whilst also impacting on more qualitative and diversified supply and value chains over the future.

- **Innovation showcases/events –** highlighting innovation best practice, B2B collaborations, knowledge exchange etc. These events will be targeted in particular at generating broad awareness of the Creative Fuse North East programme and are specifically designed to be open and accessible to a wide audience interest and reach. Creative Fuse has previously successfully run its Collaboration and Knowledge Exchange (CAKE) programme and a Creative Fuse conference, and this second phase of the project provides the opportunity to scale this further.

A key point to note is that the above activities will comprise direct support to businesses in the CDIT sector, in addition to opening up collaboration opportunities to work with other organisations as part improving dynamics in relevant value and supply chains. This latter element is considered important for two principal reasons:

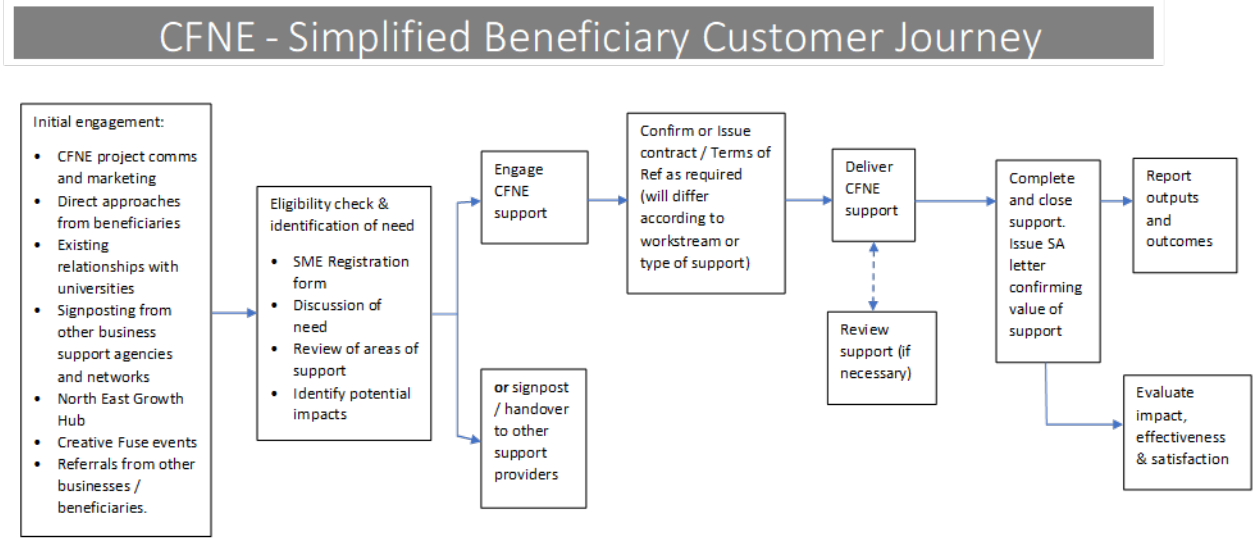
1. it opens up market opportunity for responsive SMEs, and provides them with greater resilience through the adoption of better processes and know-how; and
2. it supports the development of resilient value chains which need to develop better capabilities and awareness in respect of addressing disruption

2.6.1 Customer journey

The beneficiary customer journey is set out in Figure 2 below. It demonstrates that beneficiaries are recruited to the project through a range of channels, including comms and marketing, existing relationships, signposting from other support organisations, events and referrals from other businesses and beneficiaries. Word of mouth is considered an important mechanism for recruitment.

Beneficiaries are subject to an eligibility check before being accepted onto the programme. At this point, Creative Fuse delivery staff seek to understand the 'need' of each beneficiary through discussion and liaison to ensure that the project can meet the identified need. Thereon, SMEs are registered onto the project and then go onto receive support (for example, via workshops etc). A series of reporting steps are then undertaken in relation to state aid and to confirm outputs, outcomes and impacts.

Figure 2: Beneficiary customer journey



Source: Creative Fuse Management reports

2.7 Outputs

The Creative Fuse project aims to support a total of 247 SMEs over its 40-month lifetime. The output targets for Creative Fuse are summarised in Table 2 below.

Table 2: ERDF output targets for Creative Fuse

Code	Output	Total
C1	C1 Enterprises receiving support	247
C2	C2 Enterprises receiving grants	54
C4	C4 Enterprises receiving non-financial support	193
C5	C5 New enterprises supported	34
C8	C8 Employment increase	16
C26	C26 Enterprises co-operating with research entities	52
C29	C29 Enterprises with new products to the firm	35

Source: Creative Fuse Management Information

2.8 Outcomes and impacts

The main outcomes for the programme, identified in the logic model, are to support businesses to create new products and services, to increase the innovation potential of firms in the sector, to improve the regional sector collaboration and profile and to promote female participation in the creative industries.

It is anticipated that the overall impact of the programme will be increased GVA and employment (though this is not anticipated to be significant based on target C8 outputs or following the impact of Covid on the sector), an increase in the proportion of North East creative SMEs that are innovation active and enhance the competitiveness and resilience or sustainability of SMEs.

2.9 Summary

Overall, there is a clear need for a project in the North East to improve the level and intensity of innovation activity and 'fusion' across the CDI and wider economy.

There is a clear rationale for investment, and the delivery model is appropriate and relevant, capitalising on the wealth of knowledge and research expertise within the University partners, as well as its substantial track-record of delivering innovation support schemes to SMEs including, but not limited to, Creative Fuse Phase 1.

The aims and objectives of Creative Fuse relate to the economic and policy context, and to the market failures it is seeking to address.

The output targets appear broadly appropriate for a programme of this nature, although evaluation evidence suggests that some of the targets have proven challenging to achieve. In particular, whilst there is confidence that C1 and C4 targets may well be met, other targets such as C5 (new enterprises supported) and C8 (Employment increase) are unlikely to be met.

A number of factors have impacted on both demand for the support and the progress of projects supported. This includes the impacts of the Covid-19 pandemic, challenges in establishing the core teams to support marketing and delivery, lower than expected volume of engagements being generated by University partners and staff turnover within Creative Fuse teams.

3. Programme Progress

3.1 Introduction

This section of the report assesses the progress made by the Creative Fuse project towards the achievement of expenditure and output targets, between February 2020 and March 2023. The analysis is based on the following sources of information:

- The latest available ERDF claim and monitoring return, which reports on programme expenditure and outputs as at Q1 (end March) 2023. Additionally, we have drawn on progress updates from the project team regarding forecasted outputs for ongoing delivery in Q2 2023.
- Evaluation feedback from staff, stakeholders, and beneficiaries.

Project progress is assessed using a Red Amber Green (RAG) rating system to shoe progress against the target, where[6]:

- Red – outcomes are rated red where they have met, or are forecast to meet, less than 85% of the target (and are not expected to reach 100% based on forecasts)
- Amber – outcomes are rated Amber where they meet, or are forecast to meet, between 85% and 95% of the target (or are expected to)
- Green – outcomes are rated Green where they meet, or are forecast to meet, more than 95% of the target (or are expected to)

3.2 Progress towards financial targets

The Creative Fuse project secured an ERDF revenue grant of £1,080,353 which is matched against £992,406 of public sector match funding from the four Universities, giving a total project cost of £2,070,759.

Between February 2020 and March 2023[7] the programme had defrayed expenditure totalling £1,709,462, which is 82% of total project costs. Management information indicates that the project is unlikely to expend its entire budget at close, with a forecasted outturn of £1,930,900 by project end.

The programme is currently marginally behind profile, with 82% of total project costs being defrayed in the first 39 months of delivery, with 3 months remaining in the contracted delivery period (i.e. 92% through the project timetable). However, there are mitigating factors which explain why financial profile does not necessarily match output profile or timetable. For example, the issues at the start of the project meant that costs did not fall to the project as quickly as anticipated and a number of cost-heavy activities lie ahead (Conference, delivery of C2 outputs, i.e. internships). The reprofiling of the project has not altered the spending profile and the project is forecasted to utilise 93.2% of its budget at completion. As a result, financial performance is currently rated as 'Amber'.

[6] This system recognises that from a timetable perspective, the project is now at a point where 92% of the timetable has elapsed (39 out of 44 months to end June 2023)
[7] The date of the most recent ERDF claim at the time of the summative assessment

Table 3: Progress towards financial targets

CoR	Budget	Spend to end Q1 2023	Forecast of spend to end of project	% Spent	RAG
Transitional	£463,506	£405,453	£432,879	93%	
More Developed	£1,609,253	£1,304,009	£1,498,020	93%	
Total	**£2,072,759**	**£1,709,462**	**£1,930,900**	**93%**	

Source: Creative Fuse Management Information

3.3 Progress towards output targets

Table 4 sets out the current position in terms of delivery against output targets, both for the More Developed and Transitional CoRs and the Creative Fuse project as a whole. The current position against each targeted output is discussed below.

Table 4: Outputs – Forecast and Completed to Q2 2023

		Target	Completed		Forecast	Forecast outturn		RAG rating
Output	**CoR**		**To Q1 2023**	**% of Target**	**Q2 2023**	**Complete plus forecast**	**% of Target**	
C1 - Number of enterprises receiving support	More Developed	192	141	73%	55	196	102%	
	Transitional	55	46	84%	14	60	109%	
	CFNE Total	**247**	**187**	**76%**	**69**	**256**	**104%**	
C2 - Number of enterprises receiving grants	More Developed	54	39	72%	29	68	126%	
	Transitional	0	1	-	2	3	-	
	CFNE Total	**54**	**40**	**74%**	**31**	**71**	**131%**	
C4 - Number of enterprises receiving non-financial support	More Developed	138	102	74%	26	128	93%	
	Transitional	55	44	80%	12	56	102%	
	CFNE Total	**193**	**146**	**76%**	**38**	**184**	**95%**	
C5 - Number of new enterprises supported	More Developed	26	17	65%	7	24	92%	
	Transitional	8	2	25%	0	2	25%	
	CFNE Total	**34**	**19**	**56%**	**7**	**26**	**76%**	
C8 - Employment increase in supported enterprises	More Developed	15	0	0%	2.4	2.4	16%	
	Transitional	1	0	-	0	0	0%	
	CFNE Total	**16**	**0**	**0%**	**2.4**	**2.4**	**15%**	
C26 - Number of enterprises cooperating with research entities	More Developed	46	17	37%	17	34	74%	
	Transitional	6	3	50%	2	5	83%	
	CFNE Total	**52**	**20**	**38%**	**19**	**39**	**75%**	
C29 - Number of enterprises supported to introduce new to the firm products	More Developed	28	33	118%	14	47	168%	
	Transitional	7	7	100%	3	10	143%	
	CFNE Total	**35**	**40**	**114%**	**17**	**57**	**163%**	

Source: Creative Fuse Management Information

Note that the RAG rating is based on an assessment of the current position at end Q1 2023 coupled with a forecast for Q2 provided by the programme management team. The forecasts are based on a combination of events/activities which have already occurred or are being delivered (between April and early June, when this summative assessment was written) and those which are due to occur across June (based on sign-up lists for forthcoming events, participants in ongoing activities which have yet to complete and the number of internships in place). Whilst there is expected to be some differences in the final output numbers compared to these forecasts (for example, due to event no-shows), these differences are expected to be small (based on prior experience).

3.3.1 C1: Number of enterprises receiving support

The target is to support a total of 247 unique businesses across the range of activities that Creative Fuse offers and contributing to a minimum of 12 hours support. As at March 2023, a total of 187 C1 outputs had been reported (76% of the target), but this is currently forecast to rise to 256 by the end of the project in June 2023. This output is rates as 'Green' overall and for both the More Developed and Transitional areas. Considerable effort has been applied by all partner teams to create and deliver a programme across 2023 which is anticipated to meet all required C1 outputs, and the teams are to be commended for these efforts and their anticipated success. Alongside the forecasts, evidence has been provided which demonstrates the programme of activity that is in place to address shortfalls in outcomes achieved to end Q1 2023. For example, the ERDF Quarterly report for Q1 2023 outlines a range of activities across delivery partners over the final quarter of the programme, including:

- Business support sessions to be delivered by Durham University in April, followed by the main 'Teach and Sell your Art' event in May. Alongside these events, the team has planned activities around bespoke business support and is planning a Symposium for Creative SMEs and academic researchers (which is fully subscribed and has 30 people on the waiting list).
- The University of Sunderland is delivering the 'Coastal Cities Innovation Lab' in Q2, which is supporting 15 beneficiaries.
- Newcastle University is planning for delivery of the last primary workshop programme; the Design Thinking Programme due for delivery in May-June, as well as the Teach and Sell Your Art workshops, and completion of all internships. Between them, these are projected to engage 27 beneficiaries.
- Northumbria continues to deliver its 'Get Ready to Innovate' programme and this is expected to contribute additional outputs to targets in the final quarter of the CFNE programme.

3.3.2 C2: Number of enterprises receiving grants

This output indicator is a subset of C1: Number of enterprises receiving support. The target is to support a total of 54 businesses in receiving paid placements. Business support activity has been designed to align to a range of support mechanisms, of which placements will be a core activity. To the end of March 2023, 40 placements (internships) had been delivered representing 74% of the target.

However, the programme delivery teams are forecasting an additional 31 C2 outputs, meaning that the expected outturn will be 71, which is 131% of target. This output is therefore rated as 'Green'.

Evaluation evidence indicates that delivery of this output in particular has been impacted by the pandemic, with many beneficiary SMEs not being able to host, in person, the placements/interns that this output provides. It has also been challenging to recruit students and graduates, potentially also as a result of the pandemic (influencing attitudes towards this kind of opportunity) but also because of the timing of the academic year and how this influences the availability of graduates in particular. There is often a lag in reporting C2 outputs, given the time required to establish the internship, the time spent across the internship, and then the requirement for outputs to be formally reports.

However, evidence suggests that activities designed to boost delivery against these targets in the second half of the programme (such as attendance at recent Careers Fairs and more recent promotional

activities raising awareness of the support available) are delivering an increased number of opportunities. These activities continue, and gaps between the target and completed outputs are narrowing. The most recent ERDF Quarterly report also outlines forthcoming outputs in relation to internships with, for example, Northumbria forecast to report a further 8 outputs and Newcastle forecasting a further 5. These, coupled with forecast outputs from other partners, are expected to over-achieve on this output indicator.

3.3.3 C4: Number of enterprises receiving non-financial support

This output indicator is also a subset of C1: Number of enterprises receiving support. The target is to support a total of 193 businesses with non-financial support, through the non-placement elements of project delivery. As at March 2023, a total of 146 C4 outputs had been reported, 76% of the target. However, forecasts indicate that the expected outturn on this indicator will be 184 (95% of target). For this reason, this indicator is rated as 'Green'.

Overall performance has been stronger in the Transitional area, with 56 outputs anticipated by the end of the programme (102%, 'Green'), compared to 128 in the More Developed area (93%, 'Amber').

3.3.4 C5: Number of new enterprises receiving support

The target is to support a total of 34 new businesses (trading for less than 12 months at the time of application). As at March 2023, a total of 19 C5 outputs had been reported (56% of the target) and the forecast suggests that the final outturn will be 26 outputs (76%). As a result, this output is rated 'Red'. Evaluation evidence suggests that the demand from new business start-ups has been lower than anticipated, with the evidence also suggesting that general sector and market conditions are impacting the number of new businesses being started in the sector (especially during and since the Covid-19 pandemic).

The majority of C5 outputs achieved (and forecast) to date have come in the More Developed region (24, 92% of target, 'Amber'). Achieving this output in the Transitional area has proven especially challenging (2 outputs delivered/forecast, 25% of target, 'Red').

3.3.5 C8: Employment increase in supported enterprises

The target is to achieve an increase in employment in the businesses supported of 16 new jobs by the end of the project delivery period. As at March 2023, the project had not formally reported any new jobs created by any of the SMEs supported. However, the programme is expecting to report 2.4 jobs created (FTEs) by the end of the delivery period (15% of target). Performance against this target is therefore currently rated as 'Red'.

Evaluation evidence suggests that performance against this output has been especially challenging. Beneficiaries have been operating in reset/survival mode as a result of Covid-19, and any growth plans that were in place prior to the pandemic may have been significantly impacted. However, there is often a time lag between businesses undertaking their project engagement and the effects feeding through into the creation of new jobs, so performance against this output has the potential to increase significantly towards the end of the delivery and evaluation period. It is not anticipated that performance against this output will improve markedly over the last three months of the delivery window.

However, feedback to the evaluation survey does indicate some evidence of job creation. Whilst only 6% of respondents to the beneficiary survey indicated that they had created new jobs as a result of the support, a further 14% expect to in the next 12 months, and 14% expect to create new jobs in the next 2 to 3 years. It is therefore expected that the programme will deliver a significantly larger number of new jobs than those expected to be formally reported by the end of the delivery period. Further comment is made in the reporting of outcomes and impacts, in section 5.

3.3.6 C26: Enterprises co-operating with research entities

This target is that a total of 52 enterprises will collaborate with a research institution as a result of the project. Collaborations are intended to be 'long-term and sustained and are distinct from enterprise support. Benefit must be conditional on some form of formal co-operation.' This includes, for example, research collaborations and free dissemination of research, joint ventures, spin out companies, or joint and long-term development of new business or services[8].

As at March 2023, a total of 20 C26 outputs had been reported, which is 38% of the overall project target. The programme team forecast that an additional 19 outputs will be generated by the end of the delivery period, generated via the internships that are concluding, meaning the final outturn is likely to be 39 outputs (75% of target). This output is therefore rated as 'Red'.

Challenges in delivering this output have been experienced equally in the More Developed (34 outputs forecast, 74% of target, 'Red') and Transitional areas (5 outputs forecast, 83% of target, 'Red'), in part owing to the marginally lower number of internships and also increased difficulties in engaging additional academic staff via buy-out post-pandemic.

3.3.7 C29: number of enterprises supported to introduce new to the firm products

This target is that a total of 35 enterprises will introduce a 'new to the firm' product, process or service. As at March 2023, 40 supported enterprises had reported successfully achieving this output, which is 114% of the target. In addition, a further 17 outputs are forecast to be delivered in Q2 2023, meaning the final outturn is expected to be 57 outputs (163% of target). As a result, performance is currently rated as 'Green'.

Across the project, 33 outputs have been reported to the end of Q1 2023 in the More Developed region (118% of target) and 7 in the Transitional area (100%). The project has therefore been consistently successful across the four delivery partners in achieving this outcome.

There is further evidence of new product / service development in the feedback to the evaluation survey. This found that 44% of survey respondents stated that they have already developed new content, products or services as a result of support from Creative Fuse. In addition, a further 13% state that they are confident that they will develop these at a future date and 28% hope to achieve this outcome.

3.3.8 Factors influencing progress to outputs

There are a number of factors which have influenced the progress towards outputs. The following comments, taken from the latest set of ERDF quarterly reports and supported by evaluation evidence, explain some of the factors influencing take up and delivery:

- Whilst the project start was February 2020, the FAL wasn't signed until mid-May 2020, by which point the country was in national lockdown following measures introduced by the Government. The project therefore was unable to commence as planned; activities, including for example promotion and communications to raise awareness of the project, were all impacted. This has meant that the project was not able to start to generate a pipeline of potential interest and engagement from target SMEs, which would have presented the opportunity to link into otherwise planned activities and support as the project scaled through 2020.
- Furthermore, with the FAL being received later than planned or expected, and during lockdown, the delivery partners have been delayed in terms of building their institutional delivery capacity via staff recruitment etc. Activities and engagement have since commenced as the initial lockdown period ended into Q2 and Q3 2020 – this continues, with direct business and beneficiary engagement starting to scale up across partners.

[8] ERDF Output Indicator Definitions Guidance (October 2020)

- Since the onset of the pandemic, it is clear that there has been significant and ongoing impact across industry and the business base, often especially so with SMEs, for example as a consequence of furloughing, business recovery, and re-prioritisation.
- Both at national and regional levels, there has been particular impact on parts of the creative and cultural sectors, core audiences for the project i.e. cultural venues that have not been able to open to audiences; wider impact on supply and value chains including freelancers (who make up a significant part of the creative and digital economy). Fundamentally, many businesses and organisations have reverted to an immediate 'business resilience mode', concentrating on core services to keep going, which can typically impact on longer term plans to scale-up innovation capacity and potential.
- Examples of such sector impact includes:
  - The national Creative UK (formerly the Creative Industries Federation and who are represented on the Creative Fuse Advisory Board via their CEO Caroline Norbury) has undertaken a range of sector surveys and research on the impact of the pandemic since the project started. This has underpinned their sector advocacy and engagement with Government, with a view to representing how and where the creative sector is continuing to be affected and what this may mean in terms of current and future support:
    - Creative UK/ the Federation's 'Our World Without' campaign, which highlighted:
      - New research from Oxford Economics projects a combined revenue drop of £77 billion for the UK's creative industries in 2020 (£1.5 billion a week), with a GVA drop of £29 billion.
      - 409,000 (1 in 5) creative jobs expected to be lost.
      - Impact to be felt in all parts of the UK, with creative industries projected to be hit twice as hard as the wider economy overall and up to three times as hard regionally.
    - The Coronavirus Employment Impact Survey - a new sector workforce survey to help assess the impact of the Job Retention Scheme coming to an end and whether further support is needed.
  - The national Creative Industries Policy & Evidence Centre (PEC), who Creative Fuse works closely with, has also undertaken short term research on the pandemic and the sector. This has included:
    - The impact of Covid-19 on the arts sector – e.g. "..Restrictions on movement, and consequential loss of earnings, mean that those reliant on donations and with financial operations are likely to be highly vulnerable in the current crisis and its economic aftermath."
    - Cultural consumption in the UK during Covid-19 – e.g. "…it is critically important to understand the impact that the crisis is having on the Creative Industries, like film, TV, music, video games, publishing and theatre, too. …In different ways these sectors generate billions of £ of value added for the UK economy through physical engagement with consumers."
  - Creative Fuse North East survey – the delivery team co-ordinated a survey to understand the regional impact and consider how best to provide support (short and longer term) through the project; key headlines from this survey, which completed in June 2020:
    - In the shorter term, 'Sharing experiences and collaborating with others' and, 'Developing new skills like video content' were deemed the most relevant.
    - Beyond Covid-19 and into the longer term, the principal areas identified included 'Support to access funding and, 'Developing or making use of new processes e.g. Design Thinking'
    - Key comments included:

  - "Developing a strategy for the new normal, thinking about how visitors will engage with our offer and what our offer is."
  - "… how do we generate content that is high quality and accessible that provides some revenue streams. We need to begin to build our limited knowledge around digital performance and what it can achieve beyond our limited knowledge."
  - "Motivation for myself and the team … Mental wellbeing".
  - "Networking, creatively. The thought of having to sit in a Zoom chat with people pitching their businesses sounds so boring…"
  - "Pivoting or starting a new business or service/product."
- Covid-19 has therefore influenced a change in the demand side of the project design and rationale. As a result in the shift in focus of businesses within the creative industries, the Creative Fuse management team and partners have placed considerable effort into pivoting and refocusing activities to address post-Covid priorities and challenges.
- Covid-19 has of course led to a broader impact on the universities. Whilst the universities have remained open for business, many services have been working at reduced capacity often paired with increased workload. This has had an impact on project set-up and delivery. Many academics have had to focus on quickly redesigning years of teaching and seminar material for online delivery and assessment, and this has reduced their capacity to work on projects like Creative Fuse North East. Furthermore, whilst IT systems were already in place for staff to work remotely, they were not designed to accommodate all staff working remotely - this caused infrastructure challenges in the early weeks of lockdown making remote access much slower than on-site access, and the type of in-person engagement that a project such as Creative Fuse would typically be based upon. Covid-19 has therefore also influenced changed in the supply side of the project design and rationale.
- In general, projects and support have taken longer to complete, which has been impacted by academic availability (as above), SME availability and occasional IT issues and remote delivery. Part of this stems from the nature of the project where business and support relationships take time to nurture and bring to fruition. Creative Fuse partners are also encountering the fact that not all of their target audiences have a common capacity to respond, whether because of differences in IT/online accessibility, or indeed managing a new work/homelife balance, the latter being a particular issue for creative practitioners with young families and/or caring responsibilities for example.
- The current and ongoing working environment presents a number of project challenges as not all beneficiary engagement and support is wholly conducive for remote delivery. Some of the innovation support, for example delivered by academics / innovation associates etc can require, or be more optimally delivered face-to-face and within the business environment. Whilst all of the project delivery team has adapted well to new ways of working remotely, there is an impact on the number, nature and timing of activities that can be delivered. Now that delivery has moved back to in-person (and a hybrid model, where possible), many of these challenges have been overcome, hence the sharper increase in outputs achievement over the course of the last three quarters (achieved and forecast).
- Outputs for 2020 were expected to significantly drop below the contracted targets. The continuing uncertainty caused by Covid-19, paired with the challenges outlined above, also carried forward into 2021. The project's ability to recoup most of these targets will be contingent on achieving this later in the currently-agreed timeframe of the project.
- In the final year of the programme, each partner team has been impacted by the departure of staff. To an extent, this is driven by the fixed-term nature of the programme, and it is only natural to anticipate that some staff will leave prior to the end of the programme in order to seek longer-term job security. However, this effect presents a number of challenges related to

the capacity and expertise to deliver programme outputs. When capacity is reduced, the responsibility for all activity falls to already busy academic and other staff. University procedures related to recruitment have certainly slowed down and in some cases presented barriers to the recruitment of replacement staff to fill the roles vacated. Creative Fuse partners have had to find creative ways to navigate such procedures, which themselves take time and energy that is then not available to apply to direct programme deliver. All of this makes the process of achieving targets – in a programme that is already behind due to global and sectoral factors – especially challenging.

- The Creative Fuse Team in Durham reports that a range of other business support initiatives are in place in County Durham, some of which offer paid business support. These initiatives create a competitive environment for support targeted at creative people and businesses, and CFNE finds it challenging to compete given the direct financial incentives on offer through other schemes.
- Cross-referrals from other innovation and business support partners have been an important part of the mechanism by which Creative Fuse has engaged with its market and acquired new beneficiaries. Many such programmes are also ERDF-funded, which means that a large number of support programmes are coming to an end simultaneously. As a result, the number of referrals from such partners has reduced and dwindled over recent months as their programme wind down.

In order to investigate these issues further, the beneficiary survey carried out to inform this formative evaluation included questions regarding the twin events of the pandemic and Brexit. Respondents were asked specifically about the direct impact of these events on their business/practice. It found that over two thirds (69%) said that the Covid-19 pandemic had directly impacted on them/their business and its future prospects, with half (49%) reporting Brexit having had an impact.

The impacts of the pandemic reported by beneficiaries were varied. Some respondents had lost all or a large part of their income. The impact on clients of the beneficiaries were having a knock-on effect as they were reliant on the recovery of their customers/certain sectors to be able to recover themselves. Other negative impacts included costs of materials increasing and the impact on staff health and welfare. In one case the funds that the business had set aside for future investment and growth was used up during the pandemic to just keep the business going. The closing of cultural and creative venues and the cessation of face-to-face contact had an immediate impact but for some respondents this impact was positive. Some that already provided services online were able to capitalise on this. Some respondents reported that the pandemic provided an impetus for them to innovate by changing or improving their offering. One respondent said that by using technology such as Zoom they had been able to take their business global.

Survey respondents reported impacts of Brexit relating to costs (fuel and raw materials), access to funding, VAT implications of selling to EU and restrictions/difficulties when travelling and working in the EU.

These results are presented here to provide important comment on the context in which the Creative Fuse project has operated, and the challenges that it has faced in delivering planned outputs, outcomes and impacts.

3.4 Summary

Overall, progress towards the achievement of financial targets is marginally behind profile whilst progress towards output targets is mixed, with a number (C5 and C8) that are forecast not to be achieved whilst the core C1, C2 and C4 targets are likely to be achieved (with C1 and C2 forecast to be marginally above target). Evaluation feedback suggesting that project delivery has been impacted by a number of challenges though delivery partners have developed programmes of support to generate a pipeline of engaged beneficiaries (see examples of innovation support currently being promoted for

Autumn period). This includes the Covid-19 pandemic, as well as delays to establishing the project, a change in the nature of support required by the CDIT sector, adoption of remote working and delivery models and constraints around the ability to place interns in CDIT businesses.

In recognition of these challenges and the impact that they have had on delivery, the Creative Fuse team has submitted, and successfully agreed, two formal Project Change Requests to DLUHC to extend the programme delivery timescale to June 2023 (with no change to the financial or output profile). This additional delivery time will enable the team to continue to support businesses that are in delivery and work to engage new SMEs in the programme.

In particular, feedback indicates that there is appreciable uncertainty across many of the target output categories. Good progress has been made over the 9 months since the formative evaluation report assessed progress to targets, and there are solid plans in place to address gaps in key output targets (C1, C2 and C4 in particular) and forecasts indicate that these targets will be met. Progress against C29, a measure of the extent to which businesses are being supported to innovate new products and services, has been very encouraging, with114% of the target achieved and a forecast that this will rise to 163%. However, some outputs – such as C5, C8 and C26 – are significantly below target and face significant challenges which are not easily addressed simply through the application of focus or capacity within the delivery teams. These have been significantly influenced by the Covid-19 pandemic and its wider impact on the creative and cultural sector.

4. Programme delivery and management

4.1 Introduction

This section of the report considers the effectiveness of programme delivery and management arrangements. This includes the extent to which Creative Fuse has engaged the target beneficiaries, views from beneficiaries, staff, delivery partners and stakeholders regarding the quality of support, as well as an assessment of the efficacy of governance and management arrangements.

Analysis in this section is based on:

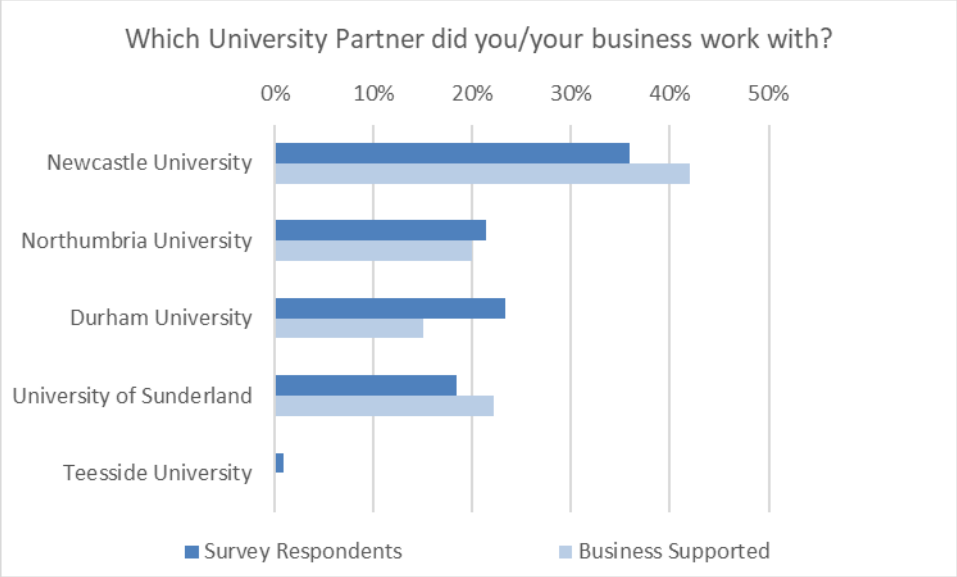
- The latest ERDF Claim (March 2023) which includes details of the 103 SMEs supported and reported to date.
- Quantitative and qualitative feedback from beneficiaries, programme staff and stakeholders.

4.2 Beneficiary characteristics

All enterprises supported by the Creative Fuse project must be SMEs. During consultations with staff, it was highlighted that many beneficiary SMEs are at the micro and small end of the spectrum, including freelancers and creative practitioners operating in a sole-trader capacity. Very few beneficiaries are mid-sized SMEs, and consultees suggested this may be because such companies have more experience in innovation and therefore more established processes and methodologies for progressing it. Furthermore, the project's activities provided network and peer-support opportunities for participants, and these benefits are considered more attractive to single practitioners and sole-traders, particularly given the advent of the pandemic which has created a barrier to peer-support.

In addition, due to the administrative processes and conditions involved in securing support from ERDF funded projects, many larger businesses do not feel it is worth their time to pursue it.

Figure 3: Beneficiary profile (C1) and survey respondents, by partner



Source: Creative Fuse North East Management Information and Beneficiary Survey

Survey respondents were asked which Creative Fuse North East University partner they had worked with. It should be noted that a number of respondents indicated that they had worked with more than one partner.

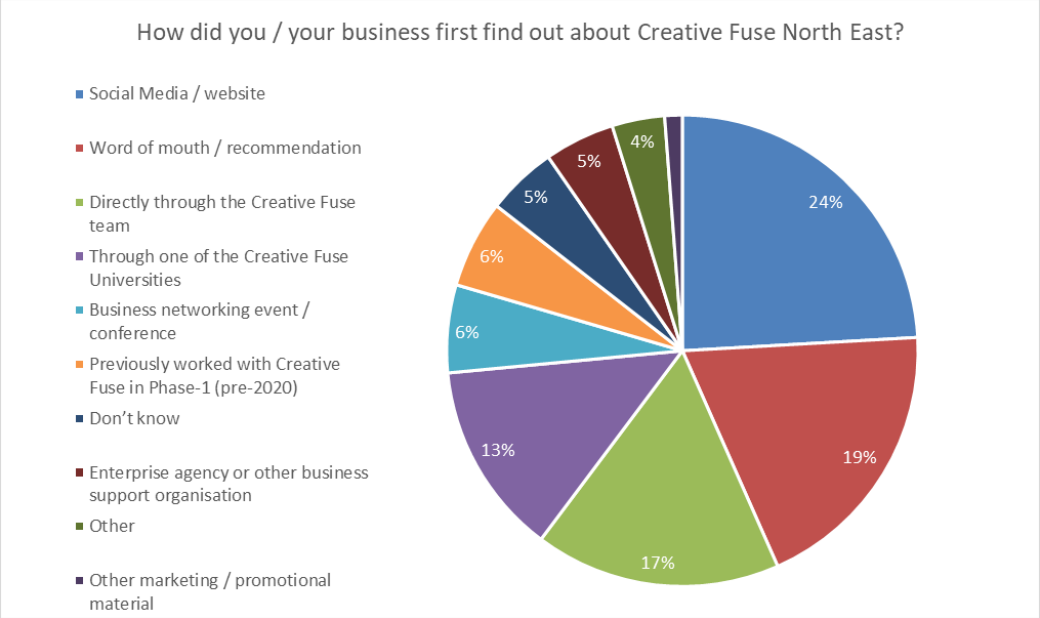
Figure 3 shows that Newcastle University was the partner with the highest proportion of survey responses (36%), followed by Durham (23%). There is a small skew in the survey response sample,

therefore, as there are differences in the profile of survey responses when compared to the profile of C1 outputs across the partners. There are proportionally fewer respondents from the Newcastle and Sunderland beneficiary cohorts, whilst there are proportionally more respondents from the Durham and Northumbria beneficiary cohorts.

4.3 Marketing and awareness raising / SME engagement

Respondents to the beneficiary survey were asked about how they had first found out about Creative Fuse North East. Figure 4 shows that one quarter of respondents had become aware of Creative North East through social media / website (24%), with the next most productive channels being through word of mouth or recommendations (19%) and directly through the Creative Fuse team (17%). A small proportion (5%) could not recall how they had first found out about Creative Fuse.

Figure 4: Routes to engagement



Source: Creative Fuse North East Beneficiary Survey

Evaluation evidence captured through interviews also focused on marketing and communications. In addition to the central marketing function operated through the Newcastle management team, which manages website content, e-newsletter creation/emission and social media channels, each delivery partner has taken responsibility for engaging with businesses in the target sectors and recruiting businesses into the Creative Fuse project. Much of this relies on face-to-face contact and engagement, for example in attending fairs, spending time in maker spaces and locations which have a high density of creative industry practitioners, attending events and also cold-calling. The latter became particularly important at time due to the restrictions on interaction which arose from Covid-19.

Over the last year, the delivery teams have taken numerous opportunities to market the project more effectively. Whilst it is recognised that the website was significantly improved from Phase 1 and that there is now a stronger brand for Creative Fuse, it was also concluded at the formative evaluation stage that more work could be done to tell 'the stories' of how the project is delivering benefit and impact. This has been regularly discussed across the partnership and it is recognised that capacity constraints mean that activities such as case study development were often deprioritised compared to delivery and output achievement. However, there is a wider perception that the project has struggled to identify what the core messages are and how to communicate them. This is perhaps not surprising given the core nature of the project and also the contextual factors which have influenced its focus and delivery across Phase 2. Creative Fuse is a complex project and trying to refine and sharpen the message when redesigning the website remains an ongoing challenge. The process of building marketing collateral

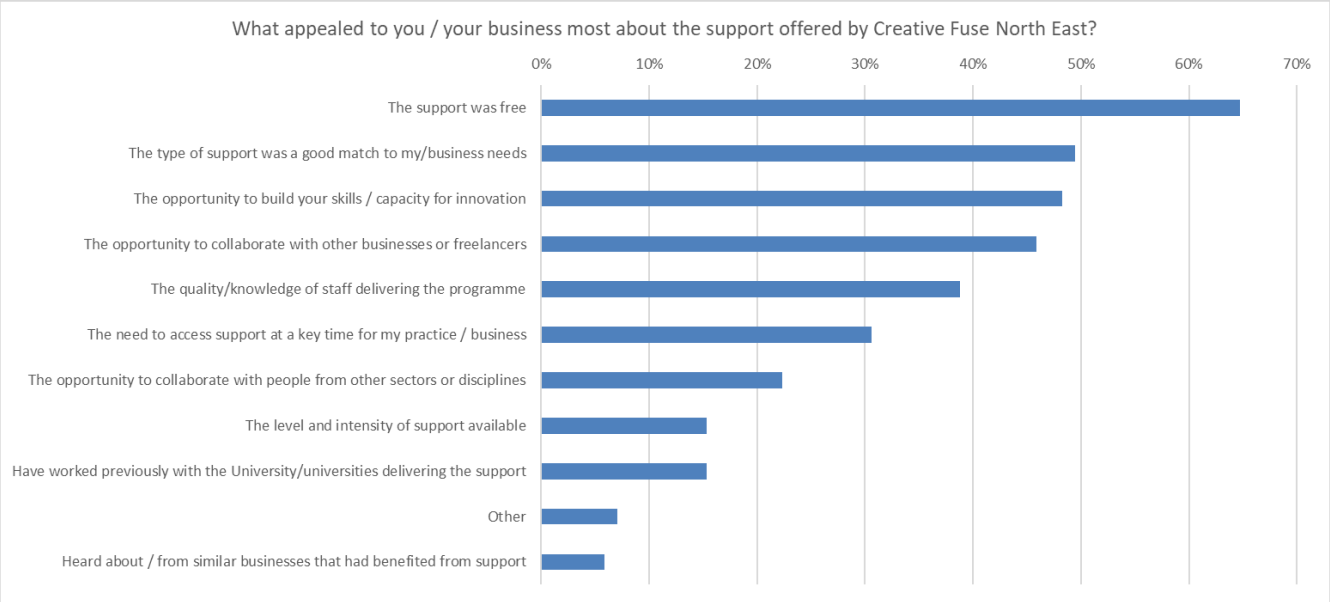
across the partnership has often been crowded out by the main activities of the project – providing support, creating leads, building relationships, completing forms and so on.

It is recognised that the management team did a very good job of marketing the project within their University (for example, resulting in the recent success in the Vice Chancellor and President Newcastle University Engagement and Place Awards) and across the region and country through the Advisory Board and the connections and linkages that have been developed.

4.4 Project appeal

To understand why businesses engaged with Creative Fuse North East, survey respondents were asked what had appealed to them most about the programme. Figure 5 shows that almost two thirds (65%) said that the support was appealing because it was free, and almost half (49%) said the type of support was a good match to theirs/the business needs. The opportunity to build skills/capacity for innovation appealed to 48% of respondents and the opportunity to collaborate with other businesses or freelancers appealed to 46% of respondents.

Figure 5: Perception of Creative Fuse benefit

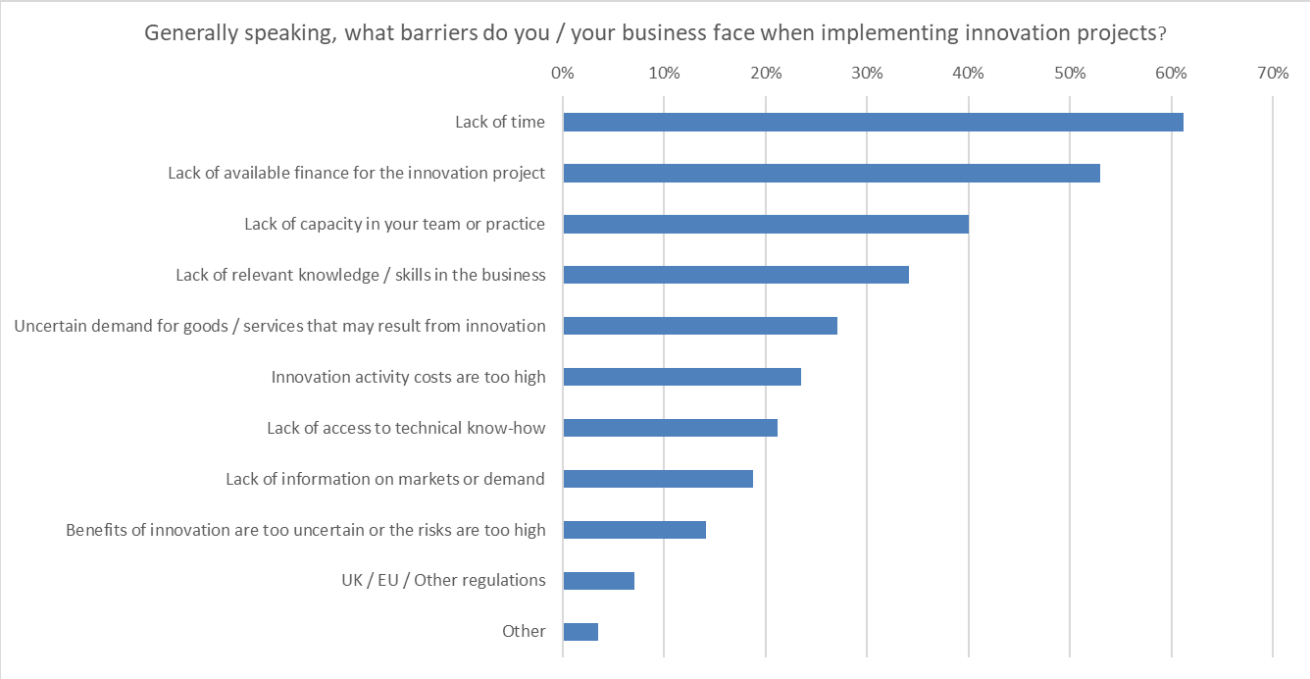


Source: Creative Fuse North East Beneficiary Survey

4.5 Barriers to innovation

When asked what the main barriers businesses were facing in implementing their innovation projects, almost two thirds (61%) reported that it was lack of time, while just over half (53%) said it was lack of available finance for the innovation project. Lack of capacity in the team or practice was a barrier for 40% of respondents.

Figure 6: Barriers to innovation



Source: Creative Fuse North East Beneficiary Survey

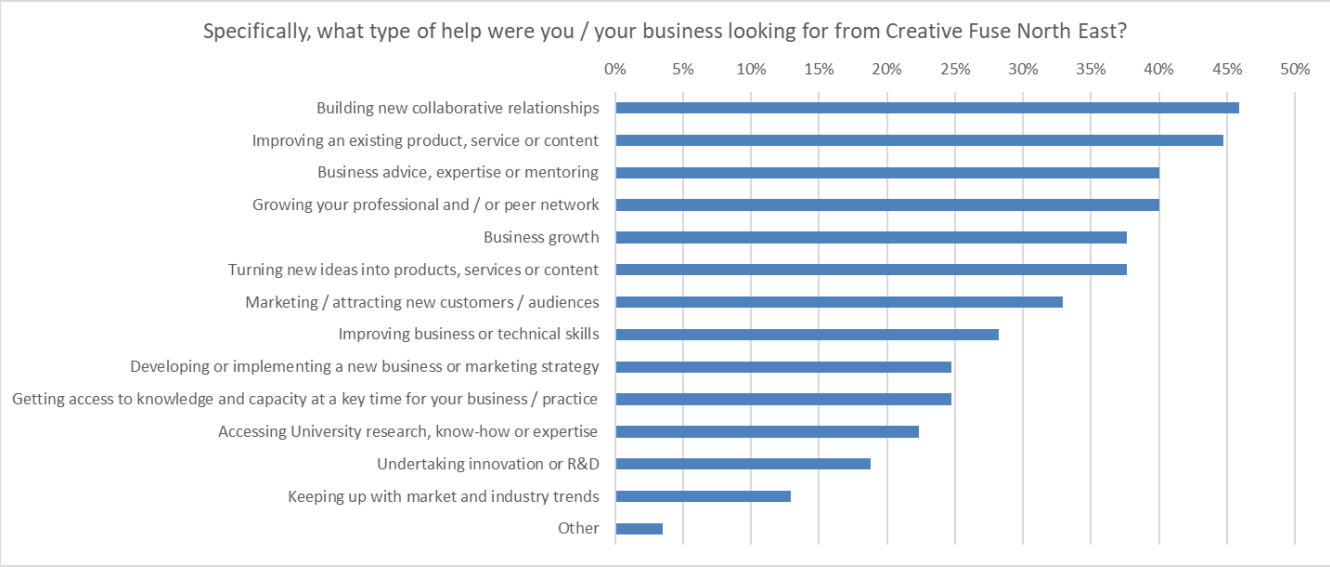
Wider evaluation also informs our understanding of the barriers that CDIT businesses and practitioners face when seeking to innovate. Key points include:

- Some smaller businesses within the sector in particular struggle to identify the approach they need to take to become more successful. This has also been influenced by the Covid-19 pandemic, which has had the effect of switching focus from growth to survival, meaning many businesses are seeking solutions to a different set of problems.
- The project attracts a high proportion of freelancers and sole practitioners and this influences the nature of support sought. Partners sought to develop a more balanced portfolio of beneficiaries, with a larger number of businesses within the small/medium SME category (e.g. 10-50 employees).
- One of the benefits of the project is simply educating and informing people that they are, in fact, part of the creative industries rather than simply an individual with a creative or cultural practice operating in isolation.
- Beneficiaries comment on attaining benefits from attending the project and its various activities which were unanticipated when they decide to participate. This is important because it demonstrates that the project provided an opportunity for creative people to reflect on their business, their practice and the opportunities that they may be faced with (which themselves may be unclear prior to participation).

4.6 Anticipated outcomes

When asked what specific help they were looking for from Creative Fuse North East, almost half (46%) of respondents said building new collaborative relationships (42%) followed by improving an existing product, service or content (45%), business advice, expertise or mentoring (40%) and growing their professional and/or per network (40%).

Figure 7: Intended outcomes from engagement with Creative Fuse



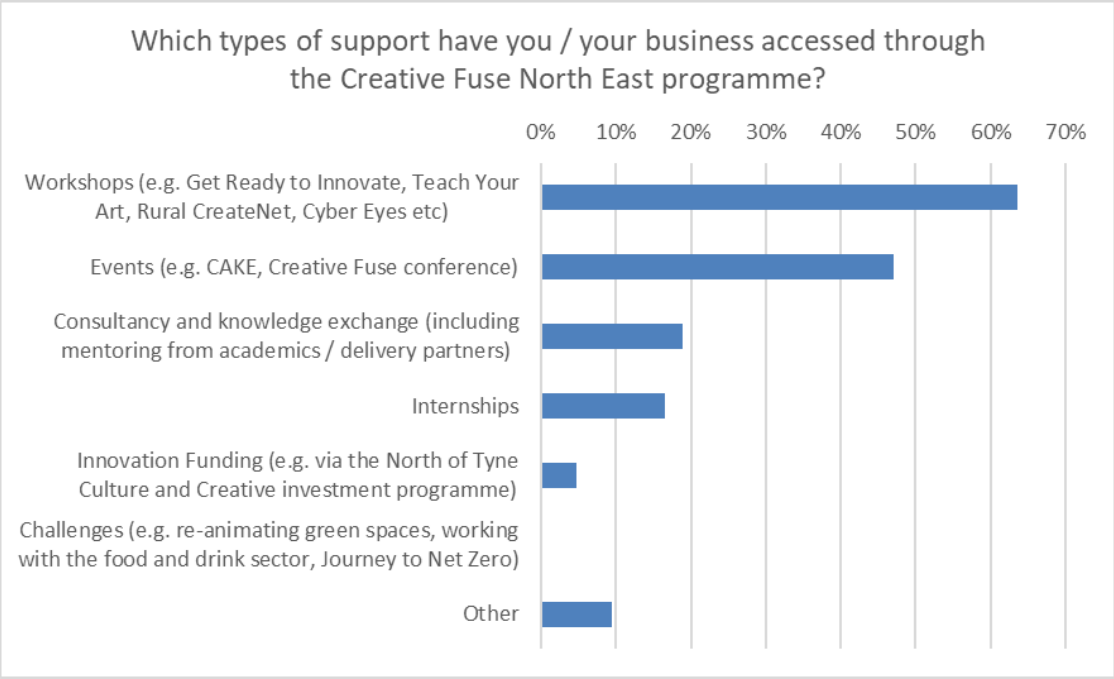
Source: Creative Fuse North East Beneficiary Survey

Survey respondents were also asked if they had considered any other sources of support to achieve the goals listed above. The responses indicate that 27% had considered other sources of support, almost half (48%) had not considered other sources of support with remaining 25% responding that they didn't know or were unsure. Other support providers considered include NEPIC, NBSL, Digital Pathfinders and private sector providers.

When asked if they believed that they or their business would have made progress against their intended goals without the support of Creative Fuse North East, 29% of respondents stated that they would and 31% stated that they would not have. The remaining 40% of respondents were unsure as to whether any progress towards their goals would have been met without Creative Fuse North East. Those respondents that stated that they would have made progress were asked how this progress would have happened and 79% said they would have progressed it in house and 18% said they would have done so through another support provider/programme.

Survey respondents were asked about the types of support they had accessed through the Creative Fuse North East programme. Two thirds (64%) had attended workshops and almost half (47%) had attended events. Consultancy and knowledge exchange were accessed by 19% of survey respondents.

Figure 8: Support accessed and activities undertaken through Creative Fuse



Source: Creative Fuse North East Beneficiary Survey

Satisfaction with the support provided is very high. When asked to rate the support that they had received, almost all survey respondents rated it as excellent or good (87% for workshops, 85% for events, 94% for consultancy, 100% for internships and 64% for innovation funding).

Survey respondents were also asked to rate certain aspects of the support from Creative Fuse North East. The results can be seen in Table 5 and indicate that beneficiaries are on the whole satisfied with the support that they have received. The aspects of support that were the most highly rated by participants were the skills and knowledge of the delivery team, administration and communication. Areas with the highest levels of respondents rating them as below average (5%) were timescales of delivery, follow up and the raising of awareness of wider support available. The results may also indicate some minor issues with the relevance of the content and support, and how that relates to beneficiaries' businesses (evidenced by the comparatively high proportion of respondents indicating that these aspects were 'satisfactory'). This begs the question as to whether content could have been further refined and targeted to marry better to beneficiaries and their specific needs, in order to reduce the proportion of beneficiaries being *merely* satisfied.

Table 5: Rating of aspects of support from Creative Fuse North East

	Excellent	Good	Satisfactory	Below average	n/a
Understanding of your requirement	43%	37%	13%	2%	5%
The application process	46%	42%	10%	1%	1%
Timescales of delivery	40%	48%	7%	5%	0%
Administration	50%	33%	11%	2%	1%
Relevance and content	44%	35%	17%	4%	0%
Communications	48%	38%	7%	4%	0%
Follow-up	35%	38%	18%	5%	5%
Skills and knowledge of delivery team	54%	35%	8%	2%	1%
Level / intensity of support provided	44%	42%	8%	4%	1%
Quality of support provided	45%	42%	5%	4%	2%
Relevance of support to your business needs	33%	38%	19%	4%	2%
Raising your awareness of wider support	31%	37%	24%	5%	0%

Source: Creative Fuse North East Beneficiary Survey

4.6.1 Overall feedback on Creative Fuse North East

When the beneficiaries were asked to comment on the particular strengths of the Creative Fuse North East programme the most frequent responses were related to the skills, knowledge, approachability and enthusiasm of the team. Other areas highlighted include the bespoke nature and quality of the support, the flexibility of the approach and the bringing together of different people . Specific comments included:

- "Genuine enthusiasm and intention. Great philosophy and ethos."
- "The opportunity to engage with the creative sector."
- "The fact that it is backed by researchers and is partnered with universities."
- "The quality of the support given, the networking that takes place, the supportive approach given by the team."
- "Knowledge and extensive professional network"
- "The information is accessible, technical information is well explained and demonstrated"
- "Participants are encouraged to reflect and tap into their own creativity"

Survey respondents were also asked how the delivery of the Creative Fuse programme could be improved. Areas for improvement included promotion of the programme itself, provision of more funding and more one to one support. Communication was an area that a number of respondents saw could be improved, whether it be providing more information prior to sign up or having a calendar of events available so diary time could be allocated in plenty of time. Post programme follow up and guidance was also something that was commented on by respondents as something that could be improved upon. Other specific comments included:

- "Perhaps it could be more high profile, and the promotion of it clearer."
- "There were some gaps in communication that left me feeling disconnected at times."
- "More in depth information on the programs offered in advance of signing up."

- "Tighter follow-up schedule; I'm inclined to drift and find it helpful to be nudged"
- "Evening timings (found it difficult to attend during the day and haven't signed up to anything else in day slots due to work commitments)"

4.7 Management and governance

Consultees believe that the management and governance arrangements are good. Internally, the Creative Fuse team has been well led and cohesive, with a culture that allows for open discussion and facilitates good communication. Regular 'Ops' meetings involving the partners are seen as an effective mechanism for managing and leading the project. The partner teams commented on the value that is introduced to these meetings by the Project Director bringing to their attention matters of strategic or sectoral interest, whether that might be ideas on good practice, recently published research or information on particular strategies or intervention programmes.

The Advisory Board is also viewed as a positive aspect of the project. Partners have found this accessible (in part facilitated by remote access which has widened the invitation list and participation, as a result) and a source of genuinely thoughtful, considered feedback and scrutiny. It is also seen as a mechanism by which Creative Fuse engages on a strategic level, involving as it does organisations and individuals with a local, regional and national reach and reputation. An example was given where one of the partners was invited to present a case study to the Advisory Board, which was found to be a very worthwhile exercise.

Operating Creative Fuse within Higher Education institutions is seen as having both strengths and weaknesses. On the plus side, there has been institutional support, the project has been backed up by reputable academic and research staff and resources and the project is able to operate in organisations which are already known and established. On the negative side, they are very bureaucratic, slow to instigate change or respond to project needs which have to rely on central functions (most notably, recruitment) can often operate in silos (e.g. ERDF funding team is separate from AHRC/research funding teams in Newcastle University) and can be labyrinthine when attempting to solve operational or financial problems.

One issue that was raised, which relates as much to the overall function of the project as it does to how it is managed, is that partners believed there were greater opportunities for real, authentic collaboration across the whole project. Few examples of such work were offered, so it is unclear whether the programme fully exploited this opportunity. Challenges around delivery produced a general constraint on activities which sat outside the achievement of the contracted outputs. Partners have seen their autonomy as one of the key strengths of the project, but one that suffers from limitations. Each partner has brought a set of research and practice expertise which it offers to beneficiaries through the Creative Fuse project. For example:

- Northumbria - design-led innovation, design-thinking, social enterprise
- Newcastle - business innovation & commercialisation, rural creatives, crafts & designer-makers
- Sunderland - arts-cyber collaboration, business & creative practice
- Durham - cultural freelancers, creative practice, funding & evaluation

Beneficiaries were principally allocated to partners on the basis of location, though inter-partner referrals did occur when it was clear that the need of the beneficiary was better met by another institution. However, the programme faced was an inherent risk that a beneficiary with a primary need that would be best met by a non-local partner was passed through the local provision based on their location alone. Although effort was made to address this issues (via beneficiary tracking which is shared across the delivery partners, coupled with discussions at Operations meetings), evidence suggests that some such issues did arise during delivery.

4.8 Strategic added value

Whilst the Creative Fuse project was primarily focused on achieving its targeted outputs, outcomes and impacts, it was also engaged in delivering strategic added value for the CDIT sector, the University sector and indeed the wider region. Several examples of how it achieved this goal are evident, including:

- Its partnership with Teesside University, which delivered the Creative Fuse project in that location, utilising part of the AHRC grant acquired by Creative Fuse, funding from Teesside University and an ERDF grant through the Digital City programme.
- Creative Fuse delivered its Creative Fuse conference in partnership with Teesside University, with the first day held in Middlesbrough (bringing businesses and practitioners from across the wider North East to the Tees Valley and vice versa for the second day which was delivered in Newcastle).
- Creative Fuse Tees Valley (as part of Digital City/Teesside University) delivered their Boldly Grow programme targeted at support for female entrepreneurs and women-led enterprise in the Tees Valley; however, there has been strong interest from potential beneficiaries in the NELEP area so CFNE partners worked with CFTV/Teesside colleagues to explore whether this could be delivered in the NELEP area. This opportunity wouldn't even be considered without the wider collaboration.
- The Advisory Board included a number of individuals representing local, regional and national bodies and organisations within the CDIT sector and beyond, meaning there was a direct link between Creative Fuse and a wide range of influential bodies focused on delivering economic growth through and for the creative industries.
- Newcastle University, in collaboration with the Royal Society of Arts, was recently announced[9] as the new host for the Creative Industries Policy and Evidence Centre for the next 5 years. The announcement came after the successful submission of a joint bid to the Arts & Humanities Research Council which included reference to the Creative Fuse North East project and its delivery.
- The project was also recently included in a press release celebrating the power of collaboration across the universities and the impact this has on the regional economy – the 'Power of Five' Innovating Together – Universities in the North East (InTUNE) report showcases the contribution of the five universities to the innovation and business growth agenda in the region, and their potential role in delivering activities which contribute to the Government's Levelling Up agenda. The report was commissioned by the universities to coincide with the visit of Dame Ottoline Leyser, CEO of UK Research and Innovation (UKRI) and the UKRI senior management team in early 2023.

4.9 Value to the University partners

The Creative Fuse partners consider it incredibly important that the value of Creative Fuse to their host Universities be identified and articulated up through University structures to management level. There are a number of ways in which the Creative Fuse North East programme has delivered benefit to University partners. These include:

- Through delivering KTPs. A number of internships have been sufficiently successful that they have led to the creation of KTP opportunities.
- Through research output. The Creative Fuse programme contains a significant action research element. University partners have indicated that the experience of delivering Creative Fuse has strengthened their commitment to action research, and their ambition to encourage further such research within their departments and beyond. The action research that has been

[9] https://www.ncl.ac.uk/press/articles/latest/2023/03/creativepec/

undertaken through the programme has led to the publication of a number of papers and journal articles, including (inter alia):

- Social innovation and the university: The impact of intervention for the micro creative economy in North East England, Cockshut, L., Brown, A., Hardey, M. (2020), , *Social Enterprise Journal,* Vol. 16 No. 2, pp. 203-220
- Special iApps: Play-based learning for children with severe intellectual disabilities, Paracha, S., Hagan-Green, G., Hally, L., Macfarlane, K., Conference: 10th International Conference on Software Development and Technologies for Enhancing Accessibility and Fighting Info-exclusion (DSAI 2022), August 31-September 02, 2022, Lisbon, Portugal
- Design-led Innovation Readiness: priming small to medium-sized enterprises for strategic innovation, Bailey, M., Spencer, N., Carrion-Weiss, J., Arakelyan, A. & Carter, A., 25 Apr 2022, Accepted/In press – *Journal of Design Management*, Design Management Institute, Dec 2022.
- Three degrees of influence in virtual workshops: towards an understanding of co-creative facilitation practice in technologically mediated settings Hemstock, O., Bailey, M., Spencer, N., Simmons, H., Coombs, S., Carrion-Weiss, J., and Richardson, C. (2022) Three degrees of influence in virtual workshops: Towards an understanding of co-creative facilitation practice in technologically mediated settings, in Lockton, D., Lenzi, S., Hekkert, P., Oak, A., Sádaba, J., Lloyd, P. (eds.), DRS2022: Bilbao, 25 June - 3 July, Bilbao, Spain.
- Tipping points in design-led collaboration: attending to moments of emergence in design facilitation practice Hemstock, O., Simmons, H., Bailey, M., Spencer, N., Coombs, S. 3 Aug 2022, dmi: ADMC2022: Design as a Strategic Asset: The 23rd dmi: *Academic Design Management Conference Proceedings*. Cambridge, US: Design Management Institute, p. 912-925 13 p. (Academic Design Management Conference Proceedings).
- Innovation Constellations as a systems approach to social design infrastructuring Spencer, N., Simmons, H., Bailey, M., Hemstock, O. & Carrion-Weiss, J., 3 Aug 2022, dmi: ADMC2022: Design as a Strategic Asset: The 23rd dmi: *Academic Design Management Conference Proceedings.* Cambridge, US: Design Management Institute, p. 297-313 17 p. (Academic Design Management Conference Proceedings).
- Multidisciplinary Innovation Armenia: explorations in design-led multidisciplinary enterprise education Bailey, M., Spencer, N., Carrion-Weiss, J. & Arakelyan, A., 8 Sep 2022, DS 117: Proceedings of the 24th Int*ernational Conference on Engineering and Product Design Education (E&PDE 2022)*, London South Bank University in London, UK. 8th - 9th September 2022. Bohemia, E., Buck, L. & Grierson, H. (eds.). The Design Society, 6 p.
- Design Listening: what designers hear and how they respond Carrion-Weiss, J., Bailey, M. & Spencer, N., 10 Sep 2021, In press: *Proceedings of: With design: IASDR 2021* Cham, Switzerland: Springer

- By being the platform for publicity and strategic leverage. Some such outputs are commented on above in section 4.8, but in addition Universities have been keen to cite Creative Fuse in a wide range of publicity materials and reports. The following represents an example:
  - A press article regarding the publication of a report which evidences how the region's Universities are working together to drive forward the Levelling Up agenda[10]. The press release was emitted to coincide with a visit to Newcastle University by the CEO of UKRI, and the release explicitly cites Creative Fuse as one of five case studies, which demonstrates a 'unique partnership between five Universities'.
  - Creative Fuse won the Vice Chancellor and President Award at Newcastle University's Engagement and Place Awards in 2022[11].

[10] https://www.ncl.ac.uk/press/articles/latest/2023/02/intune/
[11] https://www.youtube.com/watch?v=RHNSudsVJeE

- Creative Fuse demonstrates that models to deliver cross-University collaboration can be developed and implemented for the benefit of all partners.
- Creative Fuse contributes to the strategic objective of 'engagement', creating an environment where small and medium businesses in the CDIT sector can access University expertise for the benefit of their creative career and/or business. At the same time, the project provides valuable research and personal/professional development opportunities for academics and researchers, helping them understand what their creative expertise is, how to develop their practice and how they can work with creative businesses to enhance innovation and growth.
- Creative Fuse also provides opportunities and benefits to the places within which the project is sited. It provides an opportunity to bridge University graduates into creative businesses within the locale (though the internship programme), provides a platform for the development of stronger strategic relationships with other key organisations locally (such as Councils, in relation to sector growth, climate change or regeneration, for example) and generally contributes to the development of a supportive environment for creative and digital businesses (with all the consequent positive impacts and benefits that flow from that).

4.10 Summary

Overall, Creative Fuse was well targeted at CDIT SMEs in the North East LEP area. However, due to a number of mitigating factors, most notably the impact of Covid-19 on both the demand for, and supply of project activities, it spent much of the delivery period running behind on the majority of its outputs. The plan that was put in place to rectify this situation and the pipeline of opportunities was largely successful. This has been driven by a number of activities and initiatives, including investment in scaling up engagement, delivery of the Conference, a renewed focus on internships (capitalising on times across the academic year when interest from students and graduates in internships is at its highest) and significant efforts in the last two quarters of the programme to design and execute new programmes of support. The successful Project Change Request which pushed the completion date out to June 2023 was very helpful in allowing a longer time period in which to achieve these targets.

Evaluation data suggests that social media channels and the project website have been a common route into the project for many beneficiaries (24%), whilst word of mouth/recommendation is the second most productive channel for engagement (19%). Covid-19 has meant that the usual direct approach, where partners would spend time interacting in person with potential beneficiaries at meetings, events, fairs and so on, has had to be replaced by other mechanisms, such as cold calling. These not only necessitated a change of approach, with all the attendant challenges of gearing up for this, but also have affected to ability of the project to generate sufficient numbers of beneficiaries into the project pipeline.

Common barriers to innovation highlighted by businesses include lack of time (61%), lack of finance (53%) and lack of capacity within the practice or team (40%). Feedback indicates that Creative Fuse was well designed to address these barriers, with 80% of survey respondents saying they thought the programme showed a good or excellent understanding of their requirements. Many of the beneficiaries were attracted to the fact the project support is free (65%), whilst around half (49%) valued the opportunity to build their skills/capacity for innovation.

Overall, feedback from businesses about the programme is positive, with most aspects of the support receiving high ratings. In particular, the skills, knowledge and technical expertise of the delivery teams, the administration and communication of the programme, and the quality of support provided via staff, as well as the quality and value of research, having access to extra skills and capacity and gaining insight and perspective from an external source. The results may also indicate some minor issues with the relevance of the content and support how that relates to beneficiaries' businesses (evidenced by the comparatively high proportion of respondents indicating that these aspects were 'satisfactory').

A small number of suggestions for improvement were made, including better promotion of the project, provision of more (some) grant funding and more one to one support, including through mentoring

models. Improvements in communications could include a longer-term events calendar, whilst beneficiaries also thought that after-support follow up could be improved.

Overall, the management and governance arrangements for Creative Fuse were effective, with a well led and cohesive team and a culture that allows for open discussion and facilitates good communication. In addition, the team was strong in leading the strategic added value of the project in part through the Advisory Board, which is also seen as an effective and valuable mechanism for constructive feedback and scrutiny.

5. Project outcomes and impacts

5.1 Introduction

Creative Fuse aimed to support and stimulate a growing, more sustainable creative industries sector across the North East LEP economy through support for innovation, collaboration and development of skills and knowledge to introduce and execute growth strategies. Covid-19 has meant an additional focus – supporting businesses through a process of reset and recovery.

The main outcomes for the programme, identified in the logic model, were to support businesses to create new products and services, to increase the innovation potential of firms in the sector, to improve the regional sector collaboration and profile and to promote female participation in the creative industries.

It was anticipated that the overall impact of the programme will be increased GVA and employment, an increase in the proportion of North East creative SMEs that are innovation active and enhance the competitiveness of SMEs.

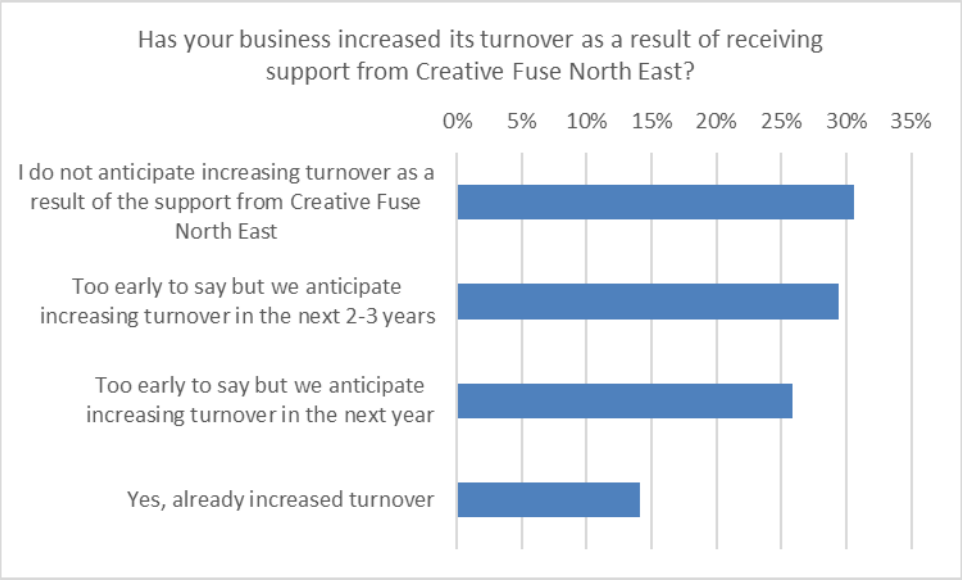
This section of the report assesses the extent to which the programme made progress towards the outcome and impacts set out in the logic model, and the difference it has made to beneficiary businesses to date. The analysis is based on feedback from beneficiary businesses, partners and stakeholders.

5.2 Progress towards outcomes and impacts

5.2.1 Turnover

Since engaging with the programme, 14% of survey respondents said their turnover had already increased, while 26% anticipated that it would increase in the next 12 months and 29% expected an increase in the next 2 to 3 years. The remaining 31% did not anticipate any increase in turnover as a result of the support that they had received from Creative Fuse North East.

Figure 9: Current and potential turnover impacts



Source: Creative Fuse North East beneficiary survey

Those respondents that had already experienced growth in turnover were asked to indicate the scale of this growth. One third (33%) of these respondents said that their turnover had increased between 1-10%, The majority (83%) of respondents who had experienced turnover growth expected the growth to continue over the next 2 to 3 years.

The majority (82%) of those respondents that anticipated turnover growth in the next year expected levels of growth between 1 and 50%. Two thirds (62%) of respondents that indicated that they expected turnover to grow over the next two to three years expected this growth to be between 1% and 50%. A third of those expecting turnover to grow over the longer time period were unsure of what level of turnover growth to expect.

The follow-up survey that was undertaken with respondents that completed the survey at the formative stage enabled a comparison of responses relating to achieved and anticipated increases in turnover from 2022 to 2023. Of the 24 beneficiaries that responded to the follow up survey, 23 (96%) answered the questions on turnover.

The analysis and comparison of these two sets of responses provides the following insight:

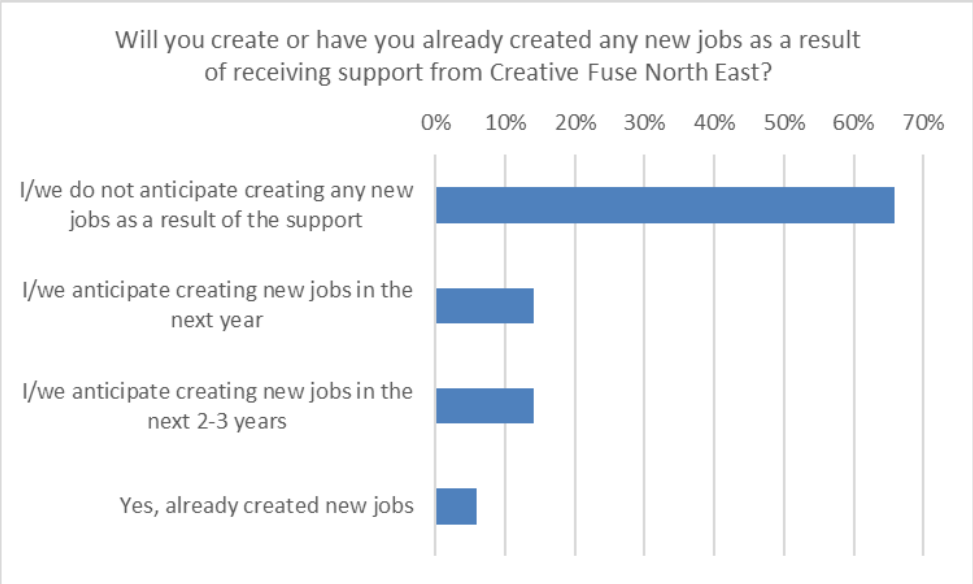
- Six respondents (26%) had stated in 2022 that they did not anticipate any increase in their turnover as a result of the support from Creative Fuse. Three of these responded the same way in 2023 (50%). The other three (50%) responded that it was too early to say but they anticipate increasing turnover/income in the next 2-3 years. This comparison illustrates the long term nature of the impact on turnover that the Creative Fuse programme has had and will continue to have.
- Five respondents (22%) had indicated in 2022 that it was too early to say but they anticipate increasing turnover in the next year. One (20%) had the same response in 2023, one (20%) indicated that they did not anticipate an increase in turnover and three (60%) responded that their income and turnover had already increased. This comparison indicates that the expected turnover increases that respondents anticipated has in most cases started to happen.
- Seven respondents (30%) to the follow up survey had indicated in 2022 that they anticipated increasing turnover/income in the next 2-3 years. Of these three (47%) indicated in the 2023 survey that they did not anticipate an increase in turnover, three (47%) gave the same response as in 2022 that they anticipated an increase in turnover/income in the next 2-3 years and one (14%) responded that their income and turnover had already increased.
- Five respondents (22%) indicated in 2022 that their income and turnover had already increased due to their involvement with Creative Fuse. These respondents all indicated in 2023 that it was too early to say but they anticipate increasing turnover in the next year. This comparison highlights that the increase in turnover from participating in Creative Fuse is not a one off but is an impact that some beneficiaries anticipate continuing in the future.

5.2.2 Jobs created

Whilst only 6% of survey respondents said they had created new jobs as a result of the support, a further 14% expect to in the next 12 months, and 14% expect to create new jobs in the next 2 to 3 years.

Survey respondents reported a total of 5 jobs being created so far, with 18 anticipated in the next year and 16 anticipated in the next 2-3 years.

Figure 10: Current and potential job creation impacts



Source: Creative Fuse North East beneficiary survey

The follow-up survey that was undertaken with respondents that completed the survey at the formative stage enabled a comparison of responses relating to achieved and anticipated job creation from 2022 to 2023. Of the 24 beneficiaries that responded to the follow up survey, 21 (88%) answered the questions on job creation.

The analysis and comparison of these two sets of responses provides the following insight:

- Two respondents (10%) that indicated in June 2022 they anticipated creating new jobs and that is still the case one year later.
- 14 respondents (67%) indicated in 2022 that they had not created any jobs and did not anticipate creating any new jobs and responded the same in 2023.
- Three respondents (14%) that indicated in 2022 that they had not created any jobs and did not anticipate creating any new jobs, but they are now anticipating creating new jobs in the next two to three years.
- One person that had responded in 2022 that they anticipated that they would create new jobs has in 2023 reported that they have indeed created new jobs and also anticipate creating more jobs in the next two to three years. This indicates that the expectations of job creation are realistic and also can continue over time.
- One person (5%) that indicated in 2022 that they did not anticipate creating any jobs but then reported in 2023 that they have created new jobs and also anticipate creating more jobs in the next two to three years. This finding illustrates that the impact on job creation of the Creative Fuse programme can take time to occur and that beneficiaries' expectations and ambitions may change over time.

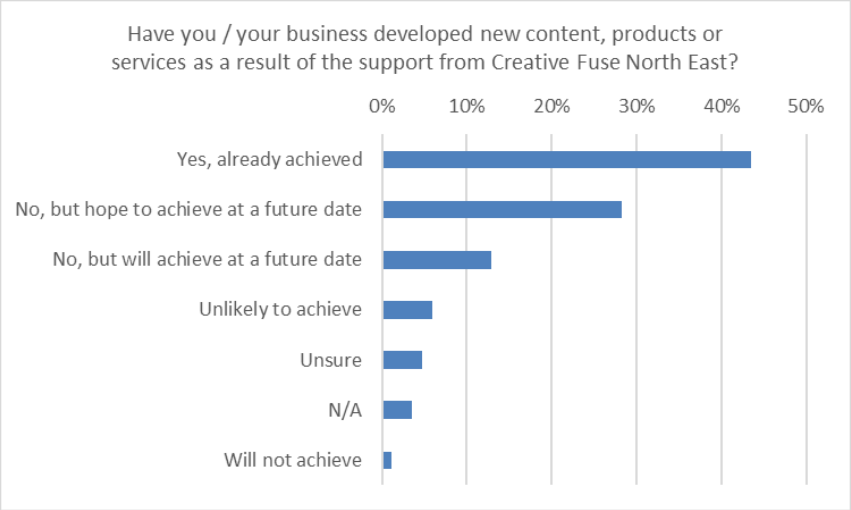
5.3 Wider impacts

As well as measuring the 'harder' economic indicators of turnover and employment, the evaluation explored whether the programme has had other impacts on beneficiaries. Overall, feedback indicates that Creative Fuse North East has had a positive impact against a range of business indicators. For example, 44% of respondents said they had developed a new content, products or services as a result of the support (and a further 13% state that they *will* develop new content, products or services at a future date and 28% hope to achieve this outcome), and two thirds (64%) said they had improved their skills or knowledge. Other benefits included developing professional/peer networks (45%), accessing

facilities, technologies or expertise (37%), building new or strengthening existing collaborative partnerships (35%) and undertaking innovation and R&D (29%).

The new content, products or services that have already been achieved include a range of new online workshops, specialist databases, newsletters and a co-working day.

Figure 11: Current and potential new product/service impacts

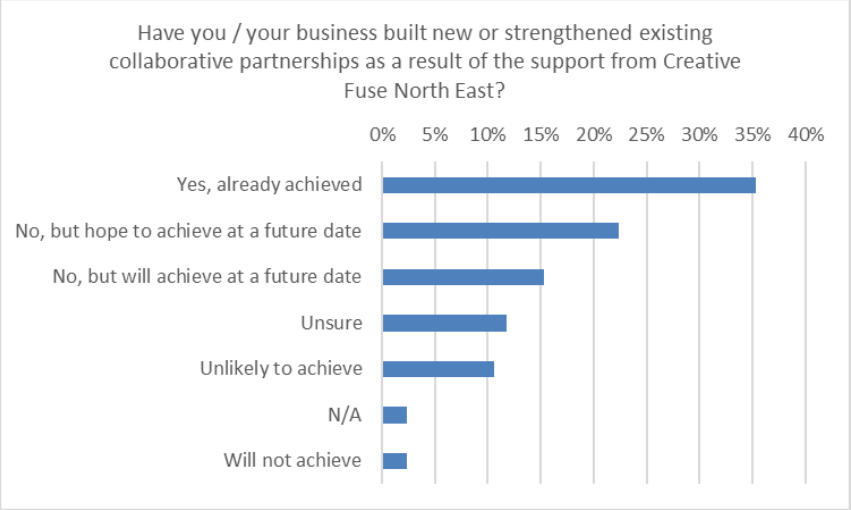


Source: Creative Fuse North East beneficiary survey

Another key impact of the support from Creative Fuse North East has been on the level of collaboration. As mentioned above and shown in Figure 12, 35% of survey respondents state that they have already built new or strengthened existing collaborative partnerships as a result of the support from Creative Fuse North East. A further 15% anticipate that this will be achieved at a later date and almost a quarter (22%) hope that it will.

Examples of collaborative partnerships that have been established or strengthened as a result of Creative Fuse North East support include those with other freelancers, local businesses, museums, community groups and a variety of individuals and departments across the Universities.

Figure 12: Current and potential collaborative relationship impacts

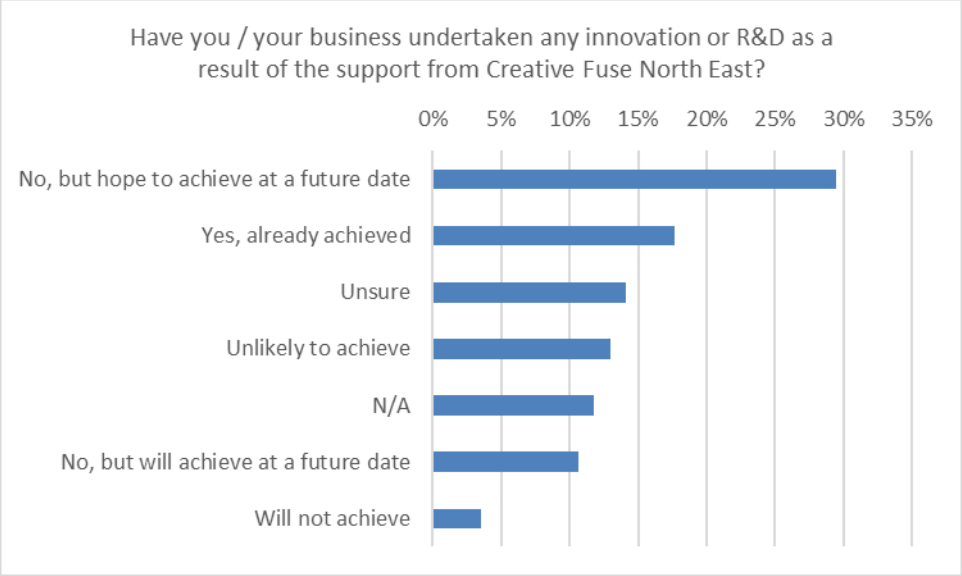


Source: Creative Fuse North East beneficiary survey

5.3.1 Innovation and R&D

Innovation levels amongst beneficiaries have been positively impacted by the support from Creative Fuse North East. As already indicated and shown in Figure 13, 18% of survey respondents reported that they have already undertaken innovation or R&D as a result of Creative Fuse North East. Whilst 11% state that they will undertake innovation or R&D in the future, 29% hope that this will happen in the future.

Figure 13: Current and potential innovation and R&D impacts



Source: Creative Fuse North East beneficiary survey

5.3.2 Further benefits

Survey respondents were asked to specify if there were any other benefits of the Creative Fuse programme that they or their business have already achieved or might achieve in the future. A lot of the responses mentioned collaboration and establishing new relationships as well as new ways of thinking and working. Some of the specific responses include:

- "Gaining another perspective was excellent and deciding what needed improvement was vital."
- "Creating new ways of approaching design, funding opportunities and forming new collaborations."
- "It has helped broaden my understanding of what I do, how that can be expanded and how to communicate my new approach"
- "Ability to think about and address issues in new ways."
- "It has given me the confidence to try out new things or accept challenges I previously might not have accepted."
- "Building confidence and resilience to stay in business, ability to respond to and identify new creative opportunities"
- "Confidence in embarking upon future innovation, and a greater awareness of the local facilities available to support this."

Evaluation research also indicates that ongoing relationships are being built between CDIT firms and Universities. For example, one partner commented on a beneficiary that had engaged in Phase 1 and returned to take up an internship in Phase 2, whilst another identified a KTP being developed by a Creative Fuse beneficiary, where that KTP is being used to instigate organisational and cultural change

based on learning acquired through the Creative Fuse project. Creative Fuse has also introduced businesses to research partners within the Universities and this has led to research projects. For example, a charity engaged with the programme and has gone on to instigate a research project with a University partner which is focused on sexual health.

5.4 Economic impact and cost-effectiveness

All ERDF summative assessments are required to demonstrate the economic impact arising from the programme and assess the cost-effectiveness in light of its intended outcomes and impacts. This section covers those requirements.

5.4.1 Impact on employment

There are two sources of evidence regarding jobs created by the Programme; formal claims and the beneficiary survey. Recognising that the target audience for the programme has largely been small and micro businesses in the CDIT sector, that such businesses were especially impacted by the Covid-19 pandemic and that the business model does not tend to support job creation, it can be concluded that such a Programme may struggle to generate jobs and related impacts. Certainly there is evidence that job creation is not part of the immediate ambition of many of the programme's beneficiaries.

However, the survey provides evidence that indicates that for a minority of beneficiaries, job creation is both an ambition and an outcome that the Programme is helping to deliver. The evidence stated in section 5.2.2 above indicates the following:

- 5 jobs have been created to date
- A further 18 are expected to be created in the next year
- A further 16 are expected to be created in the next 2-3 years
- The total of jobs created or expected across the survey respondents in the next 2-3 years is therefore 39, based on a survey sample of 48% of beneficiaries. Summative Assessment Guidance[12] indicates that there are drawbacks to aggregating survey sample data to estimate the effects across the full population of beneficiaries, due to small sample sizes and potential confirmation bias amongst respondents. However, doing so provides a guide to the potential aggregate impacts of the programme. Taking this approach also aligns the summative assessment for Phase 2 of Creative Fuse North East with that undertaken for Phase 1. Our estimate is that the aggregate impact on job creation will be up to 81 jobs as a result of the programme.

Therefore, the summative assessment concludes that as a result of the Programme, an estimated 39 FTE jobs (gross) will be created, though this could rise to as many as 81 FTE jobs (gross) in the next 2-3 years.

5.4.2 Impact on GVA

An important measure of an economy's wealth is GVA. The impact of the Creative Fuse on GVA can be estimated based on the number of gross FTE jobs created (39, and up to 81), and we assume that these will be within the 'Creative, arts and entertainment'[13] sector. Using ONS GVA data (by industry and region[14]) and dividing that by ONS jobs estimates (drawn from the Business Register and Employment Survey), it is estimated that each additional job generates average GVA per annum of £45,000). This is just below than the average GVA per job in the region, which is approximately £46,500.

[12] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915448/ESIF-GN-1-034_ERDF_Summative_Assessment_Guidance_Appendices_v4_updated.pdf
[13] 2-digit SIC Division 90 (Creative, arts and entertainment activities)
[14] Regional GVA by industry and region (2020)

On the basis of an estimate of 39 jobs being created as a result of the Creative Fuse programme, the total annual GVA (gross) created by the project is £1.76m, though this could rise to as much as £3.66m if the estimate of aggregate jobs rises to 81.

BIS guidance[15] suggests that when estimating the impacts of public sector investment, it is important to consider the extent to which benefits generated persist over time. Where support has developed the capacity of a business it may enable the organisation to sustain or continue to achieve further benefits in the future. BIS suggests that individual enterprise support projects may generate benefits within one year but that they may persist for up to three years in total.

It is assumed, therefore, that the annual gross GVA impacts of the Programme will persist for three years in total (the first year, plus a further two years). Taking into account persistent effects, the total gross GVA impact of the Programme is estimated at between £5.27m and £10.97m.

Calculation of the Net Present Value (NPV) of the GVA benefit stream over the 3-year persistence time period requires this gross total figure to be discounted back utilising an appropriate rate. HM Treasury Green Book guidance has been followed which recommends discounting by 3.5% in order to determine NPV. Once this is applied, the Net Present Value of the total gross GVA impact is between £5.08m and £10.59m.

5.4.3 Net additional impact

Public sector investment should bring about change that would not otherwise happen or which would only happen on a smaller scale, or take longer to achieve. This is referred to as additionality.

There are a number of factors that affect the additionality of an intervention:

- Leakage effects: This refers to the extent to which any outputs or outcomes generated by the project are lost outside of the target area of the North East or whether any ineligible beneficiaries are supported.
- Displacement effects: This refers to the proportion of project outputs/outcomes that reduce outputs/outcomes elsewhere within the target area. For example, if by supporting one business to start trading, it takes market share away from another business in the region.
- Multiplier effects. Public investment may lead to further economic activity, for example, as local businesses spend money with local suppliers and employees spend wages in the local economy.
- Deadweight effects. This refers to the proportion of outputs/outcomes that would have happened anyway in the North East LEP area even without the public investment.

5.4.3.1 Leakage effects

The eligibility criteria for Creative Fuse was such that no businesses located outside of the programme area (i.e. that covered by the North East LEP) were accepted onto the programme. We therefore conclude all businesses supported are based within the area. However, when jobs are created – and we know that this has only happened in small numbers for this programme – a small proportion of jobs may be taken by people resident outside of the North East LEP area, meaning a small proportion of economic benefits may have been lost. The median leakage effect recommended by BIS[16] for business development and competitiveness projects delivered at the regional level is 3%. Therefore, we have applied a leakage factor of 3% to the programme impacts.

5.4.3.2 Displacement effects

Evaluation evidence suggests that there are unlikely to be any major displacement effects as the profile of businesses supported is such that, given they are micro or small businesses, they operate in primarily

[15] BIS RDA Evaluation: Practical Guidance on Implementing the IEF (2009)
[16] BIS Research to Improve the Assessment of Additionality (2009)

local markets. Businesses were asked to estimate what proportion of their sales were to customers based within The North East. The evaluation has not captured evidence in relation to location of key markets or competitors, and therefore any estimation of displacement can only draw on qualitative insight. Given the nature of the support provided, the profile of the target audience (mainly sole traders and freelancers) and the scale of business opportunities that have arisen directly as a result of the support, we assume displacement to be very low.

Therefore, we have applied a displacement factor of 10% to the Programme impacts, which is at the lower end of displacement factors recommended by BIS for business development and competitiveness projects delivered at the regional level.

5.4.3.3 Multiplier effects

There will be knock-on effects in the regional economy as businesses increase their spending with suppliers and employees spend wages on goods and services locally. Feedback suggests that local supply chains among the businesses supported may be low – the median average range reported by survey respondents was between 11% and 20% of business expenditure with suppliers based in the North East. However, the extent of multiplier effects will ultimately depend upon the extent to which business sales increase and the opportunities for spending with locally based suppliers increases.

Meanwhile, the project is having a relatively strong local employment impact, with a total of 39 FTE jobs already created, or planned to be created during the next 12-36 months. These employees will go on to spend some of their wages in the regional economy. This suggests that income multiplier effects may be relatively strong.

As supply chain multiplier effects are likely to be relatively weak, but income multiplier effects are likely to be relatively strong, the two effects may counterbalance one another. As a result, we suggest that the combined multiplier effect is likely to be mid-range. Therefore, we have applied a combined multiplier effect of 1.51, which BIS suggests is the mean average combined multiplier for business development and competitiveness projects at the regional level.

5.4.3.4 Deadweight effects

There is likely to be a degree of deadweight in the Programme, as the majority of businesses reported that, even without the support, they would have gone ahead with an innovation project at some point in time. Businesses were asked how likely is it that the changes they experienced would have occurred anyway, even without the support from the Programme. The results are reported in section 4.6, and show that 29% of beneficiaries believed that they or their business would have made progress against their intended goals without the support of Creative Fuse North East respondents and 31% stated that they would not have. The remaining 40% of respondents were unsure. Ignoring the 'unsure' responses and focusing only on those that could directly answer the question, this suggests that around 50% of beneficiaries thought that their goals would have been achieved without the support of Creative Fuse. This is comparable with BIS benchmarks which suggest that the median average deadweight effect for business development and competitiveness projects at the regional level is 50%. Therefore, a deadweight factor of 50% has been applied to the Programme impacts.

5.4.3.5 Total Net Additional Impact

The assessment of net additional impact, set out in Table 6 below, shows that the gross employment impact of the Programme is 39 FTE jobs, and the net additional employment impact is 26 FTE jobs.

As stated in section 5.4.2, the annual gross GVA impact of the Programme is £1.76m (which generates an estimate of net additional annual GVA impact of £1.16m).

Table 6 shows that the gross GVA impact of the Programme (including persistent effects and discounting) based on the survey response sample is £5.08m, and the net additional GVA impact (including persistent effects and discounting) is £3.35m.

Table 6: Actual gross and net additional impacts for employment and GVA (Survey Sample)

		Measure	Adjustment
Employment impact (FTE) Reported by survey respondents	Gross impact	39	
	Deadweight	20	50%
	Displacement	18	10%
	Leakage	17	3%
	Multiplier	26	1.51
	Net additional	**26**	
GVA impact (£m) Included persistent effects and discounting	Gross impact	£5,082,875	
	Deadweight	£2,541,437	50%
	Displacement	£2,287,294	10%
	Leakage	£2,218,675	3%
	Multiplier	£3,350,199	1.51
	Net additional	**£3,350,199**	

Source: Ortus Economic Research

However, if the survey results are aggregated to represent the full population of beneficiaries, then the impacts are magnified. Table 7 below shows that the gross employment impact would be 81 new jobs, whilst net additional new jobs is estimated to be 54. The gross GVA impact of the Programme (including persistent effects and discounting) across all beneficiaries is estimated to be £10.59m, and the net additional GVA impact (including persistent effects and discounting) is £6.98m.

Table 7: Actual gross and net additional impacts for employment and GVA (Aggregated)

		Measure	Adjustment
Employment impact (FTE) Reported by survey respondents	Gross impact	81	
	Deadweight	41	50%
	Displacement	37	10%
	Leakage	35	3%
	Multiplier	54	1.51
	Net additional	**54**	
GVA impact (£m) Included persistent effects and discounting	Gross impact	£10,589,323	
	Deadweight	£5,294,661	50%
	Displacement	£4,765,195	10%
	Leakage	£4,622,239	3%
	Multiplier	£6,979,581	1.51
	Net additional	**£6,979,581**	

Source: Ortus Economic Research

5.5 Value for Money

It is good practice to measure the value for money of public sector investment in terms of:

- Cost effectiveness as measured by costs per net outputs, and
- The return on investment (ROI).

5.5.1 Cost effectiveness

To estimate the cost effectiveness of the project, the cost per net job created has been calculated by dividing the total expenditure defrayed to the end of the Programme (£1,930,900) by the number of net additional jobs forecast to be created (between 26 and 54).

Table 8: Cost per net output (forecast)

Output	Creative Fuse North East (cost per net job)	RDA business development and competitiveness interventions[17]
Jobs created – lower (26)	£75,116	£21,510[18]
Jobs created – upper (54)	£36,056	£21,510[19]

The assessment shows that the cost per net job arising from the Creative Fuse North East programme is between £36,056 and £75,116 compared to an average across similar business support interventions of £21,510. This is likely to overstate the true cost per net job created because the Programme is expected to come in under budget, which would serve to reduce the cost per net job somewhat. What this assessment overlooks (along with the wider formal assessment of economic impact), is the significant benefits that the programme has had in helping sustain jobs and businesses through and since the pandemic.

5.5.2 Return on investment

In accordance with government guidance, the return on investment (ROI) delivered by Creative Fuse North East is estimated based on the net additional GVA impact (including persistent benefits) (between £3.35m and £6.98m) divided by the total public sector expenditure anticipated to the end of the Programme (£1,930,900).

The final outturn in terms of return on investment is between 1.74:1 and 3.61:1 i.e. for every £1 of public sector investment, at least £1.74 of net additional GVA is generated (rising to £3.61 on the upper estimate of impact).

5.6 Other benefits and impacts

In the course of collecting evidence to support this summative evaluation, a number of other benefits and impacts were identified. These are captured in the summary points below:

- Partners are clear that they believe that Creative Fuse has broken down barriers to engagement between Universities and SMEs in the CDIT sector. Businesses comment that they now understand that Universities are not closed, disconnected organisations but instead are open to supporting and working with local businesses, no matter their size and perceived importance.

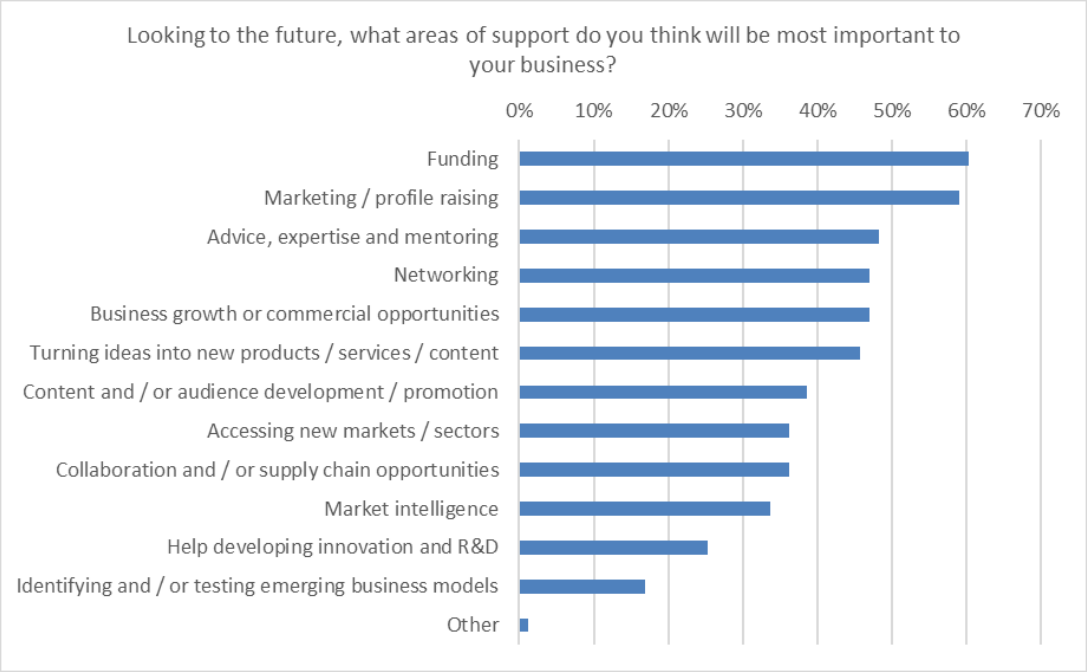
[17] Impact of RDA Spending.. BIS (2008)
[18] Adjusted for inflation to 2022 prices
[19] Adjusted for inflation to 2022 prices

- Through adapting and flexing the delivery and focus of support through Creative Fuse, partners have been able to find ways to provide beneficiaries with paid work, which has been vital in the post-Covid environment where many businesses went without income for many months. An example is the commissioning of artistic input to projects like Cyber Eyes.
- Beneficiaries talk about the boost to confidence that Creative Fuse has delivered. For some, it has reinvigorated their creative and artistic practice, following on from a period where they seriously questioned whether they could continue that practice. Covid had, for some, led to the loss of the will to work, and being engaged in Creative Fuse has given them that will back. Some beneficiaries have also been supported to diversify their creative practice to make it more resilient and sustainable.
- Building on the comment above, partners report that beneficiaries have explicitly commented on the health and wellbeing benefits that they have received from taking part in Creative Fuse.
- Improving the reputation and profile of universities (which had previously perhaps been perceived as overly 'academic' and not especially interested in engaging with small businesses) and turning that into a reputation as an asset that local businesses and communities can access and use.
- The project gave beneficiaries the time to spend with other people with similar interests and challenges, making connections and building peer-support networks. It also provided the opportunity for people who are normally 100% focused on their creative practice, to take a step away from that and to spend time working 'on' their business, to reflect on what they could do differently and how that might come about.
- Identifying other resources, opportunities within Creative Fuse or within other programmes (e.g. access to planning tool which has led to acquiring funding from Arts Council)
- Reconnecting with people post-Covid
- More directly inputting to business or practice things that they were not aware of or not taking full advantage of. Helping them taking on new knowledge and utilising new processes and tools (e.g. data, digital marketing, processes)
- Internships facilitated transfer of knowledge into the business and provided knowledgeable capacity to deliver a targeted outcome. Through these, organisations have had the opportunity to work with someone who understands their way of working and the ethos of their organisation, to focus their time and knowledge on a specific problem and help lead the beneficiary organisation through the process of change.
- Creative Fuse provided an opportunity for companies to try routes to innovation that they would not normally be able to afford to do (e.g. artist working with different materials or in different contexts). This means that such activities are significantly de-risked and therefore much more likely to occur.

5.7 Future support needs

In terms of what support they thought would be most important to their business in the future, Figure 14 shows that the top two areas selected by survey respondents were funding (60%) and marketing/profile raising (59%). This is followed by advice, expertise and mentoring (48%), networking support (47%), support for business growth or commercial opportunities (47%) and support to help turn ideas into new products / services / content (46%). The area of support selected by the fewest respondents was Identifying and / or testing emerging business models (17%).

Figure 14: Future support needs



Source: Creative Fuse beneficiary survey

Other evaluation provides the following feedback on future support needs:

- There was a feeling amongst partners that great, longer-term impact could be delivered through the creation of a support 'escalator' within Creative Fuse. The concept is that rather than each intervention and activity being delivered as a singular event, there could be greater co-ordination across the range of activities and across partners to develop and deliver a progressive support programme tailored to the needs of each individual business but calling on the range of activities, skills and expertise available. In this way, businesses move from awareness, to understanding, to opportunity identification, planning and then execution through sequential support provided by Creative Fuse. From a beneficiary perspective this makes sense, though the design of ERDF projects and the achievement of outputs (i.e. C1s and 12 hours of support) mitigates against a wider application of this when set against the capacity within the project to deliver more bespoke 1-2-1 support and the need to deliver contracted outputs.
- Ongoing relationship development and mentoring was identified as being of value by all beneficiaries that took part in depth interviews. This could be as simple as a six-monthly 'check-in' opportunity or a more focused mentoring programme targeted at supporting a business to tackle a particular issue, seize and opportunity or instigate change.

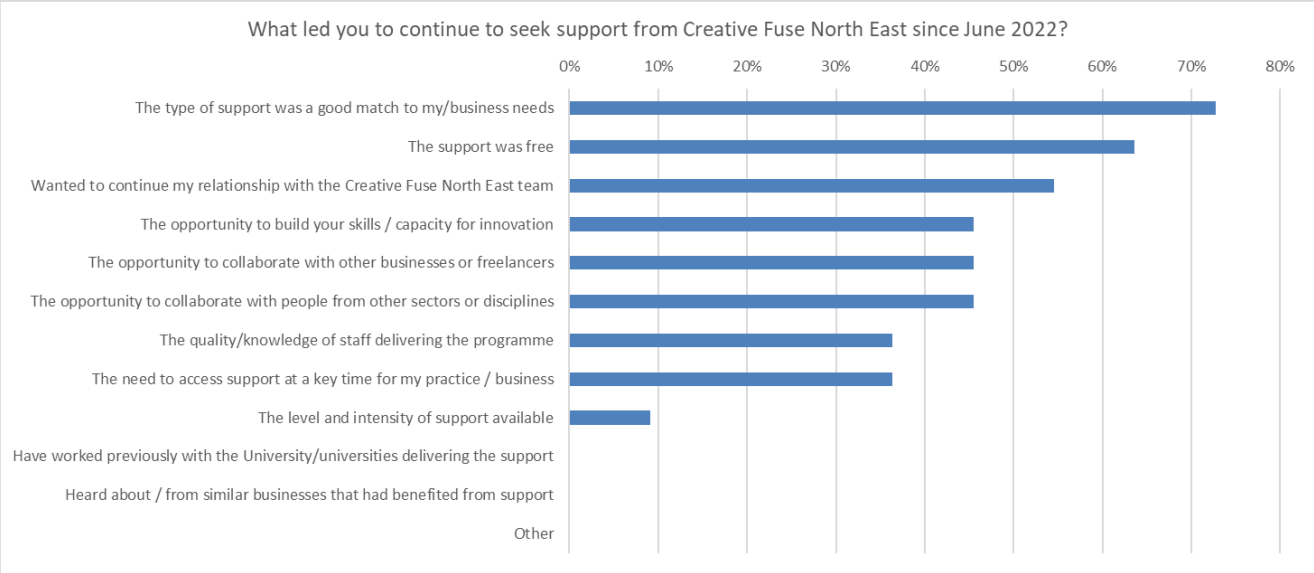
5.7.1 Follow Up Survey

The follow-up survey that was undertaken with respondents that completed the survey at the formative stage provides some additional insight into ongoing engagement with the Creative Fuse programme. Of the 24 beneficiaries that responded to the follow up survey, 11 (46%) had received additional

support from Creative Fuse since June 2022, 10 (42%) had not received any additional support and 3 (12%) were not sure whether they had received any additional support.

The respondents to the follow up survey that had received additional support were asked about the reasons that they had continued to engage with Creative Fuse. Figure 15 shows that almost three quarters (73%) continued to engage with Creative Fuse because the type of support was a good match to theirs/the business needs and almost two thirds (64%) said it was because the support was free. Over half of respondents (55%) said it was because they wanted to continue their relationship with the Creative Fuse team.

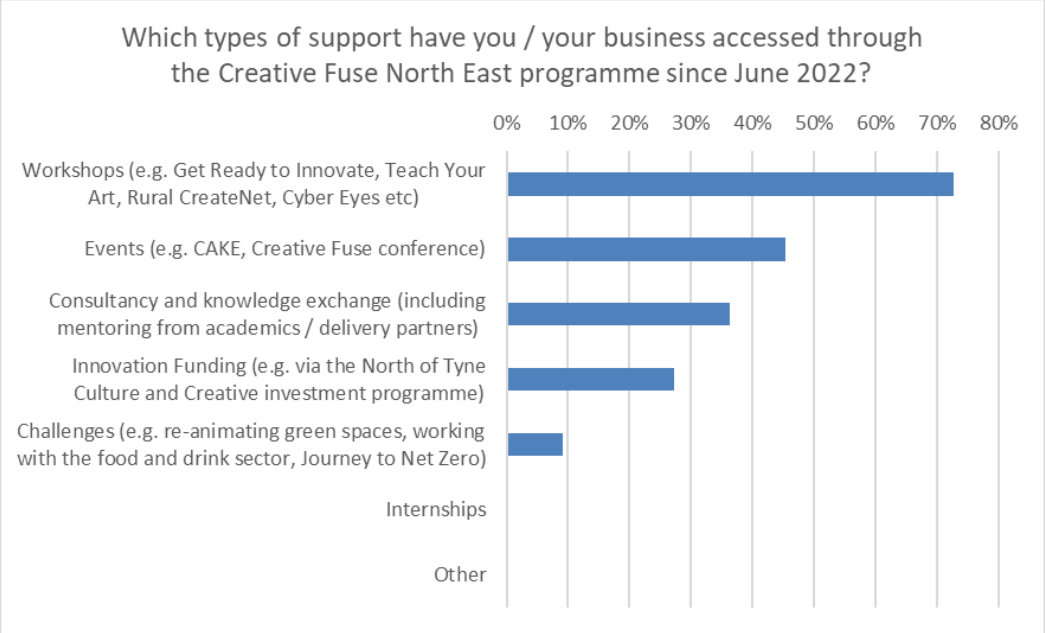
Figure 15: Reasons for continued engagement with Creative Fuse



Source: Creative Fuse North East Beneficiary Follow Up Survey

Of the follow survey respondents that had accessed support through the Creative Fuse programme since June 2022, almost three quarters (73%) had attended workshops, almost half (45%) had attended events and a third (36%) had accessed innovation funding.

Figure 16: Support accessed and activities undertaken through Creative Fuse Since June 2022



Source: Creative Fuse North East Beneficiary Follow Up Survey

5.8 Summary

Feedback from the businesses supported by Creative Fuse indicates that the programme has had a positive impact on a range of business performance indicators. Around one in seven respondents to the survey (14%) said their turnover had already increased, while 26% anticipated that it would increase in the next 12 months and 29% expected an increase in the next 2 to 3 years. The remaining 31% did not anticipate any increase in turnover as a result of the support that they had received from Creative Fuse.

SMEs are also reporting job creation and intended future job creation. Whilst only 6% of survey respondents said they had created new jobs as a result of the support, a further 14% expect to in the next 12 months, and 14% expect to create new jobs in the next 2 to 3 years. Survey respondents reported a total of 5 jobs being created so far, with 18 anticipated in the next year and 16 anticipated in the next 2-3 years. This is encouraging given there is often a lag between support delivery and the creation of new jobs, which suggests that further job creation across the beneficiary group might be expected.

SMEs reported a range of other benefits and impacts arising from Creative Fuse support, including improving skills and knowledge (64%), developing a new content, products or services (44%), developing professional/peer networks (45%), accessing facilities, technologies or expertise (37%) and undertaking innovation and R&D (29%).

An important aim of Creative Fuse was to improve collaboration between SMEs and research institutions, and in particular to improve the way in which North East businesses collaborate with the partner Universities. Around one third (34%) of survey respondents reported having built new or strengthened existing collaborative partnerships as a result of the support, demonstrating significant potential for the Universities to further develop and strengthen its relationships with businesses.

Feedback from businesses via the beneficiary survey suggests that the programme has been well targeted with very few leakage effects. Feedback from businesses suggests there may be an element of deadweight associated with the impacts from Creative Fuse. Nevertheless, 35% said they would not have made progress against their intended goals without the support of Creative Fuse North East (which equates to around 50% when the 'don't knows' are removed).

5.9 Additional feedback and commentary on the Programme

In addition to the comments and evidence provided above regarding the delivering and impact of the Programme, a number of other important points were made during consultation with partners, stakeholders and beneficiaries. These include;

- There are mixed feelings about internships. They were originally conceived as a 'mini-KTP' which would support a student accessing an opportunity within a company backed by academic supervision and input. In reality, that academic support has been difficult to acquire. There have been significant pressures placed on the academic teams within Universities over recent years, not least in response to the pandemic (the need to transfer all teaching to an online model, for example). However, alongside the challenges that are unique to the time period in which the Programme was delivered, it is also now thought that the internship concept was itself too brief and needing to be organised in too-short a time period to engage academics. Instead, the internships have turned out to be an effective way to engage with companies (and to create longer-term relationships) and in some cases have led to KTPs and permanent positions. However, the arrangement of successful internships is reliant on considerable up-front work (on behalf of the Creative Fuse team and the beneficiary business) to define the opportunity, create the person specification and recruit the individual. They have therefore

proven to be very resource intensive. Any future programme that includes internships must recognise the specialised and significant effort that goes into them.

- The lack of secured funding for the next phase of Creative Fuse is of course a major concern. When Phase 1 ended, Newcastle University supported a post focused on raising funding for Phase 2. This time around, however, such support has not been provided, meaning that the onus and responsibility for raising funding for any follow-on project has fallen to the Creative Fuse team to deliver on top of their existing commitments to the Creative Fuse programme.
- One of the major benefits of Creative Fuse has been the development of a community of creative and digital businesses. Beneficiaries regularly comment on this positive aspect of the programme, which is seen to have been especially valuable in assisting the sector to emerge from the pandemic, building confidence and creating support and commercial relationships which provide an ongoing legacy.
- Creative Fuse has provided creative and digital businesses with opportunities that they would otherwise not have had; to attend a workshop, engage with other practitioners and/or the public, to access a direct sales opportunity, or to have an intern to add capacity and attend to deliver a 'task and finish' project. It has been especially beneficial to those supported that the programme has been available at zero cost to them.
- Whilst one important objective of the programme from the University perspective was to provide an opportunity for action research, the reality has been that partners have found such opportunities squeezed out by the focus on delivery of outputs.
- Partners commented that the programme was coming to an end at precisely the time when it could begin to have the greatest impact. Having pivoted the support to respond to the challenges that were driven by Covid-19, and now that the sector is starting to emerge from that period, there is very much a feeling of 'we are not finished yet', but with the funding expiring and no certainty regarding the next phase, there is an inevitable feeling of disappointment that the programme will not truly deliver the impact that it might if it were continuing into the future.
- The programme opened doors for people working in the CDIT sector; it generated serendipitous opportunities and relationships, leading to new work opportunities and created a structure and framework to support the development of the artistic, innovative and commercial aspects of the CDIT businesses.
- Staff turnover at Durham and Sunderland have presented particularly acute challenges. For example, at Sunderland, the previous project manager left in January 2023, meaning that there was a significant job of work to be done to pick the project up, design and deliver programme content before the end of June. This has been achieved but it has been a major effort, hampered to some extent by rigid University recruitment rules and procedures, and the constraints of the budgets available to pay for staff time for Creative Fuse.
- Creative Fuse is seen to have been visibly 'holding the torch' for innovation in the creative and digital sector, when no other organisations is explicitly doing that. This is an important role and one that will be unfulfilled should Creative Fuse not continue.
- Consideration could be given, in future programmes, about how the expertise and knowledge of the Advisory Board might be used to even greater effect. Generating an opportunity for Board members to apply further time and headspace to the challenges and opportunities of the programme could be very beneficial. However, this really ought to be compensated for – at least in the case of the creative/digital businesses that attended the board. The challenges of budgeting for such inputs are recognised, but should the programme continue with funding that is more flexible, this may present an opportunity to create greater impact through more effective engagement of Board members.
- The role of communication is crucial for any support programme, and Creative Fuse is no different. Stakeholders posed the question as to whether communications have been sufficiently strong to maximise the reach and impact of the programme, and also whether – given the focus

on creative and digital businesses – Creative Fuse might have missed an opportunity to engage the sector to deliver comms for the programme. Such an approach, whilst understandably challenging with an ERDF-funding context, would have not only provided paid opportunities for the sector, but could have showcased the excellence within it.

6. Conclusions and lessons learned

6.1 Introduction

The evaluation research to date has identified a number of key lessons and recommendations which Newcastle University may wish to consider during the future delivery of Creative Fuse.

6.2 Programme design and rationale

- Overall, there is a clear need for a project of this nature in the North East to improve the level and intensity of innovation activity and 'fusion' across the CDI and wider economy. There is a clear rationale for investment, and the delivery model is appropriate and relevant, capitalising on the wealth of knowledge and research expertise across the University partners, as well as each University's substantial track-record in delivering business innovation support to SMEs (not least Creative Fuse Phase 1). This is evidenced further by the publication of 'The FUSE at Ten' research report that reviews a decade of research impact. The research demonstrates the range and scale of the impact from the family of Fuse projects exploring how such impact is generated, transmitted, and integrated into meaningful action. The study offers provocations on how long-term impacts may be better supported and reported, in a context where short-term trends may attract more attention and resource.

- However, the Covid-19 pandemic has had a significant impact on both supply and demand factors for the project. Some of these are specific to the CDIT sector, whilst others applied to the economy more generally. This led to a slow start to the project and time taken to build institutional capacity to deliver the project. The project has also had to adapt its offer to attend to post-pandemic business support needs. Evidence to date suggests that the programme needs to maximise the opportunity now presented by the return to face to face meetings and events to scale up its activities, in order to improve the probability of delivering positive innovation and economic outcomes.

- Evaluation evidence indicates that Creative Fuse has assisted CDIT businesses to emerge from the pandemic, such that they are now in a position to reset forward goals and aim for additional growth. Some of this ambition is captured in plans for future job creation, but the real hidden benefit of Creative Fuse is its impact around sustainability of careers and businesses through the pandemic.

6.3 Programme performance

- Progress towards the achievement of financial targets is marginally behind profile, with the programme delivery team forecasting a small degree of underspend (£141,869, or 7% of the total budget).

- Taking into account both reported outputs to end Q1 2023 and forecast outputs to end Q2 2023, the summative assessment finds that progress towards the achievement of output targets is expected to exceed profile for C1, C2, C4, and C29 outputs. However, it is expected to be behind profile for C5, C8 and C26 outputs. Evaluation feedback suggesting that project delivery has been impacted by a number of challenges. This includes the Covid-19 pandemic, as well as delays to establishing the project, a change in the nature of support required by the CDIT sector, adoption of remote working and delivery models and constraints around the ability to place interns in CDIT businesses. Staff turnover within University teams, particularly in Sunderland and Durham, has also acutely impacted delivery in the final 6-months. Teams should be commended for their response

to such challenges and their ability to deliver very significant numbers of outputs over this period, which are expected to ensure that the C1, C2 and C4 targets as a minimum are met. Whilst the number of jobs created by the programme is forecast to be 2.4 (against a target of 16), survey evidence suggests that the programme will be considerably more successful over a 2-3 years forward period.

- In recognition of the Covid-19 challenge and the impact it has had on delivery, the Creative Fuse project was extended to complete at the end of June 2023 (via two successful PCRs submitted to DLUHC, and with no proposed change to the financial or output profile). This additional delivery time will enable the team to continue to support businesses that are in delivery and work to engage new SMEs in the programme.

- In particular, feedback indicates that there is appreciable uncertainty across many of the target output categories. However, progress against C29, a measure of the extent to which businesses are being supported to innovate new products and services, has been very encouraging, with 114% of the target achieved to end Q1 2023 and a forecast final outturn of 163%. The programme has been particularly successful in delivering this output.

6.4 Delivery and management arrangements

6.4.1 Targeting

- Overall, Creative Fuse is well targeted at CDIT SMEs in the North East LEP area. However, due to a number of mitigating factors, most notably the impact of Covid-19 on both the demand for, and supply of project activities, it ran behind on the majority of its outputs, and has had to expend considerable effort (in difficult circumstances, due to staff turnover) to catch up. There is a plan in place to largely achieve the main output targets in the last quarter of the programme. Over the past year the teams have made considerable investment in scaling up engagement, running the Conference, recruiting students and graduates to take part in the internship scheme and generating new engagement mechanisms and plans in order to make up the shortfall. The successful Project Change Request which pushed the completion date out to June 2023 was of course very helpful in allowing a longer time period in which to achieve these targets; without it, the programme would have fallen very short on outputs.

6.4.2 Awareness raising, interest and demand

- Demand for the project was lower than expected in its first two years, for a range of reasons but primarily due to the Covid-19 pandemic. Since 2021, when the project has been able to return to blending in face-to-face delivery as well as remote engagement (which was the sole mechanism during the pandemic), there has been an added impetus to engage with SMEs and attract them onto the programme. Delivery activity over the final six months of the programme has been intense, and this is likely to generate the required C1, C2 and C4 outputs in order to meet targets.

- Evaluation data suggests that social media channels and the project website have been a common route into the project for many beneficiaries (24%), whilst word of mouth or recommendations is the second most productive channel for engagement (19%). Covid-19 has meant that the usual direct approach, where partners would spend time interacting in person with potential beneficiaries at meetings, events, fairs and so on, had to be replaced by other mechanisms, such as cold calling. These not only necessitated a change of approach, with all the attendant challenges of gearing up for this, but also affected the ability of the project to generate sufficient numbers of beneficiaries into the project pipeline for a significant period of time.

6.4.3 Delivery model

- Overall, the delivery model works well, and is an effective way of addressing the innovation needs of SMEs in the CDIT. Feedback indicates that SMEs believe the programme is a good match to their business needs and provides the additional skills, resources and capacity they require. It has adapted well to evolving needs driven by the pandemic and the team and partners have shown considerable flexibility in moulding the offer to meet those needs.

- Common barriers to innovation highlighted by businesses include lack of time (61%), lack of finance (53%) and lack of capacity within the practice or team (40%). Feedback indicates that Creative Fuse is well designed to address these barriers, with 80% of survey respondents saying they thought the programme showed a good or excellent understanding of their requirements. Many of the beneficiaries were attracted to the fact the project support is free (65%), whilst around half (48%) valued the opportunity to build their skills/capacity for innovation.

- Evaluation feedback from beneficiary businesses is positive, with most aspects of the support receiving high ratings. In particular, the skills, knowledge and technical expertise of the delivery teams, administration and communication, the level/intensity of the support provided, the quality of support provided, the quality and value of research, having access to extra skills and capacity and gaining insight and perspective from an external source. The results may also indicate some minor issues with the relevance of the content and support, and how that relates to beneficiaries' businesses (evidenced by the comparatively high proportion of respondents indicating that these aspects were 'satisfactory').

- A small number of suggestions for improvement were made, which included better promotion of the project, provision of more (some) grant funding[20] and more one-to-one support, including through mentoring models. Improvements in communications could include a longer-term events calendar, whilst beneficiaries also thought that after-support follow up could be improved.

6.4.4 Programme management

- Overall, the management and governance arrangements for Creative Fuse are effective, with a well led and cohesive team and a culture that allows for open discussion and facilitates good communication. In addition, the team is strong in leading the strategic added value of the project in part through the Advisory Board, which is also seen as an effective and valuable mechanism for constructive feedback and scrutiny.

6.5 Outcomes and impacts

- Feedback from the businesses supported by Creative Fuse indicates that the programme is having a positive impact on a range of business performance indicators. Around one in seven respondents to the survey (14%) said their turnover had already increased, while 26% anticipated that it would increase in the next 12 months and 29% expected an increase in the next 2 to 3 years. The remaining 31% did not anticipate any increase in turnover as a result of the support that they had received from Creative Fuse.

- SMEs are also reporting job creation and intended future job creation. Whilst only 6% of survey respondents said they had created new jobs as a result of the support, a further 14% expect to in the next 12 months, and 14% expect to create new jobs in the next 2 to 3 years. Survey

[20] Progress is being made in this respect. Newcastle University is working with Creative UK, supporting the delivery of (and signposting to) the North of Tyne Culture and Creative Investment programme which provides grants, loans and equity investment – albeit to North of Tyne creatives only. See here: Funding - Creative Fuse (creativefusene.org.uk)

respondents reported a total of 5 jobs being created so far, with 18 anticipated in the next year and 16 anticipated in the next 2-3 years. This is encouraging given there is often a lag between support delivery and the creation of new jobs, which suggests that further job creation across the beneficiary group might be expected. In total, the programme is likely to deliver a gross direct impact of 81 new jobs as a result of the support provided (when the survey responses are grossed up to represent the population of beneficiaries). The total net additional effect is estimated at between 26 and 54 new jobs, once leakage, displacement and deadweight are taken into account as well as supply chain and induced effects.

- SMEs reported a range of other benefits and impacts arising from Creative Fuse support, including improving skills and knowledge (64%), developing a new content, products or services (44%), developing professional/peer networks (45%), accessing facilities, technologies or expertise (37%) and undertaking innovation and R&D (29%).

- An important aim of Creative Fuse is to improve collaboration between SMEs and research institutions, and in particular to improve the way in which North East businesses collaborate with the partner Universities. Around one third (35%) of survey respondents reported having built new or strengthened existing collaborative partnerships as a result of the support, demonstrating significant potential for the Universities to further develop and strengthen its relationship with businesses.

- Over the next three years to 2026, Creative Fuse is forecast to generate net additional GVA of between £3.35m and £6.98m.

- The cost effectiveness of the programme is calculated as between 1.74:1 and 3.61:1 i.e. for every £1 of public sector investment, at least £1.74 of net additional GVA is generated (rising to £3.61 on the upper estimate of impact).

6.6 Lessons learned

The formative evaluation has identified a number of lessons learned from the first two years of delivering the Creative Fust Phase 2 project. These are:

1. One of the real true strengths is that Creative Fuse is underpinned by research, and the delivery teams are researchers seeking to have a real impact. This is a real differentiating factor between Creative Fuse and other innovation support projects across the region, Each partner has its own specialism, and these add significant value to the offer. However, impact could be strengthened through better 'triage', greater collaboration across the partnership and the development of a more cohesive offer.
2. The nature of the Creative Fuse project, primarily with respect to the staff that deliver it, means that there is a real opportunity for reflection across Creative Fuse with respect to how to best support the creative industries to innovate, fuse creativity into other sectors and maximise growth and other impacts (e.g. wellbeing). It is this ability to reflect which has underpinned the project's ability to pivot its focus to address new changing needs across the sector driven by Covid-19.
3. Better, more effective communication between the partners may have led to a more effective programme. Constrained capacity is the likely cause but recent face-to-face informal and formal meetings across the Creative Fuse team have been well received and are viewed as an important mechanism for building team morale and collegiality, make communication more effective and distributed knowledge and information around the team.

4. Improved back office institutional support would have made the jobs of the Creative Fuse delivery team much easier. It is not clear how this might be achieved but it should be a key goal.
5. Better, more effective use of the skills, capabilities and knowledge of the Advisory Board could have been made through creating an opportunity for Board members to spend more time on 'ideation' and strategic thinking. Such opportunities would need to be resourced, however.
6. Innovation grants are an important part of the jigsaw moving forward, missing in Round 2 having previously been supported and funded by AHRC in the project's first phase - circa £400,000 of grant funding was made. Not being able to put large sums of money into the hands of creative businesses to drive innovation has made a significant difference to Phase 2. In the past, this has been a significant attractor. In response to this issue, the Creative Fuse team has had to be creative itself in identifying ways in which funding can be distributed out the creative practitioners, for example as suppliers to specific initiatives within the Creative Fuse project (such as the commissioning of creative inputs into the Cyber Eyes programme) and collaborating with Creative UK on the delivery of the North of Tyne Culture and Creative Investment programme. This should be seen as a particularly flexible and responsive adaptation by the Creative Fuse team.
7. Looking forward, one goal will be to develop connections between Creative Fuse and other significant drivers of innovation. For example, targeting net zero could offer a significant opportunity. For a potential round 3, how might Creative Fuse integrate with this agenda[21]?
8. Gaps between periods of support provision should be avoided wherever possible. They lead to knowledge and experience leaving the Creative Fuse team as delivery staff depart at the end of a funding period. Continuity is crucial.
9. The Creative Fuse project and team are very well positioned to influence policy making – within the University, across the region and nationally. They are able to inform the evidence base and shape policy responses to ongoing and emerging challenges within the creative industries (whether directly related to innovation or other business and growth challenges). Can the Universities leverage this position to become a more central player in the sector and wider economy?
10. The idea of a support escalator is an exciting one, where beneficiaries are provided with a progressive route through the support on offer, tackling innovation challenges as the progress. For example, 12 hours business support to identify innovation challenges and shape projects, followed by and internship to deliver one or more projects, followed by mentoring to help the business navigate next steps and unlock growth would be a very attractive prospect.
11. Because of the necessary focus on output targets, the Creative Fuse team is quite limited in what else of value it can deliver. For example, the chance to facilitate more networking and community building is there but cannot realistically be capitalised upon due to resource constraints and the need to focus on ERDF outputs. Funding regimes should be adapted and developed to acknowledge and provide the environment for this opportunity to be seized.
12. The administrative burden is a necessary complexity but is particularly challenging when working with the CDIT sector. The need to ask often unusually organised and formalised businesses to conform to strict bureaucratic systems at the beginning of an engagement is especially jarring and can limit impact.
13. There is scope to further develop the brand and give the 'whole' a better identity, moving forward (subject to additional funding). This could be facilitated, as could the wider impact of the project, by building programmes of support across the partner institutions, based on true collaboration.

[21] We understand that an application for grant funding has been made to the AHRC in this area of opportunity via their recent Green Transition Ecosystems call.

14. The benefits of the Creative Fuse programme, as set out in this report, should be actively promoted to senior staff in each Institution, as it is clear that the programme has helped advance each University towards a number of core aims.