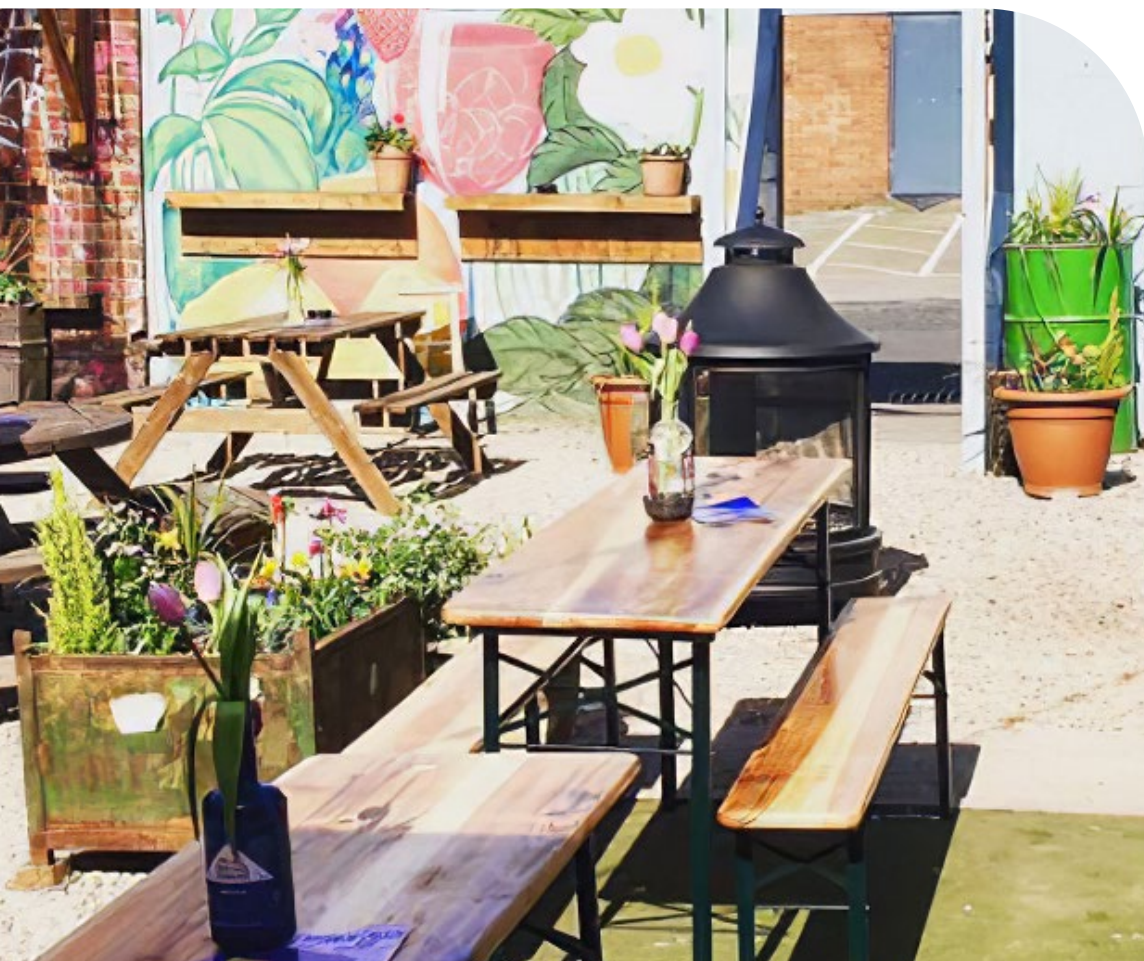


# Creative Hubs Development in Kazakhstan

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# A Policy Maker's Guide

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It draws upon a review of existing evidence, new quantitative and qualitative research as well as consultation with Kazakhstan's creative sector, creative businesses, entrepreneurs and civil servants. It has been developed in partnership between researchers from the United Kingdom (UK) and Kazakhstan, drawing on UK best practice to help inform policy development in the Kazakhstan context.

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# Table of Contents

<b>Acknowledgments</b> .....	<b>2</b>
<b>Executive Summary</b> .....	<b>6</b>
<b>Introduction</b> .....	<b>8</b>
<b>Why Develop Creative Hubs?</b> .....	<b>9</b>
What is a Creative Hub? .....	10
What do Creative Hubs do?.....	10
How do Hubs Support Creative Economy Development?.....	16
Characteristics of the Creative Industries Supported by Hub Development.....	17
<b>Kazakhstan’s Creative Industries</b> .....	<b>20</b>
Kazakhstan’s Creative Sector.....	21
Hub Development in The Kazakhstan Context: Opportunities and Inspiration .....	24
<b>Hub Case Studies</b> .....	<b>31</b>
UK Insight: Peckham Levels.....	32
UK Insight: Baltic Creative.....	39
UK Insight: Creative Kernow/Krowji.....	46
UK Insight: British Library Business & IP Centre Network .....	50
Kazakhstan Insight: Home on 36 Baribayev street. (Dom 36) .....	54
Kazakhstan Insight: Impact Hub Almaty .....	57
Kazakhstan Insight: Cultural space “Transforma” .....	60
<b>Conclusions and Recommendations</b> .....	<b>62</b>
Agree Clear Shared Values and Objectives for your Hub .....	63
<b>Credits</b> .....	<b>70</b>



## Executive Summary

The British Council defines a creative hub as:

“ A place, either physical or virtual, which brings creative people together. It is a conveyor, providing space and support for networking, business development and community engagement within the creative, cultural and tech sectors.

As this report examines, creative hubs can deliver a range of functions, but they generally fit within the following broad categories:

1. Space
2. People
3. Practical Support
4. Place
5. Partnerships

Hubs have been adopted as catalysts for creative economy development in countries around the world as they can help to overcome some of the structural challenges the creative industries face as an industrial sector, responding to its particular characteristics:

1. Heterogeneous
2. Atomised
3. IP-based
4. Cluster-based

The case studies we have highlighted demonstrate that creative hubs can thrive across different locations and in a range of settings, from an abandoned multi storey car park in the suburbs of a major city to a converted schoolhouse in a rural community.

Nevertheless we have identified some common, guiding principles that policy makers should consider when working to develop creative hubs. They are:

- Agree clear shared values and objectives for your hub
- Put people at the heart of your planning
- Let the Creative Sector lead the hub development – with the right support
- Build trust and enable flexibility by putting the right governance structures in place
- Give hubs the financial security to develop over the long term
- Measure their success against a realistic range of factors and indicators.



# Introduction

The creative industries are a growth sector across the global economy. According to UNESCO:

**“ The value of the global market for creative goods more than doubled from US\$208 billion in 2002 to US\$509 billion in 2015. It is one of the fastest growing sectors of the world economy, generating nearly 30 million jobs worldwide and employing more people aged 15-29 than any other sector.**

The COVID-19 pandemic has had an adverse impact on large parts of the creative industries and particularly those which are reliant on live events or footfall such as music or the performing arts. However, as economies now begin to recover and look towards resilience and growth, the rise of the creative economy is predicted to continue at speed.

The Kazakhstan Government has made clear its intention to be part of that global growth, prioritising the sector as a key driver of its future economy within the National Concept for Creative Industries Development. Research suggests that ambition is built on strong foundations. In 2018, there were 18,000 creative industry businesses registered in Kazakhstan and therefore, in terms of business numbers, the creative economy is larger than the real estate and business services sectors in the major cities. The creative industry businesses are currently concentrated in Almaty and Nur Sultan — together accounting for 63% of all creative businesses — but there is scope for growth in wider regions across Kazakhstan.

The challenge for policy makers now is how best to support the growth of this emerging, innovative and atypical industrial sector with many unique characteristics? As this report seeks to demonstrate, the establishment of creative hubs could be a very powerful tool in supporting the recovery and accelerating the future growth of Kazakhstan's burgeoning creative industries.





## Section 1

# Why Develop Creative Hubs?

In this section we explore what creative hubs are, what functions they fulfil and why they are such a useful tool in developing the creative economy.

## What is a Creative Hub?

The British Council define a creative hub as:

“**A place, either physical or virtual, which brings creative people together. It is a convenor, providing space and support for networking, business development and community engagement within the creative, cultural and tech sectors.**

Creative hubs can be a powerful tool in creative economy development. They can support creative businesses and creative clusters, by helping to address many of the atypical characteristics of the creative industries which can make them hard to reach through traditional industrial policies.

## What do Creative Hubs do?

Hubs provide a variety of functions that support their local creative businesses. They can be summarised into five core functions:

1. Space
2. People
3. Practical Support
4. Place
5. Partnerships

### Space

Many hubs started, decades ago, in response to a need for creative workspaces. As the academic expert in creative economy development, Professor Andy Pratt, explains:

“**Managed workspaces emerged as a response to the closing of industrial plants and structural changes in the economy...the opportunity was to re-use derelict industrial spaces for artists...who sought larger ‘open studio’ spaces for abstract and expansive**

**pieces of work, which might also work as a temporary gallery space...A model [was pioneered] that kept rents low by using short-life buildings, or by purchasing the building. It is in this way that property ownership became a means to securing the ends (of the sustainability of artists in the city).**

Hence, access to a physical workspace has been a key element in hub development.

Creative activity — often through the repurposing of industrial space — has also shown itself as a powerful driver for regeneration. As Professor Pratt goes on to explain:

“**Put simply, art and culture make a run-down area more attractive for residential or new commercial incomers and ‘development-ready.**

Access to workspace at a protected, affordable rent then becomes more important in order to prevent creative workers becoming a victim of their own success. As the presence of artists and creative workers makes an area more desirable or helps to ‘gentrify’ it, it therefore becomes more valuable to commercial developers and rent increases. As the UK case studies will illustrate, creative hubs can help to regenerate an area — but as a positive bi-product or ‘spillover’ benefit — not as the primary driver.

**So physical workspace — studio space, co-working space — that is accessible through affordable rents is a key element of hub development.** The physical building can also be used as a way to connect with the local community, by providing space for community events and providing facilities that have a community benefit — from exhibition and performance space to leisure and recreation facilities, such as bars or cafes.

The physical space alone can make a stimulating place to work and visit, as many commercial co-working spaces in international urban centres demonstrate. **But a co-working space is not a creative hub; it is the support and services offered within that physical space that make a creative hub and that in turn, supports cluster growth and creative economy development.**

## People

Creative hubs can help to overcome the ‘atomised’ nature of the sector. They bring the fragmented freelancers and microbusinesses together to make connections and build a creative community. In research carried out by the European Creative Business Network, 84% of hub leaders across Europe said they helped independent workers to be more connected, productive and happy.

Bringing people together in a physical space, either through workspace or events, is a powerful tool to support networking, allow the exchange of knowledge and ideas and encourage peer support and informal mentoring. Housing a range of businesses together can also enable supply chain development. But, more importantly, **successful hubs also work as intermediaries or networks who join the dots and pull the sector together. They provide the glue for creative economic development.**

The role and value of networks, or intermediaries, has been summarised by researchers at Cardiff University:

“ **The economic precarity and dispersed nature of the creative workforce can be ‘countered by relationships of trust, a form of social solidarity’ managed by networks of social relations. Networks support knowledge, creative energy and industry development, but also function as a method for finding new projects and work, managing unease related to job insecurity and enabling new cooperative endeavours.**

The value of this role and the resilience it creates in an otherwise precarious sector, has been highlighted through the COVID-19 pandemic and its very significant impact on the creative sector. As the UK’s Centre for Cultural Value explained in their recent report:

“ **Many organisations relied on new or existing networks to find solidarity and support, whether to co-discover new ways of working and even new business models or to collectively lobby funders and policy makers for additional interventions and support. This highlights the potential power**



**and efficacy of collaborative working and leadership; but there is a real risk that this effective mode of working, which briefly united what is traditionally a fragmented sector, might disappear post-pandemic without targeted support.**

## Practical Support

Creative hubs can also be a source of advice and support that is specifically targeted to creative businesses. Their intangible, intellectual property (IP) asset-base and their often project-based business models can make generic business support feel mismatched to the needs of creative businesses. In addition, because creative people are often passionate about what they do — for example a designer or film-maker — they are often driven to work ‘in’ and not ‘on’ the business. This passion coupled with the very limited capacity of a microbusiness, often means they lack the basic business planning they need to sustain and grow their business. **Creative hubs can provide access to informal support through networking and knowledge transfer but can also be an invaluable centre for more formalised training and development.** Examples of the support commonly provided through hubs include:

- **Entrepreneurship and business support.** Signposting to advice already available such as tax or finance advice, as well as bespoke services for creative businesses — for example on IP. Access to business advisers and formal mentoring programmes as well as support and advice in accessing new domestic and international markets.
- **Skills development and access to training.** Enabling freelancers access to continuous professional development for skills ranging from responding to client briefs, to mastering emerging technological developments. Partnerships with local universities and colleges can give hubs, and their users, access to skills development and collaboration with university researchers.
- **Incubators and accelerator programmes.** Specific programmes designed to spark or accelerate the growth of new creative businesses.

## Place

As the case studies contained in this report will highlight, creative hubs co-evolve with their contexts. They grow out of their local area, shaped by their local community. It is therefore essential for successful creative hubs to reach out to, and work with, that local community.

In a survey carried out for the European creative business network of over 300 European hubs, 76% said they bring artists and residents together, supporting the area's creative environment and 74% of hub leaders said they invest part of their income into creative projects in their neighbourhoods. This is very much the case in Kazakhstan, as the creative industries mapping report concludes:

“**Creative industries play a key role in the development of sustainable, liveable cities. This is a two-way relationship — successful cities and successful creative industries go hand in hand.**

## Partnerships

Hubs can provide a connection point for a range of external partners and creative entrepreneurs. This can be linked to, and support business development, for example by connecting businesses with investors or making connections with allied sectors such as tourism. A key partnership is often focused on skills development and bringing academics and researchers closer to businesses.

## Work with Universities

Kazakhstan Universities have been key partners in the development of Kazakhstan's creative economy. **International experience shows how a strong connection with universities for teaching the critical skills employers need can help strengthen the industry talent pipeline. Meanwhile, connecting academic researchers with creative entrepreneurs supports innovation and business spin outs.**

Hubs can offer an opportunity to connect students directly with the business community; potentially through placements and

work experience. They can also reach out and engage young people, making them aware of the careers open to them within the creative industries and inspiring them on to further study. They can be an important part of careers outreach.

Hubs offer an opportunity to continue strengthening this relationship. They can provide professional training and development to hub users — both businesses and the wider community. They could also co-create an incubator or accelerator within the hub — connecting businesses directly to their research excellence and supporting innovation and commercialisation.





## How do Hubs Support Creative Economy Development?

The creative industries are a relatively new industrial sector and are in some ways very different from more traditional industrial sectors. This means more traditional policy approaches to industrial development often don't work for the creative industries. Generic 'one-size-fits-all' business support initiatives, from training schemes to financial products, frequently fail to reach a sector that looks and feels different. Yet effectively supporting their development is essential in unlocking their true growth potential. As the Kazakhstan mapping document points out:

“**The new growth is not appearing in large and state enterprises, but in minor businesses and in the creative sector. Accordingly, further policy may have to devise unique policies adapted to these unusual businesses.**





## Characteristics of the Creative Industries Supported by Hub Development

Creative hubs can respond to the particular characteristics of the creative industries:

1. Heterogeneous
2. Atomised
3. IP-based
4. Cluster-based

### Heterogeneous

The creative industries do not fit a 'traditional' model of industry. To begin with, they are made up of lots of different subsectors including: advertising, architecture, craft, design, fashion, music, publishing, performing arts, software, film and TV. They share many common strengths and can achieve real benefits by coming together around shared challenges and opportunities, particularly when working with the government on policy development. But they also have many differences, which can make it more difficult for the sector to speak with one voice and about shared priorities.

Creative hubs can bring workers from the many subsectors together in one place and through one network. They help bring those subsectors together, supporting collaboration and knowledge transfer and they help the sector to come together by recognising their common, shared characteristics and challenges.

### Atomised

They are also a very atomised sector, made up of many very small, autonomous parts. In the UK, for example, 95% of creative businesses employ 9 people or fewer and 33% of creative workers are freelancers — double the proportion in the wider UK economy. That sector make-up is mirrored in Kazakhstan:

“ **The creative industries of Kazakhstan are dominated by small businesses, as is common around the world...in Nur Sultan and Almaty, 75% of all creative firms employ 5 people or fewer.**

Because creative industry businesses are small or sole traders, they often lack the capacity for business or workforce development. Small, service businesses, such as an advertising or design agency, don't have access to a finance or a human resources department and may not feel able to dedicate time to look at financial planning or skills development when their immediate focus is on day-to-day client delivery. Many creative businesses can therefore struggle to grow or become more productive by, for example, accessing finance, adopting new technologies or reaching new markets.

Creative hubs can provide a 'one-stop-shop' for creative entrepreneurs to access advice and support tailored specifically for them and their business needs.

## **IP-based**

As an important part of the 'knowledge economy', the creative industries primary business asset is often its ideas — or IP. IP is, by definition, an intangible asset which means it can be hard for a business to effectively understand, value and protect that asset. Creative businesses often have a project-based business model — a film production or a fashion collection for example — which leads to peaks and troughs of activity and cash flow. This can mean that generic business advice doesn't feel relevant to creative sector businesses and standard financial products, like a bank loan, often aren't accessible or suitable for them.

Because creative hubs specialise in working with creative businesses, they can bring in specialist advisers, such as IP advisers, or financial intermediaries who understand creative business models and markets.

## **Cluster-based**

Unlike traditional industries, the majority of creative businesses aren't tied to physical infrastructure such as a large factory in manufacturing. As long as they have access to a good internet connection, most creative businesses can locate anywhere. In Kazakhstan, as in the majority of creative economies, creative businesses choose to co-locate or 'cluster' in cities and urban centres because locating near to each other makes it easier to do business. Close proximity to other creative businesses and being part of a 'network' of similar businesses is particularly helpful to freelance workers or microbusinesses. It can create access to new

contracts, commissions or collaborations, and it can support innovation through ‘knowledge transfer’ by sharing expertise, insight and advice with contacts and co-workers. Finding ways to connect and network with other creative businesses is therefore particularly important in the creative sector.

## Cluster Success Factors

The mapping of creative economies internationally has shown the tendency for creative businesses to cluster together in place. In the UK, research by NESTA identified 47 major clusters of creative industries activities in large cities and smaller towns, in a range of settings. Each creative cluster is unique — responsive to the history, opportunity and challenges within each place. Yet evidence points to a number of factors, many of which are consistently found in successful creative clusters:

- Local leadership, with devolved decision-making powers, committed to creative industries development
- ‘Anchor’ companies — a well-established creative business that helps to foster ancillary businesses
- Strong local supply chain — including freelance talent
- Legacy, most clusters grow out of a history of creative activity within a place
- Good education and training provision to create a local talent pipeline
- Strong relationship with local universities
- Access to Government programmes or funding

Because creative hubs are based in particular cities, towns or neighbourhoods, they develop in response to their environment and local circumstances. As previously described, they can also act as intermediaries and networks. They become an essential element of a successful creative cluster.



## Section 2

# Kazakhstan's Creative Industries

The strategy to develop creative hubs in Kazakhstan is part of a long-term strategy to support creative economy development. The following section provides a background summary of the development of creative industries policy in Kazakhstan. It then goes on to summarise research undertaken among current and past hub managers, and the results of focus groups with creative businesses, creative hub managers, the wider creative and cultural sector and civil servants in Kazakhstan to test the demand and opportunity to develop creative hubs. This includes a summary of the potential functions and facilities participants suggested a future hub could provide, and offers a very helpful starting point, or potential 'shopping list', for hub developers.



## Kazakhstan's Creative Sector

Whilst the creative economy in Kazakhstan became of interest to the government only a couple of years ago, the country's creative industries have been actively developing for some time, especially in big cities such as Almaty and Nur-Sultan. **Creative entrepreneurs, especially in Almaty, have built a strong community and have made several attempts to establish creative hubs and creative spaces.** But to further develop creative clusters in large and medium-sized cities in Kazakhstan, state support is crucial and can be organised in various forms.

According to the [Mapping of Creative Industries in Kazakhstan<sup>1</sup>](#), the creative economy is growing at the same pace as the economy as a whole, including in the fastest-growing regions (Almaty and Nur-Sultan). The greatest concentration of creative sector enterprises is observed in Almaty, where they make up more than 6% of the total number of registered legal entities. In both cities, the creative industries sector is dominated by enterprises offering services with higher added value — more than 90% of registered legal entities in the sector in both Nur-Sultan and Almaty. At the same time, according to the results of the Market Research of the Event Industry in Kazakhstan, as of November 2020, 28,289 legal entities and individual entrepreneurs involved in the industry of cultural and event activities were registered.

Since 2017, the British Council in Kazakhstan has undertaken action to organise public discussion and draw the state's attention toward the development of creative industries in Kazakhstan and Central Asia. Creative Central Asia Forum became a platform for networking and idea generation for all stakeholders of the creative economy ecosystem including state, businesses, NGOs and academia.

*Green Paper — [A Model of Creative Industries' Development Road Map in Central Asia<sup>2</sup>](#)* was created in 2021. It includes further steps and recommendations in all aspects — vocabulary, data, advocacy, education and skills, finances, taxes and regulations, international affairs, and infrastructure. The latter includes recommendations on creative hubs — there is a need

<sup>1</sup> British Council in Kazakhstan: <https://kazakhstan.britishcouncil.org/ru>  
“Our work in Arts” section. Mapping of Creative Industries in Kazakhstan

<sup>2</sup> British Council in Kazakhstan: <https://kazakhstan.britishcouncil.org/ru>  
“Our work in Arts” section. Creative Central Asia 2021

for extensive research of existing hubs and support of hub creation, especially in partnership with universities.

According to the Research on the Nature of the Phenomenon and the Role of Creative Hubs in the Development of the Creative Economy, creative spaces nowadays are more than physical infrastructure. Just like the processes taking place within creative communities in creative hubs, they affect both the development of urban and public spaces, as well as the development of creative entrepreneurship. Moreover, they have a positive impact on social changes through the formation of human capital and the development of values such as inclusiveness, ecology, gender equality and others.

Such platforms help small and microbusiness by providing services and support systems, such as:

- Incubators that help start-ups from the idea development stage to opening an enterprise by providing educational, mentoring and financial support.
- Accelerators that contribute to the development of existing entrepreneurs, including support in growth, condition analysis, access to finance and upgrade of the enterprise by providing educational, mentoring and financial support.
- Scale-up projects provide financial, mentoring and expert support, as well as help in entering new markets.
- Providing online trading platforms, fairs, showrooms, festivals, participation in exhibitions and ensuring the flow of customers into the space.
- Assistance in marketing, branding and PR.

Creative spaces in the form of art centres, theatres, concert venues and multidisciplinary cultural venues are usually created by redevelopment of industrial and other territories. In such art centres, people can create their own creative products and services, exchange creative ideas and express themselves, as well as demonstrate the results of their creativity. Such art platforms are aimed at turning creative ideas into creative entrepreneurial activity.

In November 2019 the Mayor's office presented the development strategy of the city "Almaty — 2050". He noted that the creative economy will become one of the drivers of growth and prosperity of the city and so the development of creative industries became one of the priorities of this strategy. In a short period of time,

under the supervision of the city's Department of Creative industries the Mayor's Council for Creative Industries was formed and included leading entrepreneurs in the field of culture and creativity. Later, during 2020-2021, such Councils as well as governmental organisations to support and develop creative entrepreneurship have been organised throughout Kazakhstan.

For the first time in the country's creative economy history, a community of experts and professionals had joined forces with the state to develop Kazakhstan's first document on creative industries. In March a special Project Office under the Prime Minister was formed to draft the Concept of Development of Creative Industries for 2022-2025. The document was ratified in November 2021 and includes four major sectors:

1. Formation and dissemination of knowledge, skills and competencies for the development of creative industries.
2. Creating conditions for the development of creative industries in cities through the formation of an effective infrastructure.
3. Legal regulation of the activities of creative industries entities.
4. Stimulating entrepreneurship in creative industries.

According to the Concept by 2025, the cities of Nur-Sultan, Almaty and Shymkent will become territories of creativity and creative industries. Each city will have its own niche, formed by considering the "local identity" of the region. Creative business incubators and accelerators will be formed on the basis of creative clusters and hubs, focused on providing services to creative people in designing sustainable businesses and developing existing enterprises in creative industries.

Moreover, participants of incubators and accelerators will have access to practical knowledge, administrative and consulting support that is necessary for the creation and scaling of enterprises in creative fields. They will also be provided with preferential workspaces with the necessary professional equipment. In addition, special meetings with potential partners and buyers will be organised for them. Creative business incubators and accelerators can be both universal and specialised.

## Hub Development in The Kazakhstan Context: Opportunities and Inspiration

In 2020, a group of experts gathered information on more than 30 creative spaces/ hubs that were considered creative in Almaty in the period of 2013-2019. This included multidisciplinary venues and cultural spaces, galleries, theatres, concert spaces, workshops, shops and showroom as well as co-working spaces.

Major observations of the group of experts include that the oldest creative spaces that exist in Almaty are still under private ownership and in order to save its existence most had to move away from its original mission. For the majority of hubs the venue had been provided to the founders of hubs because of good personal connections and personal networking. However, because of low financial stability some founders had lost the personal connections with the owners of venues. Another crucial observation is that mainly all hubs were closed in the period of one year. Founders addressed the fact that there was a lack of business-models to support financial sustainability. Generally, the need for building the content of the venue took away the time from administrative issues.

Expert interviews with the group have reinforced the observation that the financial instability was due to the lack of a practical business model for managing the premises. This was because the organisers had both substantive and economic functions for the maintenance of the space. In some cases, due to a weak administration, which led to a lack of demand for the creative services/products offered, the functionality of some spaces was changed to maintain financial stability.

Another study held during the start of COVID-19 pandemic in August 2020 has studied the needs of creative entrepreneurs in Almaty for working places. Over 450 responses were gathered to understand the current request for the venues. Over a half of creative entrepreneurs (56%) have noted that they own the working space that they work in, that includes their own apartments with no special equipment. Additionally, they said that they will be able to pay only 1,000 tenge (2-3 \$) per square metre for the rent of a working space. Over half of respondents (65,2%) have noted that a place under 50 square metres would meet their needs.



The questionnaire included questions about different working zones — places for individual work, places for group events and rooms with special equipment. It is important that the majority of the creative entrepreneurs noted that they are willing to share the latter two with different organisations. As part of the British Council project that led to the development of this report, a series of focus groups in February 2022 were held in Kazakhstan with hub managers — past and present, creative entrepreneurs as well as civil servants and policy makers.

It also highlights the rich source of ideas, opportunities and value to be gained from the government working in partnership with the creative community to develop hubs.



## 1. Business Development

Establishing creative hubs in Kazakhstan were seen by all participants as an engine for creative business development and growth.

“ **The hub needs to be very welcoming and open. But it shouldn't 'babysit' businesses for too long.**

“ **There should be an internal constitution for the hub that businesses sign up to. They should be serious and professional.**

*Focus group participants*

It was also noted that Kazakhstan had an opportunity to help its sector leapfrog those in more developed creative economies by embedding sustainability and environmental values into business models from the outset.

In terms of enabling business development, a wide range of potential business support functions were suggested:

### Practical Facilities

Co-working hubs to provide office and workshop spaces (including access to storage). The hubs could provide resources for creative people; potentially through pooled services that companies pay for, but as the cost would be spread across a number of businesses, it becomes affordable. This could include, for example:

- A makers' lab, providing access to 3D printers, software, electronics, craft, hardware supplies and tools, supported by classes and workshops.
- Access to new technology and equipment so that creative workers can train to use it, earning income from their new skills that may enable them to ultimately buy the equipment themselves. Industry experts could run workshops within the hubs, to teach people how to use new technologies. A specific example raised was giving businesses access to large, protected data servers, that are prohibitively expensive for companies to access individually.

- Access to subscription services for trend forecasting to support business development.
- A textile library giving examples of all the traditional textile designs from Central Asia.

### **Business Services**

A 'one-stop-shop' to signpost and help access government services and support, where relevant to creative businesses. This could include:

- Access to finance. It was noted that financial support or business loans currently available through the government are aimed at large companies not microbusinesses or small-medium enterprises. They are also currently very difficult for IP-based businesses with no physical assets to access. There is an ambition to make business finance schemes more accessible to creative businesses, which hubs could support.
- A small grants scheme to enable people to buy the equipment they need to firstly study and then work in specialised creative industries.
- Support with business registration. It was noted that some creative workers don't formally register their businesses and so the true scale of the creative sector may not be captured in official data sources. If, through the right incentives and independent advice, creative workers could be supported to do so, it could increase government tax revenues and an appreciation of the true value creative workers are generating for the Kazakhstan economy.
- Investment advice, supporting businesses to become investment ready and to find the right type of investment to support their growth.
- Legal advice — including on IP.

### **Market Access**

This could include showcasing opportunities and dedicated export support such as:

- Sales/retail and exhibition outlet to sell to the public work created by hub tenant businesses.
- Open studios to the public to showcase creators and their work. This could be through a series of sub-sector

focused events, open to the public and potential industry contacts, for example fashion weeks and design weeks.

- Produce an online directory of all the creative entrepreneurs and businesses supported by the hub — giving people access to a ‘talent directory’ and exposure for the businesses.
- Export support. Understanding the bureaucracy including the tax systems in countries beyond their immediate neighbours. For example, within Europe, Hong Kong or Thailand is very challenging. Businesses reported that it's often not worth them bidding for international contracts because of the time and expense taken by bureaucracy. In order to export, businesses need advice and market intelligence from people who can help guide them through international markets, including pricing and marketing advice.

### **Skills Development**

Business skills development/access to advice and information such as:

- Incubator and accelerator programmes.
- Hubs should offer educational programmes and skills development. For creative businesses, but potentially for the wider local community to access too.
- The hubs could include university branches, so that people can access, and upskill, through university evening courses.
- Mentoring from industry experts. The Kazakhstan creative industries mapping identified a mixture of young, dynamic businesses under 5 years old, as well as more established businesses. This mix of business demographics suggests real scope for mentoring, peer support and knowledge exchange between different types of creative businesses, facilitated by the hub.

### **Developing Supply Chains**

By encouraging a mix of business tenants — with large, established, potentially international businesses acting as ‘anchor’ tenants, it could support connections between smaller businesses and freelancers, developing supply chains within the creative sector.



It could have a blend of different size businesses so larger businesses could help/support with inspiration and market access, younger businesses/new entrants.

It could be a place where international companies wanting to enter the Kazakhstan market could gain access.

## 2. Support collaboration and knowledge exchange

The hub could be multidisciplinary to support collaboration between creative, design, engineering and science expertise to support/spark innovation.

The hub could act as a bridge connecting creative entrepreneurs to other relevant communities to support collaborations, for example with researchers.

The hub could support international artistic collaborations.



### 3. Hubs in Differing Locations

There was also an ambition to see creative hubs operate at different scales in different locations across different towns and cities, in small towns and less developed regions, as well as the large cities.

There was also a suggestion of 'Nomadic' business support services which could travel around the hubs, enabling a bigger pool of entrepreneurs to access services while potentially making services more cost effective to deliver. We have picked up on this theme by looking at the British Library business advice network in the UK case study examples.

### 4. Hubs as a Cultural/Community Asset

There was a definite desire, from both the creative sector and policy makers, for the hubs to be public-facing and provide opportunities not only to engage the public, but to act as an asset for them by providing a cultural and leisure venue. From a government perspective, there was a clear ambition that the hubs should act as a focal point for their local communities.

- Be 'design-led' architectural focal points, but practical and functional.
- They need to offer public recreation and leisure facilities, cafés and restaurants, as both a point of attraction to the hub and an amenity to the local community.
- It should also enable access to cultural experiences for the local community; 'people want more art and culture in their lives post pandemic.' Hub managers were also keen for hubs to include access to culture for example galleries, exhibition space, theatres.

The sector is also keen that these hubs provide a point of connection between entrepreneurs and 'people/citizens'. They were clear the hubs should be very open and accessible.

It was also suggested that hubs could support outreach and education for young people, enabling them to see the creative industries as accessible, and an industry where they could have a future.



## Section 3

# Hub Case Studies

We have considered the theory of creative hubs, what they are, the key functions they provide and why they are particularly valuable for the creative industries. We have also considered the current context, market and potential opportunities for hub development within Kazakhstan.

This section explores a number of different hubs, their values, functions and funding in more detail. As the case studies demonstrate, hubs can operate very successfully in a range of different contexts and with different operating models. The UK examples we have selected range from:

- A converted multi storey car park in an urban centre
- Regenerated factories in a neglected ex-industrial area
- An old schoolhouse in a rural community
- A virtual network delivered through the existing library infrastructure.



## UK Insight: Peckham Levels

### Background: Inception & Mission

Peckham Levels opened in 2017 as a community venue, creative hub and visitor destination housed in a former multi-storey car park. The space, largely unutilised for parking, had a short but successful history of cultural programming on the upper and lower floors: with an affordable basement cinema (est. 1994 on a 70-year lease), arts installations, exhibitions and rooftop bar all operated by a local cultural organisation Bold Tendencies CIC (est. 2007 on an annual lease).

Peckham is the largest town centre within the London Borough of Southwark, a borough renowned for its world-class performing and visual arts scene with venues such as The Tate Modern and Southbank Centre. In comparison, Peckham was largely perceived as a 'place on the margins' in terms of ethnic diversity, high poverty and deprivation levels, independent retail, grassroots cultural scene and affordable cost of living, but as with many areas of South London it underwent change.





An influx of young, white affluent groups, improvements to transport and in turn improved perceptions and an identity centred around a vibrant and independent cultural scene provided an opportunity for growth.

Southwark Council own the car park. They intended to demolish the site and build a mixed use scheme in 2015 to overcome the costs and lack of financial return. Following local opposition, the Council decided to repurpose the remaining levels for cultural and creative workspace. The process involved soft market testing (examining similar sites in London, existing provision and needs); putting a brief to market; and upon appointing Makeshift (subsidiary of residential and workspace provider The Collective) as the commercial vendor, a further 6-months of community consultation in a local shop to build in and ensure alignment with the community's needs:

“ **Deciding whether it should be a space solely for artists that's mostly sealed off or is it better to have a multi-use space that also benefits the community.** ”

Above all, Peckham Level's ethos is to support local talent and small, emerging owner-operated businesses by providing access to affordable workspace. In 2019, 72% of members lived in the borough.

## Facilities

Peckham Levels is a multi-use space intended for creative practitioners and businesses, as well as community use. Spread across 7 floors, there are over 100 local and independent creative and digital businesses, organisations, social enterprises, as well as food and beverage (F&B) start-ups.

Levels 1-4 provide 9,100m<sup>2</sup> of creative and cultural workspace, including a 70-desk co-working space, 8 offices for Small-Medium Enterprises (SMEs) and 50 studios, with 20% rented to local creatives and businesses at 1/3 of market rate on a 6 or 12-month fixed term lease. Across these spaces it supports over 450 full and part-time jobs. There are also several shared facilities including a ceramics and kiln room, 3D printers, printing press, rehearsal spaces, photo studios and changing rooms.

Levels 5 and 6 are public-facing and are designed for community use. They include retail units, F&B outlets, a yoga studio, hair salon and children's play area, as well as event and gallery spaces with a regular programme of exhibitions, installations and events commissioned by local creatives and artists. The hub also has a late-night licence which allows it to operate as a music venue and serve alcohol until 1am.



## Local Partnerships and Sector Support

Social impacts are key to the Peckham Levels vision and are built in rather than bolted on.

Make Shift Create (formerly the Make Shift Foundation) is the charitable arm of the organisation providing training, mentoring and access to affordable events and workspace for young creatives and entrepreneurs aged 16-25 years old. This is achieved through three programmes:

- Inspire – youth-led events and workshops connecting young people to industry professionals on skills development and lessons learned (to date, 251 young people have been directly engaged).

- Equip – accredited training programmes teaching core skills, creating networks and resulting in a portfolio of work.
- Enable – paid work opportunities via traditional placements, commissions or trading at their own youth market (to date, 4 have been hosted).

All tenants are required to volunteer at least 1 hour per week of their specialist space, skills and/or knowledge to a community resource scheme. These include free workshops, short-term artistic projects and mentorship schemes, but can extend to 'services' such as design and marketing for local charities, volunteering at local events, and support in kitting out new local businesses and venues. 10% of project revenues are also given to a Community Fund which supports the free event spaces given to local community groups. Working with the in-house events team, Peckham Levels has hosted a varied programme of events each month including film screenings, live music and networking events.



## Governance

As a condition of using a Council-owned building, Southwark Council entered into a Service Level Agreement (an agreement between a client and provider) with Makeshift. They would oversee the day-to-day operation of Peckham Levels and provide the following which would meet community needs (revised over time):

- 350 local jobs
- 3600 hours of volunteering by tenants
- 25% of time for free community use
- 10% of project revenues to a Community Fund
- 20% of studios at below market rents (variable)
- Ethnicity, gender and geography monitoring to ensure occupancy reflected Peckham

Southwark Council acknowledged the risk associated with the project but to mitigate, introduced a short-term lease of 6-years which would enable them to withdraw early if it proved unsuccessful. However, having been well-received by the public, the lease was renewed for a further 14-years.

Local decision-making has been embedded in the hub. Initially, a local community group was appointed to agree on tenants and later, a formal Steering Group comprised of local activists, councillors and Makeshift representatives was formed to discuss progress and issues. However, in 2018, there was financial insecurity in Makeshift's parent company which resulted in wide-scale redundancies including within Peckham Levels. Despite calls for the Council to operate the building, Makeshift continued to operate the building with new measures such as a revised Steering Group with adequate Council and tenant representation (providing a clear steer on resources), regular site-visits from councillors and better monitoring and evaluation. All of these were to provide improved accountability between both parties.

**“ Peckham Levels has given us a lesson in terms of how we can move forward with different organisations and funding as a local council.**



## Funding

Peckham Levels is a purely commercial enterprise founded through private investment.

In exchange for the building, Southwark Council receives 25% of the net-profits but has also indirectly benefited from infrastructure improvements that have increased asset value (£4 m from The Collective to introduce windows, heating and plumbing), as well as local growth such as jobs, visitor numbers and spend, and community-building. During the COVID-19 pandemic and the UK's first lockdown, the Council made its first and only payment as law mandated that food and drink venues close and people work from home. Without this financial intervention, the space would have permanently closed.

Below is an indicative guide of Peckham Levels' income and expenditure during the first 13-months of operation between 2017-2018. It reveals a diversity of revenue streams, with core strengths in rent and operating charges as well as food and drink.

### Notes:

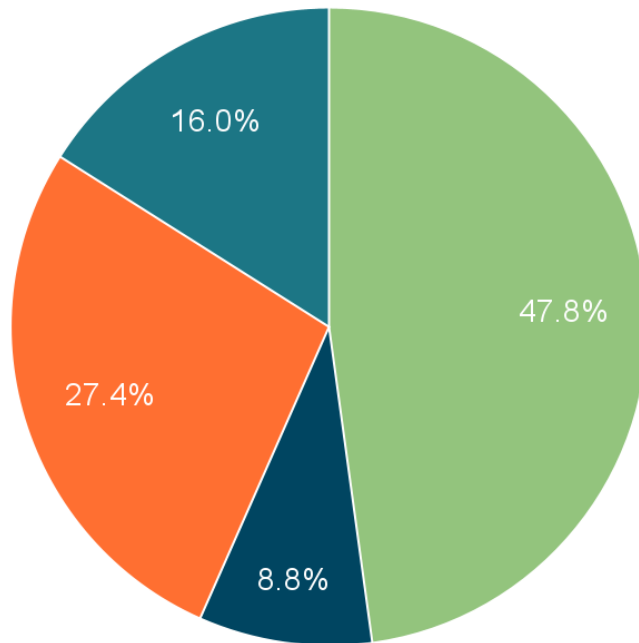
- Venue operations include security and utilities (where possible using local suppliers).
- Marketing and event costs in turn generated significant returns for food and drink member enterprises.
- Staffing included 7-full time and contract staff.
- Office overheads include business rates, insurance, legal and professional fees, and membership events.

## Top 5 Tips for Creative Hub Development

1. Market testing to see viable uses and generate ideas
2. Widespread consultation with local stakeholders at early stages and throughout to ensure rooted in the community
3. Steering Group including businesses based in the building
4. Variety of uses to stimulate footfall at all times of the day
5. Flexibility to amend model once operational

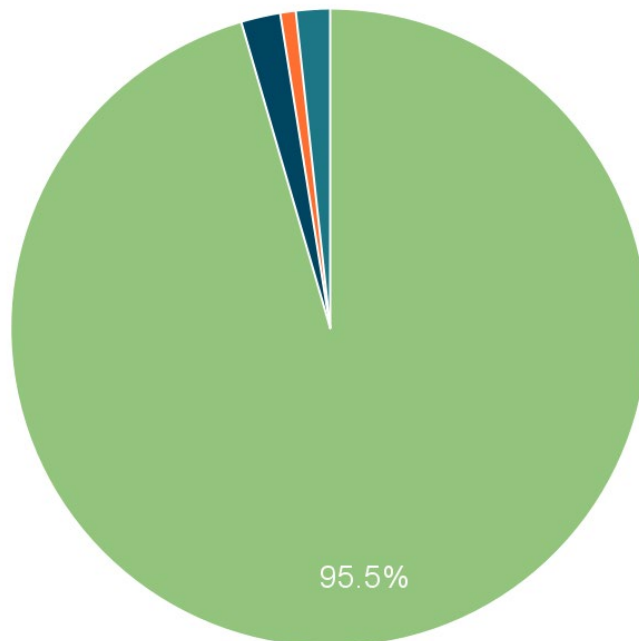
# Operating Costs

- Venue Operations
- Marketing and Event Costs
- Staffing
- Office Overheads



# Revenue

- Rent and Operating Charges 96%
- Commercial Events 1%
- Food and Beverage Revenue Shares 1%
- Member Services and Other Income 2%



## UK Insight: Baltic Creative

### Background: Inception & Mission

Baltic Creative Community Interest Company (CIC) was established in 2009 by a visionary group of Liverpool-based stakeholders frustrated with a familiar cycle of events: artists and creative businesses moving into and revitalising run-down areas, only then to be displaced by profit-driven developers and market forces due to their lack of ownership. The CIC believed the sector should own the property that it was regenerating so that instead of being displaced by rising property values, it could benefit from them.



In the previous year (2008), Liverpool was also awarded European Capital of Culture, which helped engender a shift in local understanding of what the sector could do for a place. Baltic capitalised on that change in perception, the amount of goodwill in the city, and the urgent need to develop a legacy post-2008. With help from Liverpool Vision (the economic development arm of Liverpool City Council), Baltic Creative secured grants (£4m) from the European Regional Development Fund (ERDF) and Northwest Regional Development Agency (NWDA), using these to purchase (£1m) and refurbish (£3m) 18 warehouses in the historic Baltic Triangle area of Liverpool – once a workshop and warehouse district handling global trade from the docks in the 18th and 19th centuries, but which had largely fallen into dereliction by the late 20th century.

The mission is based on a ‘property and place approach’, holding these buildings in perpetuity for the Creative and Digital industries through a strict lettings policy, whilst advocating for the sector and supporting local regeneration:

**“ Baltic Creative is a commercial landlord and property owner, but it also acts as a conduit for a number of services which supports the ecosystem of Creative and Digital businesses in the Liverpool City Region.**

Baltic Creative hub opened in 2012 with the first 45,000 ft<sup>2</sup> of space occupied within 6 months. By 2016, the Baltic Triangle area was identified by the UK Government as the fastest growing creative & digital industries cluster outside London and in 2019, it contributed £16.6 million GVA per annum to the Regional Economy.

## Facilities

Baltic Creative offers a wide range of affordable commercial spaces from small studios, sheds, co-working and shop front units, to large self-contained warehouses and a performance/ events space. These spaces are for start-ups, micro businesses, SME's, freelancers and entrepreneurs with current core occupancies in IT, Software and Computers (28%) Design & Production (28%), Advertising & Marketing (24%) and Film, Tv, Video (17%) across all sites.

It currently provides 106 workspaces, 24 warehouses, 3 cafes and 2 venues, accommodating more than 170 businesses across 118,000 ft<sup>2</sup> of space. Future developments include new schemes in Southport (24,000 sq/ft), Runcorn (17,000 sq/ft) and another phase in Baltic Triangle (10,000 sq/ft) which will house Liverpool's first publicly funded Tech Accelerator.

Pipeline schemes for Baltic Creative CIC include a move into housing. Can Baltic Creative provide a space for our tenants to live as well as work — this residential offer would provide young creative and digital entrepreneurs somewhere to live: co-work / live work homes. Public consultation and co-curation (for design and facilities) with potential tenants also feature in this process. To date, each new space has achieved full occupancy within 6 months, and they continue to receive daily enquiries. The Baltic Triangle area now supports over 3500 people working in the arts, cultural, creative and digital industries and a further 1000 in ancillary and supply chain services.

## **Local Partnerships and Sector Support**

Baltic Creative has also developed over 30 government, corporate and education partners to develop programmes, events and activities for tenants. This includes a business support programme; an annual tenant survey identifies barriers to growth such as access to finance and Brexit, and the CIC works with Liverpool and Sefton Chamber of Commerce (regional government — economic department) on ways to address these. There are also partnerships with higher education. Baltic Creative currently has a memorandum of understanding with Liverpool John Moores University on ways to connect business with graduates to address skills gap issues and strengthen the talent pipeline, as well as providing workspace for a small number of graduates.

While the properties are owned by the CIC, the regeneration of the area has also been actively supported by the local council, through infrastructure improvements including road networks, pedestrian routes and public realm. Baltic Creative is also currently working with the Council to re-open Baltic Train Station to increase connectivity and access for residents, tenants and visitors.

However, it has perhaps become a victim of its own success. Between 2012 and 2018, over £120 million had been invested



in new developments and the residential population had doubled, placing ever-increasing pressure on the remaining land in terms of availability and cost. Further private commercial and residential developments were introduced, and more are underway or in the pipeline. To help, in January 2019 Liverpool City Council commissioned a consultation to develop a Spatial Regeneration Framework (SRF) to guide the future development of the area to ensure its future success. Once adopted, this SRF will be incorporated into Liverpool's 15-year Local Plan and ensure the sustainability and longevity of the area.



## Governance

Baltic Creative is led by a non-executive voluntary board of 7 directors, providing strategic advice to the Hub Management Team as well as oversight of all financial decisions. Board

members are from a variety of industries including property, arts and culture, education, marketing and finance to ensure a comprehensive and holistic approach. The Management Team is made up of 5 full-time staff who oversee day-to-day operations.

The CIC is committed to improving diversity and inclusion in the sector, starting with their own business. They are a woman led Board and recently employed 3 younger board members from minority ethnic backgrounds and have introduced a new Diversity, Equality and Inclusion strategy.

## Funding

Baltic Creative's properties are asset-locked, and its profits can only be used for three things:

1. Reinvesting in its property: a strict letting strategy means properties can only be let to creative & digital businesses, ensuring each space provided is affordable, well-managed and tailored to sector needs.
2. Reinvesting in its tenants: ensuring they have access to safe space to experiment and grow and an exciting community with which to collaborate. This has included health and wellbeing activities, improved broadband, artistic programmes and exhibition opportunities.
3. Reinvesting in its sector: with no shareholders and a voluntary, sector-led board, all profits are reinvested in the sector, not the developer. Baltic launched their biannual Digital Conference — Binary Festival in 2016 which again ran in 2018. Given Covid it will return in late 2022.

Baltic Creative is self-sufficient (i.e., it does not rely on public funding). Its revenue income covers all its running costs. Once it became profitable all borrowing restrictions were removed by its original funders in 2016. Its establishment / sustainable letting revenue has allowed Baltic Creative to expand further. Investment is generally sourced from private partners and mostly in the form of loans (favourable% asset value vs. loans/debts). It is working with local authority partners in Sefton (Southport) and Halton (Runcorn) to support their Town Deal Bids which have secured funds to invest in C&D Industries through new space.

The hub remains an affordable space provider but highlights how many tenanted arts organisations without a strong commercial output pay significantly less (e.g. £5ft<sup>2</sup>) whilst high-value desktop digital businesses pay more (£30ft<sup>2</sup>). This is nevertheless reflected in the level of service and building facilities.

## KPIs

Over the past ten years, the Baltic Triangle has been transformed, from an unloved and underutilised post-industry dock hinterland to a high-profile, creative and digital cluster with an international profile.

Success is generally measured through economic impact — the number and value of jobs such as wages above the national average — with regeneration and increased property values considered a by-product.

Baltic Creative has also identified the need and opportunity to expand its impact across the city region — supporting the emergence of other clusters such as the Ten Streets area, the Fabric District and sites in Birkenhead (Wirral) and Bootle (Sefton), with the ambition to extend its portfolio to 250,000 ft<sup>2</sup> by 2025, generating an estimated annual surplus of £1 million which can be reinvested in the culture and creativity of Liverpool City Region.

Over the next decade, they will focus on acquiring more space, business growth, connectivity (transport and broadband), partnership development, visitor attraction and events.





## Top 5 Tips for Creative Hub Development

1. To be clear about mission and values — Baltic Creative wanted to provide dedicated, affordable space for local people in the Creative and Digital industries. Put it down on paper so you can share with your partners.
2. The importance of building measures into strategies that will support affordability and accessibility, rather than purely focus on commercial endeavours.
3. The importance of art, and not just high-value digital industries — it generally supports all businesses and is what makes the ecosystem work.
4. The significance of ‘sense of place’ — how to leverage and enhance existing networks, buy-in, heritage and culture.
5. Ensure you have clear leadership — who is the go-to person for the Hub? Partners, investors and local authorities need to know who is leading and representing the Hub.



## UK Insight: Creative Kernow/Krowji

### Background: Inception & Mission

Creative Kernow (formerly Cornwall Arts Centre Trust) has been running since 1983. It is a complex organisation that has evolved over many years. It was set up by a group of arts activists out of a need for an arts venue in Cornwall, to campaign against the old City Hall at the time being sold for commercial use and to promote performing arts events in the Truro/Falmouth area. Cornwall has a mostly rural population with a lack of connecting infrastructure and a major decline in its core industries, including fishing and mining, which has had a long-term impact on employment and economy. Cornish wages are 25% less than national wage and a number of families live in poverty.





Creative Kernow continued to support the cultural sector in the region, running events and growing their network of local organisations. In 1999 they received their first European Social Fund bid, running a mentoring programme based around business planning skills for small businesses and was followed by their first grant from the European Regional Development Fund. Since the early 2000s, the organisation has developed a range of core programmes, such as Carn to Cove and Creative Skills. Creative Kernow also started working on a long-term project to develop offices and studios for the creative industries.

Creative Kernow's core mission is:

**“ To enrich and energise creative communities through the production, distribution and promotion of artistic work.**

Its current programmes fall into three core areas: Cultural Engagement (Carn to Cove, C Fylm, FEAST,) Creative Economy Support (Cultivator, Screen Cornwall, Cornwall 365) and Creative Hub development, which is the Krowji project.

Krowji is based in a converted school in Redruth and has provided studios and workspaces for creative businesses since 2005. It is home to painters, jewellers, furniture makers, ceramicists, textile artists, web designers, theatre companies and musicians as well as Creative Kernow teams.

## Facilities

Krowji welcomes all those involved in cultural work and the creative industries, from organisations to creative practitioners. It is the largest creative hub in Cornwall, with over 120 shared and self-contained studio spaces and offices across five buildings: the Percy Williams Building, Old Schoolhouse, 1907 Building, Science Block and The Yard. Studios suit a variety of needs, ranging from 75-1000 sq. ft. in size. Krowji also has three meeting rooms which are available for hire. The Art Room can accommodate up to 8 people, Studio 14 is suitable for up to 14 people and Studio 15 can fit 4 people. It offers free limited parking, an onsite café that can provide catering and free Wi-Fi. In addition, all Krowji studio tenants can benefit from support, contacts and funding opportunities offered by some

of the other organisations based there: Open Studios Cornwall, Cultivator, FEAST, Cam to Cove, Cornwall 365 and Screen Cornwall.

## Local Partnerships and Sector Support

Krowji offers a range of workshops including ceramics, Japanese woodblock printing, different types of painting, textiles and mixed media and tin can puppets. These are run by the artists and makers based at Krowji, supporting those artists as well as providing education to the local community.

Krowji participates in Open Studios Cornwall, where artists all over Cornwall open their studios and create a countywide festival of art, design and craft. Resident artists at Krowji can open their doors, showcase, discuss and sell their work over the week-long event in the summer. Artists, makers and designers at Krowji also host the Krowji Christmas Open Studios for one weekend in December. Krowji also participates in Fun Palaces — an annual nationwide celebration of culture where local communities are supported to co-create their own events and workshops. Previous events and workshops at Krowji include printmaking, collage, copper moulding, puppet and pom-pom making and ceramics.

## Governance

Krowji Ltd is a company limited by shares with a board of two directors. It represents Creative Kernow's Creative Hub Development programme, one of three core programmes (the other two being Creative Economy Support and Cultural Engagement). The freehold of the property is held by Creative Kernow and Krowji Ltd has a long leasehold interest. Creative Kernow Ltd is a charitable company overseen by a board of eight Trustees, who are volunteers and set the strategic direction and have financial accountability. It has three wholly owned subsidiary companies, one of which is Krowji Ltd, which help to diversify income streams, look after risk for the charity, take advantage of commercial income and lessen tax in some circumstances.

## Funding

Creative Kernow has complicated revenue streams, with the majority coming from the European Structural Funds (which is set

to be replaced with the UK government 'Shared Prosperity Fund') that goes into the Cultivator Business Development Programme. They also receive funding from Cornwall Council, Arts Council England (as a National Portfolio Organisation), earned income, rent and property income. Cornwall Council has a manifesto for Cornwall to be the leading rural cultural centre in the UK, and the region is bidding for the 2025 City of Culture. Below is a summary of the Creative Kernow Group's income and expenditure 2021/2022.

## KPIs

Success is measured across Creative Kernow's three core programmes. Indicators of Cultural Engagement include ensuring Cornwall has a diverse cultural offer for communities and encouraging activity in the region. Creative Economy Support would be displayed by economic impact and Creative Hub Development are measured by level of engagement with local businesses and practitioners.

## Top 5 Tips for Creative Hub Development

Creative Kernow's values:

- Kindness
- Creativity
- Difference
- Professionalism
- Emergence

# UK Insight: British Library Business & IP Centre Network

## Background: Inception & Mission

The British Library Business & IP Centre (BIPC), founded in 2006, supports people from all walks of life to start up, protect and grow their businesses by giving them access to vital market intelligence, IP resources, training, 1:1 advice and mentoring in a trusted and accessible space. The Centre delivers against one of the British Library's core public purposes 'helping businesses to innovate and grow', as outlined in the Living Knowledge 2015-2023 vision and strategy.



In 2012 The British Library launched the BIPC National Network, supported by the UK Intellectual Property Office, working with local authorities and library service providers to roll out the service nationally. Capitalising on the existing physical library infrastructure and resources, they have a proven track record of supporting local economies, as highlighted in 2019 when an independent economic evaluation showed that the BIPC Network was creating £6.95 of public value for every £1 invested.

The network is particularly successful at helping minority groups — 55% of start-ups assisted by the BIPC were led by female entrepreneurs and 31% by BAME entrepreneurs, compared with just 20% and 5% business ownership respectively across the UK. In addition, 22% of new business owners came from the most deprived areas of the country. This is a testament to the open, inclusive and safe spaces that libraries provide, as well as the skilled and trusted teams that deliver the BIPC services across the country.

Business & IP Centres are now delivered by library authorities in Birmingham, Bristol, Cambridgeshire & Peterborough, Devon, Glasgow, Greater Manchester, Hull, Kent, Leeds, Liverpool, Newcastle, Norfolk, Northamptonshire, Nottinghamshire, Oxfordshire, South Yorkshire, Sussex, Tees Valley and Worcestershire. In 2022 Southampton and Cumbria local authorities are also launching BIPC services, bringing the total number of Centres to 22 across England and Scotland. A further 90 'BIPC Locals' are being established by each BIPC, working with partner library authorities in each region to achieve a wider geographical impact.

## Facilities & Services

Intellectual property support and access to business information resources lie at the heart of the BIPC service. Centres provide free access to collections of business databases and publications, including online market research reports, company data for over 144 million UK and global companies, start-up books and business directories, historical annual reports and over 60 million patents. The specific offering of each of the 20 centres varies according to the needs and opportunities of the particular area, with BIPC teams coordinating their own programme of activities which include workshops and one-to-one clinics (both online and face-to-face), events, panel talks and networking opportunities.



## Project case study — Innovating for Growth

In 2011, the London BIPC offer expanded with the creation of the Innovating for Growth project (I4G), funded by the ERDF. I4G supported existing London-based businesses that were looking to grow their business through developing innovative new services or products. The scale-up service is aimed at supporting businesses with a turnover of over £100,000 and clear growth plans. The offering consists of three months of specialised support tailored to each SME and end-to-end relationship management. It includes 23 hours of workshop and one-to-one consultancy advice.

In 2016 Innovating for Growth ‘Start-ups’ was created, expanding the project offer to provide support for pre-start businesses and businesses trading for less than 12 months, offering 12 hours of advice and guidance through workshops and one-to-one advice.

## Funding

Below is the spending for the Innovating for Growth Programme over three years (2016-2019):

- Salaries: £1,885,465
- Consultancy: £522,799
- Marketing: £141,706
- Other revenue: £66,379
- Professional fees: £22,890
- Flat rate indirect costs: £282,818

Total: £2,922,056

## KPIs

Indicators of success are outlined below, with the figures over the three years of activity (2016-2019):

- Number of enterprises receiving support (319).
- Number of new enterprises (70).
- Number of enterprise ready potential entrepreneurs (177).
- Employment increase in supported enterprises (288).

- Number of enterprises introducing new to market products (36).
- Number of enterprises introducing new to firm products (122).

### **Output exceeded targets for every KPI.**

In addition to counting total numbers, the inclusiveness of the service was also recorded. The following shows the inclusiveness in terms of gender, ethnicity and disability for a selection of the above KPIs, with the figures over the three years of activity (2016-2019).

Number of new enterprises receiving support:

- Women (45)
- BAME (45)
- Disabled (7)

Number of enterprise ready potential entrepreneurs:

- Women (125)
- BAME (113)
- Disabled (7)

Employment increase in supported enterprises:

- Women (122)
- BAME (101)
- Disabled (3)

### **Output exceeded targets for every KPI.**

## Kazakhstan Insight: Home on 36 Baribayev street. (Dom 36)

### Background: Inception & Mission

Home on 36 Baribayev Str. (or Dom 36) started working in April 2020 and position itself as a “living”, inspiring and multifunctional space in which one can develop and realise his/her creative potential, find or create a community of like minded people, fill up and share knowledge, experience and live communication. In two years the Dom 36 has created an atmosphere and conditions for the cultivation and implementation of new ideas, as well as full and harmonious activities and interesting pastimes.



Dom 36 is managed by the company “WeGroup” LLP: The main GCEA (General classifier of types of economic activity (OKЭД)) — 73110 Activity of advertising agencies. Secondary GCEA: 90,040 Activity of concert and theatre halls; 93,299 Other leisure and entertainment activities; 68,202 Rental (sublease) and operation of leased real estate.

The goal of Dom 36 is to create conditions for conscious and joint creation of creativity through the organisation of platforms in Dom 36 for communication and spending free time, development and activity.

- a platform for communication and spending free time, including exhibitions, concerts, creative evenings, vernissages, art installations, performances, theatrical productions, festivals, author’s projects, thematic clubs, etc.
- a platform for development, including master classes, lectures, business development programs, a greenhouse of ideas, short- and long-term training programs, research
- a platform for activities, including coworking, mentoring programs, art workshops, creative projects.

The values and concept of the residents’ activities should correspond to the values (Community, Co-participation, Co-action, Co-friendship, Co-joy, Co-communication, Co-being, Co-creativity) and themes (philosophy, natural science, arts, crafts, history, economics, popular science, urban studies, ecology, society, education, healthy lifestyle (physical and mental health, proper nutrition, etc.), Almaty, cinema, music, literature, nature, travel, hobbies) that Dom 36 focuses on, as well as integrate well into the model of Dom’s 36 activities.

## Facilities

Home on 36 Baribayev Str. has a long-term lease of the real estate located at 36 Baribayev St. that is on the balance sheet of JSC “Institute of Foreign Policy Studies” under the Ministry of Foreign Affairs of the Republic of Kazakhstan.

“WeGroup” LLP is engaged in the creation and management of creative spaces, the implementation of projects and programs in the field of art and culture, and the implementation of creative projects for business.

## Funding

The key partners of Dom 36 are various creative teams and artists, including the following business partners:

- “Meloman” company
- Goethe Institute
- Foundation for Sustainable Development of Rural Territories

As for the government agencies or organisations a partner LLP “WeGroup” cooperates with JSC “Institute of Foreign Policy Studies” under the Ministry of Foreign Affairs of the Republic of Kazakhstan on the terms of paid lease agreements by renting real estate objects at 36 Baribayev street and 99 Nazarbayev Street in Almaty.

## KPIs

- Formation and development of creative communities and subcultures, as well as attraction and symbiosis of existing ones.
- Promoting the development of youth, creative and social entrepreneurship.
- Creation and development of projects and ideas in the covered topic and bringing them to the viewer/consumer.
- Creation of a local tourism centre due to the unique content, unusual and comfortable place for recreation and development, and architecture.



## Kazakhstan Insight: Impact Hub Almaty

### Background: Inception & Mission

Impact Hub Almaty (IHA) — serves as a catalyst for social innovation in Kazakhstan and Central Asia — a community, a consultancy and a creative space. As part of the biggest global network for social innovation Impact Hub Network with more than 100 similar hubs globally, IHA connects and enables changemakers to develop solutions to the greatest challenges facing people and the planet. It focuses on 3 key areas of work — social and creative entrepreneurship and youth civic engagement, by providing access to coworking, incubation, acceleration, mentorship, learning and development, and connecting them to a wider ecosystem. The space was launched in 2017 with the support of Chevron and the private investment of the co-founders.





## Facilities

The space was located in the Almaty Towers Business Centre, on the 1st floor of SmArt Point coworking centre/space. Total space consisted of almost 300 sq.m with different zones for coworking, events, common kitchen and storages. It accommodated up to 150 people for events and was equipped with projector, monitors, microphone, speakers, and computers for various types of events. Affected by COVID-19 the space was closed in September 2021 because of the high rent payment requested by Smart.Point.

IHA is currently operating without space, but hosting events in partnership with different public spaces in Almaty.



## Funding

IHA operates in a hybrid financial model. It implements programs on grants from partnerships and generating income through consultancy. During operational space, IHA formed its budget through co-working and space rent, too. Legally it is registered as for-profit and non-profit forms.

There is a lack of ecosystem support (e.g. high prices for rent in commercial spaces) and integration of work in other ecosystemic initiatives, especially implemented by the government.

## Governance

IHA's team currently consists of one founder and Board of Trustees, as well as programs, operations and communication staff.

## KPIs

- Implementation of social impact projects through partnerships and commercial services
- Economic and social development through systemic support of social and creative entrepreneurship
- Youth engagement and empowerment
- Civil society strengthening through social innovation



## Kazakhstan Insight: Cultural space “Transforma”

### Background: Inception & Mission

Trasforma is Almaty-based multidisciplinary platform and production centre aimed at supporting and promoting projects and independent creative teams working in the field of contemporary theatre, modern Kazakh and world drama, poetry, modern dance, indie and electronic music.

“Transforma” has become a home for hundreds of composers, authors and performers who receive a start and administrative support, after which they become popular both in our country and abroad.



## KPIs

The main value of “Transforma” is people, the residents and viewers are in constant communication before, during and after projects.

Theatre is a tool of transformation in society- by supporting an inclusive theatre, society stops fearing communicating with people with mental development disabilities. Baby theatre helps to form the taste of children from infancy and establish communication with parents. While creating a drama theatre — the texts of our contemporaries, Kazakhstani playwrights, who write in a language understandable to every viewer, are taken. By supporting student actors, conditions are created for future employment and finding their audience.







## Section 4

# Conclusions and Recommendations

As this report has demonstrated, creative hubs provide a range of valuable functions for the creative industries, helping to overcome some of the sector's characteristics and structural challenges, to support its development and growth within a cluster.

Research has also shown there is a clear demand for the functions hubs provide within Kazakhstan, and an appetite and enthusiasm within Kazakhstan's creative community to support their development. The case studies have also demonstrated that hubs can successfully develop in a range of settings and with different operating models, serving the creative community in different ways.

In this final section of the report we draw together some key conclusions and recommendations for Kazakhstan policy makers to help them in supporting the development of their own creative hubs.

## Agree Clear Shared Values and Objectives for your Hub

UK hubs have highlighted the importance of being driven by ‘values’. Setting clear values that are agreed and shared by the hub management, funders, hub users and the local community can drive the creation of hubs and be used to inform goals, targets and success measures/KPIs. One key consideration to agree from the outset is ‘where does the value the hub generates go and who benefits?’ In the case of Baltic Creative, for example, it was agreed at the beginning of the project that the creative community and the local neighbourhood should benefit — not commercial developers. This has guided the project’s success and direction over the last decade.

As focus group discussions highlighted, Kazakhstan has an opportunity to look to the future and embed sustainable ambitions within a new hub from the outset.

An international recognised model is the ‘triple bottom line’ that considers the following impacts in measuring success:

- **Profit:** This is the traditional measure of corporate profit — the profit and loss account.
- **People:** This measures how socially responsible an organisation has been throughout its history.
- **Planet:** This measures how environmentally responsible a firm has been.

## Put People at The Heart of your Planning

Literature reviews, case studies and focus groups all highlight that it’s the people that make a hub — not the physical building. It is the connections, skills development opportunities and communities that hubs support which makes them such a powerful driver for creative economy development within a place.

The hub should be developed bottom up and not top down. Although the government has a critical role in creating the policy framework and funding for hub development, the creative community and the local neighbourhood will be critical in working with the hub management to shape its development and the services it offers.

UK hubs consulted with local residents and businesses for six months in developing their plans. Members of the public came up with great ideas that made the hub better. Representatives of the local hub neighbourhood also have a role on the steering group, to help ensure the hub keeps their interest at their heart.

## **Let the Creative Sector Lead the Hub Development — With the Right Support**

Turning an abandoned car park into a creative centre perfectly demonstrates the power of creativity, and the innovation and ingenuity of the creative sector. The huge range of ideas generated through the focus groups with representatives of Kazakhstan's creative sector demonstrates their ambition and vision. Experience shows that the creative sector itself is best placed to drive hub development.

As an example, during the best practice workshops in this project, concerns over converting a former prison in Almaty into a creative hub were discussed, because of the negative associations the building has. Yet UK examples showed that, with creative thinking and cultural sensitivity, artists can help to interpret very challenging stories about places, helping the local community to process their local history.

The 2021 research with cultural and creative space leaders in Kazakhstan found that some emerging hubs closed because of a lack of financial and business planning from the hub managers. Hub management teams will require a blend of experience in creative sector development but also sound business and financial planning, ideally with property management and development experience. Putting in place a Board, as well as the day-to-day management team, is a way to bring a greater breadth of skills and experience to hub leadership. However, having all the required skills in one team, will still be challenging and hub leaders should themselves benefit from training and support. The British Council, for example, has produced a series of resources — [online training](#)<sup>3</sup> and [toolkits](#)<sup>4</sup> — that hub leaders can access.

With the right governance, funding agreements and shared objectives in place, the government can trust creative communities to come up with the ideas that bring hubs to life.

<sup>3</sup> <http://www.creativeeconomy.britishcouncil.org/projects/creative-hubs-academy>

<sup>4</sup> <http://www.creativeeconomy.britishcouncil.org/resources/creative-hub-leaders-toolkit>

## **Build Trust and Enable Flexibility by Putting the Right Governance Structures in Place**

Creative hubs are developed through effective partnerships between government — usually local — and the creative sector. Civil servants and policy makers are seeking to stimulate economic growth in a way that ensures public funding is appropriately and effectively spent. Hub managers want to open-up new opportunities for the creative sector to thrive, with the operational freedom and financial stability to plan for the medium to long term.

UK case studies talked about the importance of ‘considered risk taking’. Risk taking is an essential part of innovation and creativity. But civil servants need to be accountable for public money and deliver in the public interest so can often take a cautious approach. Putting the right governance structures in place can ensure accountability, while simultaneously giving creative operators the freedom to test new approaches. This can be achieved, as the UK examples illustrate, through service level agreements, or delivery contracts, between local government and hub management.

Government can ensure accountability by monitoring delivery against agreed targets — hubs have operational freedom as long as they are achieving shared objectives. That makes it critically important for both government and creative sector partners to agree realistic, joint objectives. The majority of genuine creative hubs (as opposed to serviced co-working spaces) are managed by not-for-profit social enterprises or community interest companies who reinvest any profit into the hub for the benefit of its users and the wider community. This means hubs are driven by meeting the needs of their users, as opposed to commercial returns. The economic benefits hubs deliver are often realised in the longer term, so short-term financial returns on investment should not be the driving factor for either partner. Instead, performance indicators such as jobs created, business growth, community engagement and public and private sector partnerships will be key indicators of success over time.



## **Give Hubs the Financial Security to Develop Over the Long Term. Financial Models**

From a policy makers perspective, the financing of hubs is fundamental. As the UK case studies show, different hubs in different locations serving different communities can all have very different funding models, but there are some key, common themes.

In the vast majority of cases, and almost always where a creative ecology is less developed, creative hubs require public funding to secure the physical space. But the vast majority also need public funding to provide the network and business support services that are an essential part of a hub's value — at least in the short term.

Many successful hubs do become self-sustaining, but many do not. A study of 300 hubs across Europe found that only one third do not receive public funding.

A hub's true financial and economic value will become evident in the longer term.

Operational freedom, whilst retaining accountability for public investment is critical. Hubs have a range of operating models. For example, from the ECBN survey, 40% of hubs were non-profit organisations, 25% were government agencies, 24% made a profit and 7% were part of a university.

Ideally, a hub should have security of funding over the longer term, to allow them the security to plan and develop without an over reliance on raising funds to keep going.

Hubs will not deliver short term financial returns but can deliver real long term economic and social benefits.

The UK examples also suggest that the level of public funding needed depends on the strength and development stage of the local economy and the creative economy specifically. Peckham Levels is based in London. Although the borough itself is 'on the margins' it is within a global city and creative industries centre. Even in that context it is financially self-supporting through a profitable food and drink offer. In comparison, Creative Kernow is in a rural area with a much smaller and weaker creative and local economy to draw upon. Despite dedicated management and a complex mixed income model, it still requires public support.

All the UK examples benefited from significant public investment. It can be very difficult for hubs to become financially self-sustaining, especially in the short term. A mixed income model, based on public investment blended with earned income through office hire, workspace hire, leisure or recreation facilities is a popular hub income model. But as the hubs demonstrate, initial public investment can bring a very significant return on investment over time, both in terms of jobs and GVA, but also wider ‘spillover’ benefits such as connected communities and regeneration.

The presentations from UK hubs all spoke of regeneration and how those hubs had regenerated and revived the areas that they were located within. But all hub leaders explained this was a welcome byproduct of hub creation, not the driving force behind it. The primary objective was to create good, local jobs within the creative industries.

Taking into account all these factors, a management model is needed that:

- Considers the interests of all “residents”
- Independent — decision-making and responsibility on the management team, but accountability to investors — private or state
- Implies self-sufficiency with the possibility of developing “non-profitable” projects and initiatives
- To work as a coordinator / administrator of this room requires involving professionals with relevant business skills, as well as an idea of the creative process
- Creative clusters in most countries in the world have replaced the industries that left the cities, embodying the change of the industrial era to the information one. In this regard, they do not require separate buildings, but easily fit into existing empty or inefficiently used spaces (for example, warehouses in the city).

### **Measure Their Success Against a Realistic Range of Factors and Indicators. Measuring Success**

However, that funding security and operational freedom must be balanced against accountability of hub management teams. Policy makers need to ensure that hubs are performing effectively and delivering against the objectives agreed in return for Government support.

Agreeing appropriate measures of success, that work from both a policy maker and the hub management perspective is key. The most common question now asked by the state, managers and owners of spaces is: “How to measure the success and efficiency of creative hubs and spaces, whose work in many respects does not have direct economic indicators”?

Making sure those expectations are realistic on both sides, will also be key to a successful long-term partnership.

As the UK case studies demonstrate, the main driver for UK hubs is job creation, business sustainability and local growth. Other allied indicators can be added to this primary driver, depending on the ‘values’ or vision that the hubs are driven by.

This could include targets based on the companies supported, for example:

- The number of start-up companies
- The number of jobs created
- New products or services developed
- Future investment secured by hub tenants — both public and commercial
- And the number of people who access training and development

In terms of the running of the hub management, objectives could include:

- Financial income generation targets that could, in time, lead to self-sufficiency.
- Partnerships developed, for example with higher or further education providers or ‘anchor’ businesses.
- Wider social impact with members of the local community visiting/engaged with the hub. This could seek to draw in specific audiences, such as children and young people.

This would help to calculate return on investment in the longer term. But we should also be aware that much of the value hubs create is much more intangible. Hubs can impact on the economic, social and cultural development of places, which spill-over to the wider economy and place.

The example of networks and hubs helping the creative sector to be more resilient to the challenges of COVID-19 is a key example of the less defined, but equally important, benefits strong hubs can bring.

## The Future for Hub Development in Kazakhstan

By sharing the theory behind hub development policy, practical examples and the history and opportunities for hub development in Kazakhstan, this report aims to give policy makers the ideas, examples and evidence they need to take the next step.

But that next step opens up further questions. On one hand, combining people, organisations and cultural venues in one space will allow you to concentrate the flow of the audience, combine efforts on marketing and thereby cover operating costs. On the other hand, the presence of small creative spaces in different parts of the city will help decentralise the creative sector growth and support the development of wider parts of the city.

The question remains whether Kazakhstan and Almaty need several clusters/hubs with large areas where businesses will be concentrated.

Will there be such a number of creative entrepreneurs in the city to fill the spaces and allow these spaces to become self-sufficient (through payment administration, expenses, salaries, utilities, etc.)? Or, within the framework of already existing hubs, whether these spaces are used to deliver special programmes and proposals for entrepreneurs, supporting them to open new businesses.

Clusters and hubs are part of the ecosystem of creative industries. The successful existence of such spaces is inextricably linked with the “well-being” and well-being of the sector itself. If the sector is in its infancy, then businesses within this sector need special conditions and support, otherwise they will not be able to achieve self-sufficiency and/or profit (see the example with the Experimentarium store).

### A final idea...

Hub leaders, in the same way as creative entrepreneurs, can find peer support extremely helpful. A peer support network, bringing together hub leaders from across central Asia to share challenges and successful strategies could also prove extremely useful. Similar to the European Creative Hubs network — a Central Asia Creative Hub Network could be established.



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