

# Do It Yourself: Cultural and Creative Self-Employment in Hard Times

A New Deal of the Mind Report for Arts Council England (June 2009)

# Brief

To provide research and analysis to inform Arts Council England's thinking about the recession and its impact on employment in the arts and culture. In particular, the report's authors were asked to look at opportunities for young self-employed creatives and the potential implications of the government's Future Jobs Fund.

## Credits

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New Deal of the Mind is a national network of entrepreneurs, opinion formers and other prominent figures from the creative industries who seek to address the economic, social and cultural challenges of the recession.

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## 1. Executive Summary

There is a growing political consensus that the cultural and creative sector is vital to national economic recovery. The Department for Culture Media and Sport (DCMS) reported in May 2009: "Knowledge and creativity have always played a significant role in the economy. Creative industries perform well against the five drivers of productivity, particularly innovation and skills. Analysis of The UK Innovation Survey 2002-2004 shows that 78 per cent of creative industry firms are active innovators - higher than in any other major industry sector. The UK is in a strong position. Although we are facing increased competition from growing overseas markets, there is a real opportunity for the creative industries to benefit from those markets and grow further still."

The creative industries have grown consistently for over a decade, employing some two million people and accounting for 6.4% of Gross Value Added (GVA) in 2006. New Deal of the Mind has been working towards harnessing the creativity of our nation as a route to recovery of the economy.

Self-employed entrepreneurs and freelancers are the lifeblood of the creative industries. If Government policy hopes to address the needs of the creative sector and create jobs, it must consider the needs of the self-employed. It is estimated that 41% of people working in the creative sector are self-employed and Arts Council research shows that more than 70% of those working in its regularly funded organisations (RFOs) are employed on a freelance basis. Government figures show that unemployment in the creative industries has almost doubled in the past year. If this trend is to be bucked, it is clear that self-employment opportunities should be encouraged as a part of the strategy to get people back to work.

### The Challenge of the Future Jobs Fund

This report was written in response to the challenge presented by the Government's Future Jobs Fund, an initiative announced in the 2009 Budget to provide subsidised jobs for the long-term unemployed aged between 18 and 24. The vast majority of these jobs were to be found in the public sector; arts institutions were asked to play their part. It was envisaged that between 5,000 and 10,000 of Future Jobs Fund opportunities would be found in the arts and cultural sectors.

The DCMS, encouraged by Arts Council England, has already indicated a willingness to consider a strand devoted to opportunities for the young self-employed, notably young people in the creative sector who will become tomorrow's artists, critics and cultural leaders. But (as at June 2009) officials at the Department of Work and Pension, which is responsible for the Future Jobs Fund, have acknowledged that there are not yet regulations in place to provide opportunities for the self-employed. NDotM believes this is a serious oversight. If the full diversity of the population is to benefit from the Government's job creation scheme then the range of options must be as wide as possible. This is especially true in the creative and cultural sector.

### An Interim Solution: Self-Employment Credit

NDotM found a serious lack of clarity about existing schemes to lift people out of benefit and into self-employment. Until recently, the Government's New Deal programme for the long-term unemployed contained a "self-employed" option. However, the privatised "Flexible New Deal" which will replace all existing New Deal schemes in October 2009 has no self-employed option and the companies responsible for delivering the scheme have no specific obligation to provide advice in this area. The official explanatory memorandum to the Social Security (Flexible New Deal) Regulations 2009 (No 480) mention self-employment only in passing: "FND suppliers will determine and deliver the range, nature and level of support appropriate for an individual to return to work or self employment."

We believe this policy gap could seriously disadvantage the cultural sector.

As part of the Government's "Six Month Offer", introduced in April 2009, those on benefit for six

months will be offered the possibility of applying for Self-Employment Credit of £50 a week while they are setting up their business. The credit lasts for 16 weeks, by which time the claimant is expected to have a business up and running. The scheme is too new for an assessment of its effectiveness. However, it has not enjoyed a high profile and there is virtually no public awareness that this option exists.

A focus group exercise commissioned by NDotM into graduate attitudes, indicated that those in the creative sector feel that Job Centres and job agencies are ill-equipped to find them work that suits their skills or career aspirations. Those we spoke to had found no expertise about the creative industries in these institutions and consequently expected no useful advice. There was a strong general consensus among the participants that mentoring and help in developing personal networks would be more useful for future careers in the creative sector and in finding work. There is a serious concern among students and higher education institutions that creative individuals are making the choice to remain on the dole rather than take jobs which fail to develop their talents.

### **Lessons from the Enterprise Allowance Scheme**

Across the creative sector there is a degree of genuine attachment to one aspect of the Thatcher government's response to rising unemployment in the 1980s: the Enterprise Allowance Scheme. EAS promoted self-employment through an allowance that enabled people to start their own businesses. This payment was set slightly higher than the benefit rate at the time and lasted for a whole year. It was, therefore, considerably more generous than the new Self-Employment Credit. EAS was launched in 1983 and by 1986 almost 200,000 previously unemployed people had entered the scheme. Government figures reveal that in 1989 65% of those who completed their first EAS year were still in business three years later. The academic research cannot be conclusive on the impact of the scheme on overall unemployment. However, several high-profile "alumni" of the scheme provide anecdotal evidence that EAS allowed creative people to develop fruitful independent careers. These include Alan McGee, the founder of Creation Records, the founders of the heavy-metal record label Earache, Julian Dunkerton of the Superdry fashion label and Turner Prize nominated installation artists, the Wilson Sisters.

The Federation of Small Businesses has urged the Government to relaunch a version of the Enterprise Allowance Scheme for the 21st century and it is clear that this would have a significant degree of support within the creative industries. Meanwhile, the Self-Employment Credit should be closely monitored and reassessed in the near future. The existence of Jobseeker's Allowance should be publicised more widely among those who might consider freelance options or setting themselves up in business. A scheme in Ireland which supports self-employment would bear further study as would initiatives in Wales aimed at encouraging entrepreneurs in the creative sector and those of UK higher education institutions which offer graduates grants to set up small businesses.

Discussions with arts organisations and individual practitioners suggest there is a groundswell of support for a new enterprise scheme. One option would be to target this at graduates. Several people expressed their concern to NDotM that many of the jobs in the sector now being taken by school leavers or people without a degree qualification could soon be snapped up by graduates during the recession. He felt it would be better to encourage creative graduates to set themselves up as sole traders or join together to form small start-up businesses.

There is no time to waste. This summer, tens of thousands of young people will leave school and university seeking work in a serious recession. We believe that the DCMS and DWP should, wherever possible, build on the existing benefits and credits framework to make better provision for graduates who need temporary support in finding work in the cultural sector. We must act now to prevent a generation of talent being wasted.

## 2. Recommendations

1. This report be published and the Arts Council and New Deal of the Mind use it as the basis for discussion with Government, the creative sector and with opinion formers.
2. The arts sector and agencies interested in the creative economy and creative enterprise should encourage the Government to establish an Enterprise Allowance Scheme for the 21st Century and, in the short term, should press for the introduction of a self employed option into the Future Jobs Fund
3. Creative business should join with the Federation of Small Business to build a coalition for the introduction of the EAS by this Government or the next. Lessons should be draw from the original 1980s EAS, from existing creative enterprise schemes in Ireland and Wales and from good practice at academic institutions such as the University of the Arts
4. In consultation with DCMS, the Arts Council should draw up guidance for Job Centre Plus Staff to provide advice for unemployed creatives who wish to follow the self employed route in their working lives.
5. The Arts Council should facilitate conversations with the arts sector, Higher Education institutions and policy makers to pool ideas with a view to raising the profile of creative entrepreneurs on a national level.
6. The Arts Council should facilitate the establishment of a database of alumni of the Enterprise Allowance Scheme in the creative sector including high profile individuals and organisations
7. The Arts Council should help develop better signposting of existing enterprise schemes such as Artquest and ECCA in London, and encourage creative businesses and self employed creatives to access existing business support such as Business Links in their region
8. A prize should be established for young creative entrepreneurs, building on the work already being done by Nesta and the British Council.

### 3. Background

ACE is currently supporting the Department for Culture, Media and Sport in the development of a framework within which arts organisations will be able to receive support from the £1.1bn Future Jobs Fund designed to deliver the opportunity of work or training to every 18 to 24 year old job seeker who has been out of work for up to a year.

There have been important stepping stones towards this ambition but a coherent programme is not yet in place.

In May 2009, James Purnell, then Works and Pensions Secretary and Andy Burnham, then Culture Secretary, signalled Government's ambitions to use the fund to create more than 5,000 jobs specifically in the cultural and creative sector. Launching the DCMS report *Lifting People, Lifting Places*,<sup>1</sup> the Government's vision for how culture, media and sport can play a part in leading the economy into recovery, Andy Burnham said: "(T)he UK punches well above its weight in the cultural and creative industries. International recognition and awards for British talent and content show what we're really good at. But getting into these sectors can be hard, especially for young people and those coming from disadvantaged groups and deprived communities."

James Purnell said: "We want this fund to create real jobs in interesting and socially worthwhile industries so people can get the skills and qualifications they need for jobs for the future. Jobs for young people in the culture and creative industries will do just that."

DCMS, encouraged by Arts Council England, has indicated a willingness to consider a strand devoted to opportunities for the young self-employed, notably those young people who will be tomorrow's artists, critics and cultural leaders.

However, at present, the Future Jobs Fund is not designed for to supply opportunities for the self-employed.

This report is intended to consider ways in which the interests of artists and arts organisations can be fully addressed by current government proposals and to highlight the current institutional obstacles.

#### Importance of creative industry to recovery of the economy

The creative industries have traditionally been a generator of new employment. DCMS estimates that total creative employment increased from 1.6 million in 1997 to 2 million in 2007, a growth rate double that of the UK economy as a whole. In *Lifting People, Lifting Places*, DCMS reported:

"Creative industries are an ever-growing part of the economy and a source of comparative advantage and exports. The creative industries, excluding Crafts and Design, accounted for 6.4 per cent of Gross Value Added (GVA) in 2006. They grew by an average of four per cent per annum between 1997 and 2006. This compares to an average of three per cent for the whole of the economy over this period. Exports of services by the creative industries amounted to £16 billion in 2006, equating to four per cent of all goods and services exported."

"Knowledge and creativity have always played a significant role in the economy. Creative industries perform well against the five drivers of productivity, particularly innovation and skills. Analysis of the UK innovation survey 2002-2004 shows that 78 per cent of creative industry firms are active innovators - higher than in any other major industry sector. The UK is in a strong position. Although we are facing increased competition from growing overseas markets, there is a real opportunity for the creative industries to benefit from those markets and grow further still."

As Business Minister in the former Department for Innovation, Universities and Skills, Ian Pearson made the following observation in March 2008: "Our creative industries are growing at twice the rate

<sup>1</sup> *Lifting People, Lifting Places*, DCMS, May 2009

of other industries, contributing £60 billion to the UK economy and employing two million people. And these creative industries are a huge part of the UK's global reputation; a statement of cultural diversity: and a chance for many young people to achieve success."

## A New Deal of the Mind

New Deal of the Mind is a national network of entrepreneurs, opinion formers and other prominent figures from the creative industries working together to prevent a generation being lost to the recession. The organisation believes it is possible to learn from President Roosevelt's 1930s New Deal, which set up work creation programmes for artists, writers and musicians. The coalition includes prominent individuals from the country's leading arts institutions and the music and film industries who believe the creative economy can drive the recovery.

Both Government and Opposition spokesmen have shown keen interest in the project. Andy Burnham (then Culture Secretary) and James Purnell (then Work and Pensions Secretary) were enthusiastic in support of the NDotM concept from the outset and meetings took place with them in early March 2009. Similar meetings also took place with Conservative shadow culture spokesman Ed Vaizey and Liberal Democrat frontbencher Lynne Featherstone.

The organisation was formally launched at Number 11 Downing Street at the end of March 2009. The event, described by Lord Puttnam as "a remarkable moment in history", was attended by more than 60 leading figures from across the cultural industries and attracted support from all three main political parties.

NDotM is now a not-for-profit company, which works closely with the Government and partner organisations to devise plans for job creation in the creative sector. From its inception, NDotM has been interested in looking for examples of successful work creation schemes from the recent past in Britain. Several members of the coalition made use of the Enterprise Allowance Scheme in the 1980s and the issue of recreating the scheme was raised by a number of guests at the Downing Street launch. The former Work and Pensions Secretary announced: "We are introducing something very similar to the Enterprise Allowance Scheme."

## Recent initiatives

This Government has had recent experience of catering for the specific needs of young people trying to enter the creative sector, specifically with its New Deal for Musicians, which operated from 1999 and will now be absorbed into the Flexible New Deal in October 2009. At the 11 Downing Street launch, the former DWP secretary of State said of the Musicians initiative: "I think the mistake that we made was that the programme ... tried to put musicians in a very specific category. I think what we have the opportunity to do today with this idea is to reflect that change in the creative industries' position and put it right at the heart of what we are doing in response to rising unemployment."

However, there are valuable lessons to learn.

At the outset, participants received a training allowance equivalent to their usual rate of Jobseeker's Allowance (JSA) plus a top-up of £15.38 per week. The scheme was open to "anyone interested in seeking a career in the music industry and who has been claiming JSA for 6 months or more (18 to 24 year olds) or 18 months or more (25+)". In a written parliamentary answer in December 2007, Caroline Flint (then Employment Minister) spelt out that NDfM had aimed to help aspiring unemployed musicians "into a sustainable career in the music industry, either as artists under contract or unsupported self-employed artists within the music industry". However, she was unable to provide statistics on how many had benefited from the scheme because, she reported then, the "job outcomes for New Deal for Musicians are now incorporated into statistics for the mainstream programmes". Of the 13,463 musicians who had been through the scheme by 2005, the only information available in 2007 was that 3,880 people had left the programme "for sustained employment". There was no record, it seems, of those who became successfully self-employed. After 2005, no separate

information was kept.

Regrettably, there appears also to be no public information on a key aspect of the programme: the continued support given to those who went on to be self-employed. The musicians' programme promised "continued access to open learning materials and to allow test trading as part of a band". These are the kinds of initiative that could be of benefit to all young graduates seeking creative careers. NDotM's research into the aspirations of these young graduates suggests that they would welcome such back-up. Longer-term monitoring of the careers of participants should be an essential part of any future scheme.

On 6 April the Government introduced the Self-Employment Credit as part of its "Six Month Offer" to job seekers. This appears to be the initiative to which Purnell referred at the NDotM launch. The credit offers £50 a week for 16 weeks to those wishing to set themselves up in business along with a package of support from Business Link, the free advisory service for entrepreneurs. Unlike the original Enterprise Allowance Scheme (see below) those signing up for the Self-Employment Credit are not required to put any of their own money into their business account. Payment is at the same rate as Jobseeker's Allowance for under-25s but below the rate for 25s and over.

NDotM has had a series of meetings with officials from the Department of Culture, Media and Sport and the Department of Work and Pensions to discuss options for the creative sector, including options for the self-employed. Advice was subsequently prepared for ministers in advance of a meeting on 18 May 2009 with NDotM. At the meeting ministers and officials made it clear that they felt there were existing opportunities for creative people on benefits within the wider self-employed options on offer. The DCMS had argued for up to 5,000 self-employed creative workers/artists to be part of a specific scheme to be offered by Jobcentre Plus. This has not yet been taken up by the DWP.

In June 2009 a Cabinet reshuffle replaced the secretaries of state of both departments. Ben Bradshaw has been appointed to lead DCMS while Yvette Cooper is now Secretary of State for Work and Pensions. We await discussions with these two ministers to clarify the Government's position on self-employment credit, and on implementation of the joint DCMS/DWP commitment to create 5,000 jobs in the cultural industries sector as part of the £1.1 billion Future Jobs Fund.

## 4. Targeting the Self-employed

If government policies are to address the needs of the creative sector then it is essential that the needs of the self-employed are considered.

The Government's own labour market statistics show a steep rise in unemployment in the creative industries. In April 2008, there were 43,445 people in this sector claiming benefits. By April 2009, the figure had nearly doubled to 83,660. Around a third of all claimants are aged between 18-24, a figure that is likely to be higher in the creative industries.

We know that 41% of people working in the creative and cultural industries are self-employed<sup>2</sup> and 72% of people employed by the Arts Council's Regularly Funded Organisations (RFOs) are freelance<sup>3</sup>.

We also know from talking to RFOs, and Creativity Culture Education (CCE) in particular, that many of the opportunities they are most interested in offering to young people as part of job creation schemes would lead to freelance careers (many designers, directors, choreographers, musicians work freelance as do those running education workshops). Unless self-employment within the arts is encouraged, joblessness in the sector is likely to rise even further.

In 1998, a consortium of 14 higher education institutions across Britain took part in a study mapping the career paths of their graduates in arts, craft and design to gain a better understanding of their experiences in the creative industries. The resulting report, *Destinations and Reflections*<sup>4</sup> highlighted the working trends of graduates entering the creative industries. The research revealed that such graduates encounter a more complex working pattern, often holding several jobs simultaneously in different fields. Because of the multifarious nature of their "portfolio" careers, most graduates tended to look towards self-employment. As a result, a low number of graduates experienced unemployment (4.9%) and more than half were in full-time paid work (52%).

A study in March 2003 by Higher Education Academy<sup>5</sup> confirmed that creatives "rarely see self-employment as a stepping stone to being employed". This report refers back to a 1999 Demos/ICA/Smith Institute study<sup>6</sup> of young entrepreneurs in the creative industries which argued that the defining characteristic of the new cultural innovators was their sense of independence and autonomy:

"The Independents have an approach to developing a career as a portfolio of projects, contacts and skills that may become increasingly important in other sectors of the economy ... The Independents are developing a highly collaborative, creative and networked model of production, which shows how other industries could be organised in future."

"They prize their small scale as the basis for the intimate and creative character of their work. These independents are negotiating a space within the market economy where they can pursue their interests and develop their own products."

The academic research is supported by the anecdotal evidence of graduates now seeking work in the hostile economic climate of 2009. A report commissioned by NDotM<sup>7</sup> from Ingrid Wassenaar on attitudes towards employment among graduates of such degree courses as drama, fine arts, journalism and design, confirms the Demos finding. At a workshop designed to elicit attitudes to "the conventional route into employment", the facilitator found: "They feel trapped by Job Centres, which they have to attend in order to receive benefits, but which actively hinder their job search, also devalue their skills and training." Status was a major concern, too, since being a "freelancer" or "self-employed" helped them in their search for work. They believed that earning through benefits devalued any work

2 [Creative & Cultural Industries: Impact and Footprint 2008/9](#). CCSkills.

3 [Jobs in the Arts and Creative Sectors](#), ACE 2009.

4 [Lee Harvey and Alison Blackwell, Destinations and Reflections: British Art, Craft and Design Graduate Careers](#).

5 [Linda Ball, Future Directions for Employability Research in the Creative Industries](#).

6 [C. Leadbeater and K. Oakley, The Independents - Britain's New Cultural Entrepreneurs](#).

7 [Ingrid Wassenaar, Graduate attitudes to self-employment in the creative sector](#).

they carried out during internships for example. One told her: “I’d rather have £50 for working, than work for free and get £50 in benefits.”

Wassenaar concludes that among employment strategies that would work for young graduates in the cultural sector would be allowing jobseekers, where appropriate, to call themselves freelancers or self-employed without penalising them financially. Aspiring actors, for example, can only be freelance. By insisting on a one-policy-fits-all for graduates seeking work, current Government policy is putting up barriers to the success of would-be creators and innovators.

To date there have been few employment interventions appropriate to self-employment, partly because, as the Federation of Small Businesses told us, there appears to be a mindset with all governments to get people back into conventionally waged jobs. Government policy has only recently acknowledged that there may be value in targeting graduates seeking work in the cultural sector with solutions that may include self-employment. And it has yet to specifically acknowledge the special needs “creatives” face when they attempt to find work in the conventional job market. In section 6 below, we examine the specific obstacles these graduates encounter in trying to find work through the conventional job-market mechanisms.

Nonetheless, some government interventions in times of high unemployment, though not intended to address the specific problems of the cultural sector, have had benign consequences for the creative industries and for aspiring artists, designers, musicians, journalists and other cultural workers. The most significant of these has been the Enterprise Allowance Scheme.

## Enterprise Allowance Scheme

The Enterprise Allowance Scheme (EAS) was the response of Margaret Thatcher’s Conservative government to a period of prolonged and deep recession during the 1980s. It ran, nationally, from August 1983 to 1990-91 when it was gradually replaced by the Business Start Up Scheme run by the Training and Enterprise Councils (TECs). The intention was to encourage those out of work off of unemployment benefit, believed to be a disincentive to finding work, into starting their own businesses. Originally the scheme provided an allowance of £40 a week for up to a year for people who had been unemployed for, initially, 13 weeks and later 8 weeks. Claimants had to be aged 18-65 and have access to £1,000 capital.

EAS was successful in attracting applicants. By the end of November 1986, 191,145 previously unemployed people had entered the scheme and more than 71,000 were receiving the allowance. At that time, 89% of those who entered the scheme were still in business at the end of the year in which they began receiving support. By 1988/89, 65% of those who completed their first full EAS year were still in business three years later. Furthermore, for every 100 of these “survivors”, 114 additional jobs were created.<sup>8</sup>

There were failures and there is evidence that some unemployed people felt pressured into entering the scheme despite not wishing to become self-employed. In fact, only 18% of people declared that their primary motivation for entering the EAS was to be self-employed.<sup>9</sup> Many small enterprises were thus started by those without the will or entrepreneurial spirit to ensure the business would thrive.

Of the enterprises that did flourish in the long-term many were those set up by individuals who had not been in long-term unemployment. More than 50% of small businesses still in operation after three years were started by individuals who had been unemployed for less than six months. As a way of reducing long-term unemployment, therefore, the EAS record was unimpressive. But this was not the aim of the scheme.

Critics of the scheme at the time argued that the EAS was merely a means of reclassifying the

8 Department of Employment, Written Reply, House of Commons July 1988 quoted in Colin Gray Enterprise and Culture.

9 C.Gray & J. Stanworth, *Allowing for Enterprise: A qualitative assessment of the Enterprise Allowance Scheme.*

unemployed as “self-employed”; an attempt by a government under pressure to appear to be tackling recession. There were also criticisms of the nature of the scheme, including that EAS failed to provide claimants with direct support and training over a period of time (later in the scheme some limited management training sessions were provided). This is a flaw addressed by the Federation of Small Businesses’ proposed model, discussed below. Nevertheless, the EAS did succeed in promoting small enterprise start-ups. By providing participants with valuable business experience which, arguably, could not have been acquired by any other means, it improved the employability of participants, including dropouts and those whose business did not thrive, once the job market recovered. The success of the EAS thus lay in its up-skilling and invigoration of a proportion of society that could otherwise have spent several years in redundancy.

Furthermore, there is some evidence to suggest that the EAS had a highly stimulating effect on the cultural industries within Britain, by providing a financial platform for thousands of artists, performers, writers and creative entrepreneurs.

The Enterprise Allowance Scheme was not envisaged as a scheme for creative people, but as part of the Thatcher government’s ideological commitment to small businesses and entrepreneurship. It was creative applicants themselves who recognised the freedom EAS would give them to pursue careers without the stigma and time-wasting of signing on every week.

However, the architects of the scheme soon realised its potential for stimulating creative entrepreneurship. Sir David Trippier, Small Firms and Enterprise Minister from 1985 told us: “Initially, we didn’t realise that there would be positive effects beyond economic growth. But EAS firms were so diverse. There were so many different types of small businesses. There were cultural and arts-related firms springing up everywhere. I remember going to Newcastle to visit some EAS shop units, and all the units were occupied by people in the cultural and design industries.”

This view is backed up by those we talked to who used the scheme to get off the dole in the 1980s and went on to work in the arts. Shan McLennan who founded the Collective Gallery in Edinburgh with EAS money is now Creative Director, Learning and Participation at the Southbank Centre. She told us: “I wanted to be a proper member of society. It was really important for me to have a job. I can remember the day they said I could do it. I was walking on air.”

By the 1990s New Labour was keen to promote the idea that it was friendly to business and embraced the idea of entrepreneurship. However it did not feel it was necessary to develop enterprise schemes specifically for the unemployed. Instead, since coming to power, Labour governments have concentrated on various “welfare-to-work” schemes under their “New Deal” banner for hard-to-reach groups, such as the long-term youth unemployed.

One attempt by the Blair government to introduce a programme specifically aimed at young creative people, the New Deal for Musicians, was discontinued in January 2008. The scheme, discussed above, had been introduced after heavy lobbying from the music industry but the Government argued it was unfair to have the scheme only for musicians. Nonetheless it provides useful lessons in providing self-employment opportunities for young creative people.

## Restart Scheme

The second major response to unemployment during the 1980s recession was the Restart scheme which was conceived as a tool specifically to combat long-term unemployment. One study, by H. Lehmann, comparing the effectiveness of the two programmes notes that there was a difference of intention between Restart and EAS.<sup>10</sup> Restart was conceived as a tool to combat long-term unemployment (ie exceeding a continuous spell of over 12 months) while the Enterprise Allowance Scheme, because it was intended to further the creation of small businesses, targeted those who had been unemployed for as little as eight weeks.

<sup>10</sup> H. Lehmann, *The effectiveness of the Restart programme and the Enterprise Allowance Scheme.*

The study notes that the period between 1984 and 1990 was an expansionary phase in the business cycle and consequently that there would have been a drop in long-term unemployment during this time. But the really significant difference between Restart and EAS was that Restart aimed to get the unemployed into existing jobs (in the belief that many claimants were “pulling a fast one”). It did not aim to increase opportunities. The EAS on the other hand sought to promote enterprise and create jobs. While acknowledging that his results should be treated with caution, the author concluded that “due to the EAS, net inflows into long-term unemployment [were] lowered and that approximately 8 per cent of the fall in long-term unemployment can be explained by [EAS]”.

Other studies have been more critical. Colin Gray in *Enterprise and Culture*, 1998, repeats a criticism of EAS that the allowance enabled recipients to compete on price against existing small businesses. He also argues that EAS’s role in reducing unemployment was unimpressive, pointing to the all-party House of Commons Public Accounts committee (1989) which expressed concern that half the businesses started under the EAS had failed within three years.

Gray’s arguments, if not the statistics themselves, can be challenged. The impact or otherwise of EAS on employment figures is, as argued by Lehmann, virtually impossible to determine because of the rapidly changing economic climate. What is known is that over a three-year period, half the businesses had succeeded. Of the survivors, for every 100, an additional 114 jobs had been created. Unfortunately there are no statistics available on the number of “cultural” EAS applicants nor their success or failure.

### Unintended benefits

Another way of considering the impact of EAS on the cultural industries, however, is to observe the state of employment in the sector before and following the introduction of the scheme. In a report comparing the cultural industries in France and England over a ten-year period from 1981-92, French economist Françoise Benhamou, notes that the increase in cultural employment (in audiovisual and performing arts particularly) in Britain was attributable to the impact of EAS in generating creative industry start-ups.

### Witness 1 Sir David Trippier

**Former Conservative MP for Rossendale and Darwen. As junior minister in the Department of Trade, Industry and Employment in the Thatcher government, he was responsible for running the Enterprise Allowance Scheme.**

“I became Minister for Small Firms and Enterprise in 1985 having served as a junior minister in the Department of Trade and Industry. I was delighted to take up the post. As MP for Rossendale and Darwin, an area that had been affected greatly by the decline of the textile industry, I was acutely aware of the effects of rising unemployment levels.

In this role, I was responsible for the Enterprise Allowance Scheme and answerable to Parliament for it. The EAS, of course, was very much part of the prevailing economic thinking at that time, and the Prime Minister was very supportive of our efforts. It was my wish to bring about dramatic change in the

employment landscape to encourage people to become employers of other people rather than expect others to employ them.

It was clear to me at that time that large companies, the ICIs of this world, were not going to increase their labour force. I could only see economic growth coming from small and medium sized companies. I wanted us to be an entrepreneurial society, a risk taking society. But it was not in our nature, as Britons, to take risk. It never has been. I looked to the United States, a nation of pioneers and risk takers, for ideas that we could replicate here. I wanted the country to be a country of enterprise. The EAS was central to this.

The EAS did have what I perceived to be certain flaws when I joined. I was unhappy that individuals could claim the benefit without any formal training or experience at all. I quickly recommended that some appropriate formal training, in management and marketing skills for example, be made compulsory for applicants before they received their first cheque.

Without the proper training, individuals were not adequately equipped to run their own firm. It is true that many individuals did come from, for example, heavy industries and thus had very little experience of entrepreneurship. Therefore, it is fair to say that certain people were encouraged, by employment officials, to enter self-employment who were never going to be up to it.

It's true that we were bedevilled by the constraints of bureaucracy, from the government and increasingly from Brussels. Nevertheless, the EAS was intentionally open and permissive. We could have imposed checks and whatnot every two months, but we would have just ended up strangling the entrepreneurship we sought to promote.

It was remarkable how many people were attracted to the EAS. The EAS budget had to be increased more than once to accommodate such large numbers. I recall that the failure rate of EAS businesses was actually lower than that of firms set up under the Small Firms Loan Guarantee Scheme.

However, initially, we didn't realise that there would be positive effects beyond economic growth. But EAS firms were so diverse. There were so many different types of small businesses. There were cultural and arts related firms springing up everywhere. I remember going to Newcastle to visit some EAS shop units, and all the units were occupied by people in the cultural and design industries. I recall thinking "This is really, really good".

So, in essence, with the EAS, we weren't just encouraging self-employment for self-employment's sake. It brought about a diversity of culture. It also encouraged a lot of women to start their own businesses and I worked closely with Baroness Platt, the Chair of the Equal Opportunities Commission, to ensure that more and more women became self-employed. In fact, I recall that, statistically, EAS firms run by women were more successful than those run by men because women prove to be more prudent with their finances.

If the EAS were to be reintroduced, it would obviously require a lot more money. Payments were, I recall, £40 per week. The only further change I would make to the EAS structure is that I believe it must be extended to two years. When starting a small business, most of the costs incurred are "front end", and if the umbilical cord is cut after only twelve months, it can be very tough for people, especially in times of recession.

It is true that not all EAS firms remained in business for long. Many firms did in fact fail not long after they ceased being subsidised. But I was adamant that the failure of your business should not be a stigma that you have to carry around with you for the rest of your life. From my experience, these EAS companies contributed to both the economy and the wider economy, and increased the quality of life for wider society."

## **Witness 2 Shan McLennan**

**Creative Director, Learning and Participation, at the Southbank Centre in London who started the Collective Gallery in Edinburgh on the Enterprise Allowance Scheme.**

"I finished my second, masters, degree in English Literature in 1985. I had already made one false start in my career when I had wanted to become an actor and I didn't want to make the same mistake again. I didn't know who I was. I just knew I wanted to be in the arts or near the arts.

After I finished my second degree in Edinburgh I did a lot of hanging around, but met a collective of visual artists. They had a squat on the High Street which they wanted to turn into a gallery. They had about 100 artists signed up to it but they needed people to run it.

So I agreed with another person [Kerry Kirkwood - now an award winning Scottish artist] to go on to the Enterprise Allowance Scheme. I called myself a “gallery administrator” and we set up the Collective Gallery [now a successful Edinburgh institution [www.collectivegallery.net](http://www.collectivegallery.net)].

We did it from scratch and we had to do everything from painting the walls to looking after the money.

In the beginning it was just a relief to be paid. But it was very significant for me because I didn't know who I was or what I was doing. But suddenly I was in contact with people I liked who had a bit of fire about what they were doing.

When the EAS money came to an end after a year, the gallery was up and running. I now had a CV and went straight into another job at the Wrexham Library Arts Centre. By the age of 26 I was acting Arts Officer for Clwyd.

It was really, really important for me to be off the dole. I had had a tough time and was from a background where you did not go on the dole. It was really significant. I wanted to be a proper member of society. It was important for me to have a job. I can remember the day they said I could do it. I was walking on air.”

### Witness 3 Louise Wilson

**British artist, one half of “The Wilson Sisters” who have exhibited and worked together throughout their career. Their work includes large multiscreen video installations and photo-pieces. They were nominated for The Turner Prize in 1999.**

“My sister and I joined the Enterprise Allowance Scheme in the early 90s after leaving Goldsmiths. We wanted to be self-employed.

It was perfect. It was really good. EAS resolved all the questions of how you go about setting up on your own and getting off the dole. At that point, we weren't established as artists and it really gave you a kick-start to set you up as a professional artist.

At that time, even by the early 90s, there was still a conflict between the world of art and the world of business. There was still this overly romanticised approach...how could business and art get along? How could you be business minded and still express yourself artistically?

For us, the EAS galvanised a generation of young artists. It really supported creative endeavours and creative enterprises. It took away the stigma of signing on and that image of the “starving artist”. Things are different now. There has been a seismic shift from the situation we had in the late 80s. Nowadays, the art markets, the gallery system, the rising number of collectors...it really has been a boom period in arts since the mid-90s.

But with that comes other challenges. From my point of view, I've never really seen a trickle-down effect for all the young up-and-coming artists. So all this crazy, runaway success the arts have seen in recent years has been very inspiring to young artists, but also very misleading.

The young graduates I have been working with recently are still optimistic...maybe because they are still young. But it is hard at the moment. Few of them have any work lined up and many of the overseas students are considering returning home.

The EAS was treated a little suspiciously at the time, but on reflection it really, really helped a lot of people.”

## 5. Current Options

Under the present system, anyone applying for Jobseeker's Allowance (JSA) is obliged to take part in a job-seeking scheme under a jobseeker's agreement drawn up with a "personal adviser". The agreement details the steps a jobseeker should take to find work and forms the basis of interviews with the personal adviser; it is reviewed after 13 weeks. A new agreement may then be drawn up with new conditions. After 26 weeks unemployment, a jobseeker is asked to attend a Restart interview. Attendance at all these stages is compulsory and failure to attend may affect benefit. Those aged 18-24 who have claimed JSA for six months then have to participate in the New Deal. This is intended to offer a period of intensive help and support in finding work, which will usually include a two-week course called "Gateway to Work". Those who do not find jobs are referred to one of four options, one of which is self-employment.

The Flexible New Deal announced in January 2008 will replace this system across the country by October 2009. This system kicks in for all age groups after a year of unemployment. It will be run by private employment agencies in collaboration with Job Centres. This scheme is already operating in pilot schemes in parts of the country. There is no specific self-employment path under the Flexible New Deal.

It is easy to see how such a bureaucratic system may fail to work for creative young people who are trying to build up commissions or contacts and cooperation with sympathetic cultural industry companies. For example, before the 26-week qualifying period for the New Deal, a young designer offered an underpaid week's work on a one-off project would be wise to accept it just for the opportunity of contact and experience. But that would be breaking a JS agreement and could deprive them of the chance to try the self-employment option later.

In April 2009, the Government introduced the "Six Month Offer" to those who have been unemployed for six months. Employers will be offered a recruitment subsidy of £1,000 to take on this group of long term unemployed people, but they could also be offered work-focused training, volunteer opportunities or self-employment.

If a jobseeker chooses the self-employment option they will be entitled to £50 a week for 16 weeks. While this is certainly better than nothing, it falls short, in real terms, of the old Enterprise Allowance Scheme and those schemes currently operating in other countries.

### Self-Employment Credit

Claimants who decide on self-employment cease to receive Jobseeker's Allowance and can instead claim the £50 Self-Employment Credit. The purpose of the payment (for 16 weeks only) is to encourage people to make the transition into self-employment and to underpin the individual's finances as he or she builds up a client base.

During this time, Jobcentre Plus will perform regular checks. After six weeks, and again after 12 weeks, they will require proof that the claimant is trading as a self-employed person. Claimants are still very much attached to regular attendance at the Jobcentre (which pays the money) and must keep their "Personal Advisers" satisfied that they are working and that the work will last for at least five weeks.

This latter qualification could prove an insurmountable obstacle to a creative graduate "start-up".

On the plus side the 16 weeks of payment are disregarded for the purposes of Housing Benefit and Council Tax Benefit (likely to be of benefit to older claimants however). It is also disregarded for the purposes of income tax, Class 1 and Class 4 National Insurance Contributions (NICs) and Tax Credits.

## Graduate aspirations

The obstacles facing graduates hoping to work in the cultural sector are not solely financial. The scarcity of full-time waged work of a kind that suits their skills and interests often makes self-employment the only option. An important finding in Ingrid Wassenaar's report "Graduate Attitudes to Self-employment in the Creative Sector"<sup>11</sup>, commissioned by NDotM, is that graduates wanting to work creatively find that traditional routes to employment do not address their needs or aspirations. While "conventional routes" to employment such as commercial job agencies and Job Centres talk of opportunities for graduates, in practice few are equipped to deal with those looking for creative work.

The consensus among the graduates participating in Wassenaar's research was that such agencies failed to engage with them or the world they want to be in. The participants felt that the prescribed method of searching for work was distinctly mismatched to their needs. In particular, Job Centres were highly systematic in the way they dealt with young people looking for work, offering conventional career options which required skills or attitudes that the creative aspirants just didn't have. Their actual skills, they felt, were ignored.

"Staff in Job Centres have no understanding of my field. They are processors not decision-makers. They are box tickers. You end up inventing stuff just to satisfy their boxes. You tell them about the jobs you have gone for, or what you want and they just don't look into it."

Interestingly, the same point was made by Sir David Trippier, in his interview with NDotM (see section 5). Sir David recalled that trying to overcome the bureaucratic procedures associated with making payments to the unemployed was a major consideration when the Enterprise Allowance Scheme was set up in the 1980s:

"[W]e were bedevilled by the constraints of bureaucracy from the government... The EAS was intentionally open and permissive. We could have imposed checks every two months, but we would have ended up strangling the entrepreneurship we sought to promote."

Issues of bureaucracy trouble creative graduates when they approach private sector agencies as well. Using such agencies or the internet to find work, or sending CVs to agencies or via websites devalues human interaction, they told Wassenaar. This group of people are more than usually hostile to bureaucracy. Her interviewees saw it as a huge hindrance to many graduates in their search for work.

"It's all about human contact for me. It's about relationships. The internet is anonymous. If you put up a new headshot in one of your chats, that can cause new interpretation or impression of what you're saying - there is so much room for error. When you're face to face with someone, intentions are clearer and they will remember you. The internet is impersonal."

## Mentors and personal help

The graduates believed personal relationships were the best way to engage graduates in the labour market while they searched for the right work for them. They value opportunities to speak to people in their chosen field. A mentor, for example, could introduce a graduate to the realities of a specific field of work:

"A mentor is someone with more senior experience than you, but who knows you well. They're senior to you, but still on a par with you in some way."

Finding a mentor is hard, however. None of the participants had used their HEI's careers service to find a mentor. Promotion of mentoring and back-up services from Job Centres could bring rewards far beyond their costs. Participants in Wassenaar's workshop thought drop-in centres, with opportunities to network or find mentoring and advice on job-hunting were highly beneficial: "You lose your skills really rapidly if you just sit at home. I go to a drop-in centre called The Actor's Centre. It's productive,

11 Ingrid Wassenaar, *Graduate attitudes to self-employment in the creative sector*.

you keep your skills going, you never know who you might meet. It's subsidised but it's still expensive." It is clear that a gap has developed between the traditional ways in which graduates can obtain work and those seeking to work within the creative sector.

If the skills of tomorrow's innovators are to be harnessed then their needs cannot be ignored. As Leadbeater and Oakley observe of young entrepreneurs in their 1999 pamphlet on cultural entrepreneurship<sup>12</sup>, their most important characteristic is their sense of independence and autonomy:

"The Independents have an approach to developing a career as a portfolio of projects, contacts and skills that may become increasingly important in other sectors of the economy...The Independents are developing a highly collaborative, creative and networked model of production, which shows how other industries could be organised in future."

For this group, self-employment is not a stepping stone to being employed. It is the very nature of their work.

"They prize the small scale as the basis for the intimate and creative character of their work."

Ten years on, there is still a problem of public perceptions about self-employment which bedevils the arts. Aileen McEvoy, ACE regional executive director NorthWest, who also advocates mentoring, explains it thus:

"The public need to be made more aware that self-employment is a very viable career path. Self-employment is very much part of the enterprise agenda. But there still is a feeling that a self-employed, creative occupation is not a 'real job'; that 'you mustn't let your daughter go on the stage'."

"Many young people, and their parents, don't realise that nowadays there are so many different, associated jobs within and around traditional creative jobs. This is especially true of school leavers. In a sense, school teachers really are the gatekeepers to a child's career. But many teachers are, in a sense, very traditional and too often teach that creative self-employment is not a good option."

"Beyond this, universities need to take a stronger role, but they need support to do that. Perhaps universities could run "spin-out businesses" in their locality that students and graduates could participate in. Graduates need that kind of stepping stone. They need mentoring."

Another focus for mentoring and advice could be the Sector Skills Councils (SSCs), employer-driven organisations licensed by the Government that together "articulate the voice of employers of around 90% of the UK's workforce on skills issues".

Creative and Cultural Skills (CCSkills) is the Skills Council for Advertising, Crafts, Cultural Heritage, Design, Literature, Music, Performing and Visual Arts. It works to "bridge the gap between industry, education and the Government, to give employers a real influence over education and skills in the UK". Other SSCs of relevance to young creative graduates are Skillset, which covers the "creative media" (television, film, radio, interactive media, animation, computer games, facilities, photo imaging and publishing) and Skillfast UK which represents fashion and textiles. The work of the SSCs is not directed towards the self-employed, but the research of these organisations reveals that the creative and cultural industries are largely comprised of "small businesses, self-employed individuals and freelancers".

CCSkills, Skillset and Skillfast-UK have together launched the Creative Choices website ([www.creative-choices.co.uk](http://www.creative-choices.co.uk)), which provides advice for people wishing to set themselves up as creative entrepreneurs.

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12 C. Leadbeater and K. Oakley, *The Independents - Britain's New Cultural Entrepreneurs*.

## Where young arts entrepreneurs can go for advice

### Artquest

The informative Artquest website contains advice and practical support including business and support services; advice on benefits, housing, employment and childcare and step-by-step advice on becoming self-employed.

[www.artquest.org.uk/money/seven-steps-self-employment.htm](http://www.artquest.org.uk/money/seven-steps-self-employment.htm)

### Creative Choices

Website set up by CCSkills, Skillset and Skillfast UK to help people wanted to take up or develop careers in the creative industries

<http://www.creative-choices.co.uk/>

### Enterprise Centre for the Creative Arts (ECCA)

The Enterprise Centre for the Creative Arts offers free creative business services and facilities including: seminars, workshops, training and events, business and tax advice. A diary of creative industry events is also available to students and graduates of the University of the Arts London who have either set up their own business in the last three years or are thinking about starting one. Certain facilities are available to the general public.

<http://www.ecca-london.org/>

### Shell Live Wire

Online community for young entrepreneurs.

[www.shell-livewire.org/](http://www.shell-livewire.org/)

### Prospects

The UK's official graduate careers website has a special section for the arts.

[http://www.prospects.ac.uk/cms/ShowPage/Home\\_page/Self\\_employment/plEfcmg](http://www.prospects.ac.uk/cms/ShowPage/Home_page/Self_employment/plEfcmg)

### Prince's Trust

The Prince's Trust Business Start-up programme offers business mentoring for up to three years and low-interest loans to 18-30 year olds whose ideas have been rejected by banks.

<http://www.princes-trust.org.uk/>

### Make Your Mark

Make Your Mark campaigns to encourage young people to become entrepreneurs, to have ideas and make them happen.

[www.makeyourmark.org.uk/home](http://www.makeyourmark.org.uk/home)

## 6. Ways Forward

This report was commissioned in response to the Government's plans to establish a Future Jobs Fund in response to the recession. The DWP has now made it clear that there will be no self-employed opportunities under that scheme. Considering the number of freelance jobs in this sector we believe this to be a major oversight. There has been some discussion of whether larger organisations or consortia could pledge a number of jobs in principle and then distribute them on a freelance basis. But this issue has not been resolved.

In the short-term it is unlikely that the present Government will reconsider its plans for its Self-Employment Credit for the unemployed since it was introduced only in April 2009. The first priority should be to give wider publicity to this scheme as an option for creative people on Jobseeker's Allowance. The evidence from recent graduates we spoke to is that Jobcentres are not geared to the needs of the cultural sector. Considerable work needs to be done on providing Jobcentre staff with information and training.

There are shortcomings to the scheme which limit its usefulness. The first is that information about how the Self-Employment Credit works is hard to come by. It does not have the resonance or national profile the Enterprise Allowance Scheme enjoyed in the 1980s. The second is that there is no obvious incentive for coming off Jobseeker's Allowance since the credit is paid at the same rate as Jobseeker's Allowance. A third is that it appears more designed as a means for reducing jobless numbers than as a boost to entrepreneurship.

The Federation of Small Businesses (FSB) is committed to lobbying the Government to introduce "a more accessible scheme to assist self-employment". It proposes a reintroduction of the Enterprise Allowance Scheme as a means of ensuring that self-employment is "a real option for the unemployed, and that businesses created in the next twelve months flourish and grow". Although the Government's New Deal currently helps approximately 3,000 people per year become self-employed, Andrew Cave, Head of Policy at the FSB, feels that the Government must do more to incentivise those considering self-employment, especially the unemployed. FSB cites enterprise schemes currently operating in New Zealand and Ireland which are similar to the UK's Enterprise Allowance Scheme of the 1980s as examples of how governments can encourage and support self-employed start-ups.

In Ireland, the Back to Work Enterprise Allowance Scheme has recently been reformed to tackle rising unemployment. The qualifying period has been reduced (to qualify, individuals need now to have been unemployed for 12 months rather than 24) and participants can claim benefit support for two full years. Running in parallel to this, a new "Short-term Enterprise Allowance", unveiled in May 2009, offers 12 months of financial support for business start-ups which can be granted with no qualifying period of unemployment.

The New Zealand model offers monthly subsidies of up to NZ\$380 and a capital grant for investment in, for example, equipment and tools. The FSB believes that both the Irish and New Zealand models offer interesting case studies for British policy makers. (NZ\$1 = £0.38 10 June 2009).

FSB's Andrew Cave argues that we must "use the recession wisely" and use the "opportunity to ask what we'd like the economy to look like in five years time". He believes that the image of entrepreneurialism is low in the UK and that this discourages self-employment. Business failure is seen as a negative outcome whereas in the United States it is seen as a badge of honour, even a rite of passage that makes an entrepreneur likely to be more successful in future. FSB oppose the "Old Labour" ethos that dictates that unemployed people should be "thrown back into industry quickly at all costs". Jobcentres, Cave argues, are too pre-occupied with reaching narrowly-defined targets and are largely ill-prepared to deal "effectively with unemployed people in this recession...particularly those within the creative industries" who do not fall into easily-defined categories.

The FSB launched its Five Point Plan for job retention and creation in January 2009<sup>13</sup>. It calls on the

13 Federation of Small Businesses, Five Point Plan.

Government to introduce a new Enterprise Allowance Scheme in Britain. FSB calls for 48 weeks of benefit payments (£200 per week for 24 weeks, followed by £100 per week for a further 24 weeks), alongside investment grants and a £1,500 training grant. The FSB cites research showing that new small firms grow at a faster rate than larger companies and create more employment opportunities even when corrected for their higher probabilities of exit<sup>14</sup>. FSB also seeks improvements on the original EAS scheme, calling for ongoing training and mentoring to be readily available to claimants. The early years of the original EAS scheme saw high levels of business failure primarily because of the lack of this resource, Cave argues.

In the short to medium term, arts employers should join forces with the FSB to lobby for a more imaginative version of the Enterprise Allowance Scheme with opposition parties as well as with members of the Government. It would be quite possible to construct a scheme based on the Self-Employment Credit which would capture the imagination of arts graduates and creative school leavers. The Self-Employment Credit is unlikely to do so.

The Arts Council (England) should also examine a series of schemes in Wales, which have emerged since devolution. Wales has become a vibrant hub of creativity in the past decade and has pioneered initiatives for entrepreneurs in the creative sector. Many schemes operate in Wales to support those seeking to start a small business and all are open to applicants wishing to become self-employed in the creative sector. Three schemes are detailed below as interesting case studies.

The Knowledge Exploitation Fund promotes enterprise in HE and FE institutions, supports knowledge transfer from university to industry and awards scholarships (200 annually) to graduates who want to start in business. Scholarships are awarded after rigorous assessment of business plans and are worth up to £5,000 over nine months.

The Wales Spinout programme helps new businesses “spinout” from HEIs in Wales, providing professional counselling and mentoring, rent-free space within the HEI, specialist consultancy, market research and loans up to £25,000, effectively interest free.

Graduating 2 Enterprise assists students and graduates to start-up in business by offering mentoring and consultancy support. It operates in 35 colleges and universities across Wales. In 2006/07 almost 1,400 students were assisted, leading to 320 business starts.

There is also much to learn from attempts by existing HEIs in England to encourage entrepreneurship. The University of the Arts London is a pioneer in this field. Dani Salvadori, Director of Enterprise and Innovation at Central St Martins College of Art and Design said: “Bring back the Enterprise Allowance Scheme! One year ago, recent creative graduates were busy doing bar jobs while they either searched for jobs or started out as self-employed. Now that those bar jobs are not available, these graduates are signing on. But the Jobcentres have not caught on to this shift. Many creative graduates are having to act illegally by continuing to work secretly while claiming dole. The EAS would release them from this ‘illegality’ and, with proper training and mentoring (which is just as important as the financial assistance), really let them set up on their own. I wasn’t on the EAS. But my sister was, and it really helped her set up her photography business.”

### **Innovation Central: A Case Study**

Central St. Martins has been working with the London Borough of Camden for the past four years to promote innovative businesses within the borough. In particular, the “Innovation Central Bursary” scheme offers 12 bursaries every year of up to £3,500 to business start-ups. The scheme has shown that a small amount of money can go a long way to help creative graduates set up business, if bursaries are matched with proper support in forming a business plan. Innovation Central was a London Development Agency initiative funded through Camden Council and managed by Central Saint Martins. For the past four years, the scheme has offered 12 bursaries of

14 Roy Thurik, Does Self-Employment Reduce Unemployment? taken from FSB EAS proposal.

£3500 each year. A large proportion of these start-up businesses were in the creative industries. The scheme came to an end in March 2009. However, in the four years of its existence, the scheme helped establish a minimum of 56 businesses (of which 82% are still trading) and created 116 jobs. The estimated collective turnover of these businesses in that period is £4,475,000.

The recent Innovation Central Evaluation Report, carried out by JSA-Solutions, found that the £3,500 Innovation Central bursary has, on average, helped establish firms that go on to create 2.2 jobs each and achieve a turnover of £57,600 in their first two years of trading.

## Conclusion

The recommendations set out at the start of this report contain a number of suggestions for raising the profile of self-employment options for the unemployed. NDotM believes the Arts Council can advance this process by using our report to encourage debate on the issue among all interested parties.

There is still time to rethink the Future Jobs Fund, which was initially formulated with little consultation within the sector. In particular, we believe that much of the information contained in this study provides ammunition for a reform of the scheme in a way which would allow the cultural sector to deliver the maximum number of jobs. The creative industries are vital to the regeneration of the UK economy. In addition, they have the ability to help prevent a generation of creativity being lost to the recession. But the sector cannot do this with one arm tied behind its back.

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## 8. People Consulted in Preparation of This Report

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**Nick Starr** - Executive Director, National Theatre

**Ben Stayte** - Department of Work and Pensions official (Employment Group)

**Nicola Thorold** - Arts Consultant, Arts Council England/National Theatre

**Adam Thorpe** - Reader in Socially Responsive Design, University of the Arts and Co-founder/ Director, Vexed Design Ltd

**Sir David Trippier** - Former junior minister in the Department of Trade, Industry and Employment. Responsible for original Enterprise Allowance Scheme

**Ed Vaizey MP** - Shadow Minister for Culture

**Louise Wilson** - Artist, Alumna of Enterprise Allowance Scheme

**Ben Wolff** - Director, Music Technology Ltd. Alumnus of Enterprise Allowance Scheme

## 9. Glossary

**ACE** - Arts Council (England)

**CCE** - Creativity Culture Education

**CCSkills** - Creative and Cultural Skills

**ECCA** - Enterprise Centre for the Creative Arts

**DCMS** - Department for Culture, Media and Sport

**DIUS** - Department for Innovation, Universities and Skills

**DWP** - Department for Work and Pensions

**EAS** - Enterprise Allowance Scheme

**FEI** - Further Education Institution

**FSB** - Federation of Small Businesses

**HEI** - Higher Education Institution

**ICA** - Institute of Contemporary Arts

**JSA** - Jobseeker's Allowance

**JSA-Solutions** - London-based consultancy group

**NDfM** - New Deal for Musicians

**NDotM** - New Deal of the Mind

**NICs** - National Insurance Contributions

**RFO** - Regularly Funded Organisations

**TEC** - Training and Enterprise Council