

AGENDA ITEM 8**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET****27 NOVEMBER 2020****REPORT OF GROUP COMMERCIAL DIRECTOR****CULTURE & TOURISM****GROWTH PROGRAMME FOR THE CREATIVE & VISITOR ECONOMIES****SUMMARY**

The Tees Valley Combined Authority (TVCA) Investment Plan allocation for Culture & Tourism is £20m. The initial investment priorities were set out in the Investment Plan and a number of projects have already received approval through Cabinet or via delegated decision in line with the Assurance Framework. £16.5m of funding is yet to be allocated and approval is now sought to enable the delivery of a Growth Programme for the Creative & Visitor Economies ('the Programme'), as outlined in this report.

The Programme will contribute to TVCA's objectives of economic regeneration and job creation through the strategic growth and development of these interconnected but distinctive sectors, and has been developed to reflect the recommendations of the independent Cultural Industries & Visitor Economy Recovery Task Force ('the Task Force'), which is led by LEP Board Member Annabel Turpin and comprises leaders from across these sectors.

The Task Force was initially established to advise on the detail and delivery of the recently launched £1m Cultural Industries & Visitor Economy Recovery Programme ('the Recovery Programme'), which enabled an agile and timely response to the challenges the Covid-19 pandemic has presented for these sectors. The learning from the Recovery Programme will continue to inform the delivery of the wider programme set out in this report, which will take a strategic approach to catalysing growth beyond recovery.

RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet:

- i. Approves the allocation of the remaining £16.5m from the Investment Plan to enable the delivery of the Programme to the end of the 2024/25 financial year as set out in this report; and
- ii. Delegates approval of the detailed programme business case to the TVCA Group Chief Executive in consultation with the Tees Valley Management Group, Section 73 Officer and Monitoring Officer in line with the Assurance Framework.

STRATEGIC FIT AND BENEFITS

1. The Strategic Economic Plan (SEP) identifies 'Digital and Creative' and 'Culture and Leisure' as two of seven key growth sectors which are critical to "*boosting competitiveness and diversification, improving economic resilience and providing the range of jobs needed to ensure that growth is both widespread and inclusive*". Tees Valley is 25% below the national average with regard to jobs and businesses, which equates to a £4.3bn GVA gap. The SEP states that, between them these sectors account for 29,380 jobs, 2,410 enterprises and £712m of GVA.
2. The SEP recognises the vitality of cultural activity to the place agenda and the growth of the visitor economy and identifies the strong link between the culture sector and the digital and creative industries ecosystem. Enterprises within these sectors account for circa 14% of the business base of the Tees Valley creating the second largest cluster after 'business and professional services'. It employs thousands more than other sectors such as logistics, process and chemical clusters.
3. When the Combined Authority was established in 2016 an initial £1.8m was committed to the Culture & Tourism programme. Through this initial allocation, for every £1 invested by the Combined Authority a further £2.50 has been leveraged from other funders, in addition to Local Authority investment. As a consequence, and amongst other benefits, there has been a significant expansion in both visitor numbers (20.24 million visitors annually, up 2% since the launch of Enjoy Tees Valley in 2018) and visitor spend (£1.018bn in 2019, which marks a year on year increase of 3%). These are significant achievements, however they are not consistently translating directly into economic impact for the region as there is too much "leakage" - put simply, in many instances the goods and services are sold in the Tees Valley to visitors but the businesses and people providing them are based elsewhere. We need to develop the capacity of the sector in the region to own and deliver this activity here.
4. The Investment Plan (2019) identified £20million 'to support the development of Tees Valley wide cultural delivery' in order to create 2,000 new jobs and an additional £126m GVA in the economy, attract new domestic and international visitors to the Tees Valley and increase visitor expenditure into Tees Valley¹.
5. Historically, references to 'Culture and Tourism' have not effectively conveyed the strategic and competitive value of the economic benefits from these skills-driven sectors. Pre-pandemic the creative industries were growing at five times the rate of the UK economy as a whole, providing 1 in 11 jobs nationally and generating £111.7bn GVA to the UK economy in 2018 – greater than the automotive, aerospace, life sciences and oil and gas industries combined (DCMS Sectors Economic Estimates 2018, Feb 2020). The cultural sector is an essential driver of this wider creative economy and critical to the development of transferable creative skillsets which fuel the wider creative industries and are essential to the vibrancy, attractiveness and wellbeing of communities in villages, towns and cities.
6. A thriving cultural landscape helps to create places that attract and retain businesses and business leaders. In repositioning 'culture' within the context of the wider creative economy, TVCA investment will ensure that the programme maximises opportunities for cross-sector and partnership working to encourage connectivity, resulting in opportunities for innovation, growth and increased competitiveness and productivity through a diverse workforce.
7. Likewise, 'tourism' is a product of a thriving recreational, leisure and cultural sector which is built through high quality hospitality services, attractive products and strong and

¹ These targets were set prior to the pandemic and the detailed business case will provide updated analysis and impact projections.

compelling communication. Maximising the quality, access and appeal of arts, heritage, rural and natural assets can attract more, higher spending visitors, so these assets and are therefore key to the visitor economy whilst also playing an important role in shaping Tees Valley's wider strategic proposition as an attractive place to live, work, study and invest.

8. The proposed programme has been developed to ensure strong resonance with Arts Council England's (ACE) new 10-year strategy: 'Let's Create', which seeks to establish an equality of access, opportunity and cultural relevance across the country and for communities of all backgrounds. ACE makes clear its commitment to partnership working and the importance of collaboration with local and combined authorities. To date ACE's investment in Tees Valley has been disproportionately low in comparison with other regions, including elsewhere in the North East. The proposed Tees Valley programme will enable the clarity of purpose and message from Tees Valley necessary for strengthening strategic engagement with ACE and other funders, to maximise investment leverage potential where agendas and priorities align.
9. The impacts of COVID-19 have been significant. Modelling based on 2019 figures projects a loss of 48.4% to Tees Valley's visitor economy in 2020, with GVA falling from £1.018bn to £525.5m. 44% of creative, culture, tourism & hospitality businesses have reported that future business viability is under threat, compared to 28% across all sectors. It is worth noting that 95% of visitor economy businesses responding to the TVCA Business Survey stated that they had experienced business growth in the 12 months before the outbreak of COVID-19.
10. Through investment to date much progress has been made to strengthen the cultural, creative and destination outputs and impacts in Tees Valley and the region has been identified as having significant growth potential. This has been key to regional competitiveness and profile. However, as with other sectors this progress has been interrupted by the pandemic, with sector businesses facing ongoing uncertainty as restrictions continue to fluctuate. The Recovery Programme will go some way to supporting the sector to re-align and stabilise in the short-term, but longer-term, strategic and sustained commitment is required to stimulate sustainable growth beyond recovery and to unlock the wider and ongoing benefits of these sectors for Tees Valley's economy, people and place.
11. Without such a commitment, loss of jobs and businesses in these sectors will be inevitable and over a prolonged period. The proposed Programme offers a comprehensive and clearly defined approach for the region which will be essential in maximising the leverage potential for inward investment from external funding bodies. Continued uncertainty regarding the medium to long-term focus and priorities would have a detrimental effect on external perceptions of the region, at a time when it has received acknowledgement for its proactive response to the sector at this critical time.
12. The diagram below illustrates how investment in the Programme will support a number of SEP and Investment Plan Priorities:



PROGRAMME DESCRIPTION

13. The proposed programme will support and help to create a broad spectrum of jobs across the sectors and in the wider economy. Sector businesses will develop through stronger business models, enhanced connectivity and wider public engagement. The

programme will enable businesses to 'build back better' through diversified income streams, integration of new technologies, partnership working and cross-sector collaboration. It will help to leverage significant inward investment to transform cultural infrastructure and enable the delivery of high-impact programmes for the ongoing growth of the sector and accessibility and well-being of Tees Valley communities.

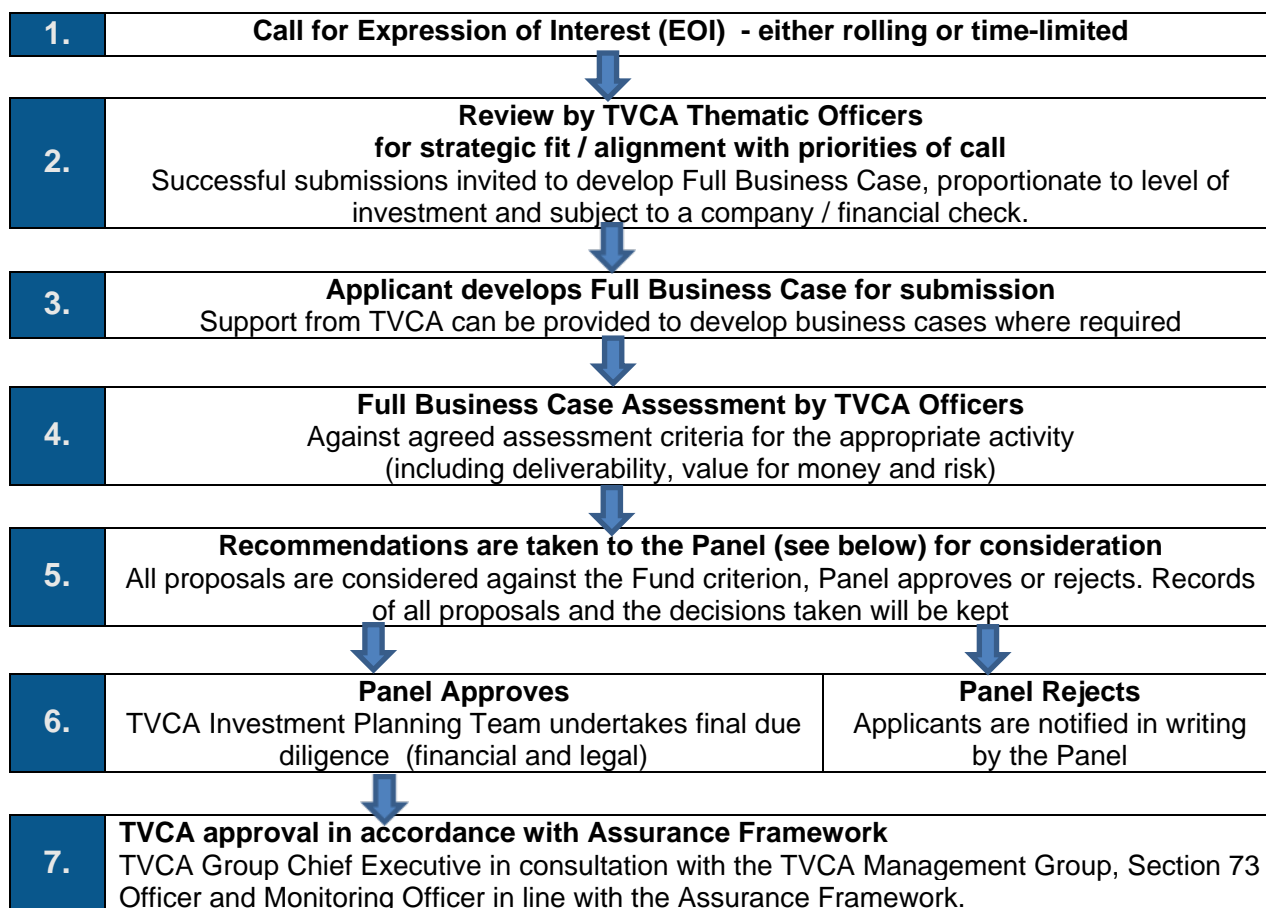
14. The Programme is focused on economic recovery, regeneration and growth through the sustainable development of the creative and visitor sectors. This will be achieved through activity which:

- i. Strengthens infrastructure;
 - ii. Grows the sector: job creation and business creation, growth and resilience;
 - iii. Stimulates higher levels of public engagement;
 - iv. Positively raises the profile of the region and builds wider awareness of the activity and offer of the creative and visitor economy sectors; and
 - v. Supports the Combined Authority's agenda to attract inward investment.
- **The following principles will underpin programme activity:**
 - i. Builds on Tees Valley strengths, to maximise the existing assets and expertise of the region;
 - ii. Embraces ambition and innovation to ensure agility, relevance and competitiveness;
 - iii. Contributes to medium / long-term change;
 - iv. Ensures adequate resource is available to pursue opportunities / demands for the life of the programme (up to March 2025) through the equal profile of investment funds against each financial year within the programme;
 - v. Aligns with the strategies and priorities of other funders to maximise leverage potential;
 - vi. Is 'varifocal' in design: strategically relevant to Tees Valley as a region whilst being locally deliverable and nuanced;
 - vii. Is partnership-led with key partners and stakeholders to establish shared priorities, ownership and to maximise opportunities to leverage other investment to deliver; and
 - viii. Champions accessibility, diversity and environmental responsibility.

15. Three delivery mechanisms, appropriate to the different types of activity are identified:

- 15.1. **Strategic TVCA Delivery:** will be undertaken where the focus is on encouraging cross-sector collaboration, building stronger wide-reaching networks, leading relationships with other funding bodies and maximising value for money through a coordinated strategic approach - such as Tees Valley wide interventions like the Enjoy Tees Valley destination marketing;
- 15.2. **Grant Fund:** this approach will be taken when inviting applications to address recognised barriers to growth and areas with high growth potential. The activity will seek to develop new or extend existing activity and maximise value for money;
- 15.3. **Challenge Fund:** this approach will be taken when we have identified a specific market failure or 'problem' to which we want applicants to respond through new innovative activity designed to address the specific challenge set by TVCA.

16. The approach to decision-making will be in line with the TVCA Assurance Framework and will mirror established Combined Authority processes such as those embedded in the existing £96m Business Growth Programme. The application process will be open on either a rolling basis or through time bound 'calls' for proposals to deliver specific activity. This approach will ensure a clear, consistent, open and transparent process, with the objective assessment of proposals against clear and relevant criteria and frameworks to achieve value for money. The following diagram sets out the process:



17. The Panel will comprise the LEP thematic lead for culture, TVCA policy lead for creative & visitor economies, 2 x independent representatives from the LEP/sector, TVCA investment planning manager, and Local Authority representation through the policy lead from the portfolio-holding council.

18. The panel will meet on an ad-hoc basis (at least four times per year) as and when there is a sufficient number of proposals for consideration or when a decision is required with time sensitivity. The terms of reference and conflict of interest procedures will be agreed. For the avoidance of doubt, the activity which is brought forward to be managed by TVCA will be subject to the same approval mechanism.

19. **Programme Activity:** There are three inter-dependent pillars of the proposed programme: Product Development, Sector Growth & Sustainability and Profile Raising. The delivery mechanism (DM) for each is included below.

20. **Pillar 1 - Product Development:** this is concerned with developing strong cultural and destination “infrastructure” which both supports and is driven by sector growth and expertise. There are four investment priorities.

20.1. **Festivals & Events: Growing and Developing (DM = Grant Funding)**
Guided by the principles of a new Events & Festivals Strategy, which will include funding criteria, investment will be made in:

- indigenous festivals with high growth potential; and
- the development of new market products with potential for delivering strong destination impact.

Investment through this programme strand will include £1million to support the realisation of an internationally engaging landmark programme of events to mark the bicentenary of the Stockton & Darlington Railway in 2025.

20.2. **Festivals & Events: Buying (DM = Grant Funding / Strategic TVCA Delivery)**

Again guided by the principles of the new Events & Festivals Strategy (including funding criteria), investment will enable the region to acquire/bring in events which are currently external to the region and which have the potential to:

- Attract high numbers of visitors;
- Significantly raise the profile of the region as a distinctive destination;
- Strengthen regional capability and establish year-round activity and participation; and
- Have the potential to benefit local event supply chains.

This programme strand will include the investment committed to the Tall Ships event in Hartlepool in 2023 which received Cabinet Approval in July 2020 with an advance commitment from the £20m Investment Programme allocation.

21.3 **Destination Development (DM = Strategic TVCA Delivery)**

Guided by a new Destination Management Plan, strategic interventions will be made to strengthen regional products which strengthen Tees Valley's proposition as a high quality, engaging and distinctive year-round destination and support our inward investment agenda.

This will include further work to grow Tees Valley's walking, cycling and river proposition, connecting with other existing/approved programmes including the Strategic Transport Plan, Let's Go Tees Valley, the River Tees Initiative and River Tees Rediscovered.

21.4 **Leverage for Capital Development (DM = Grant Funding with Annual Open Calls)**

In recognition of the capital ambitions and needs across the region and cognisant of the anticipated national focus on capital projects to support economic recovery, this programme strand will offer initial funding support to develop bid-ready projects to maximise national capital investment/bidding opportunities.

Decision making will be guided by a new 'Case for Capital' which will establish a Tees Valley framework for facilitating external investment and enable prioritisation.

This programme strand builds upon the significant capital investment already committed by the Combined Authority in cultural infrastructure. This includes Kirkleatham Walled Garden, Hartlepool Waterfront, Redcar & Cleveland's wider 'Welcome to Redcar & Cleveland' programme which includes the Regent Cinema, Darlington's Railway Heritage Quarter and the new film studios in Hartlepool.

21. Pillar 2 - Sector Growth & Sustainability: this will seek to catalyse development, innovation and growth in the cultural industries. Investment will focus on areas of growth

potential and removing barriers to growth. **(DM = Combination of Grant Funds, Challenge Funds and Strategic TVCA Delivery)**

- 21.1. Through selected strategic projects, open grant and challenge fund programmes – all of which will respond to defined priorities - this pillar seeks to establish a strong and connected cluster of resilient cultural businesses, creative skills, networks, talent development pathways and content creation. The growth of this cluster is fundamental to sector productivity and sustainability.
- 21.2. Sector growth is also critical to ensuring higher levels of cultural access and participation amongst local communities, growing place vibrancy, civic pride and wellbeing. The programme will support cultural programmes and skills to reach further, grow in relevance and create wider opportunities for communities to participate and explore their own creative and cultural skills and interests.
- 21.3. This activity will be shaped by the learning gained through the Great Place Tees Valley programme which concludes in March 2021. The programme has provided valuable insights into a range of areas including the value of sector networks, skills development methodologies and interaction with wider agendas such as high street revitalisation.
- 21.4. This activity includes the Tees Valley Screen project and the Creative People and Places Programme for Redcar & Cleveland and Middlesbrough (“Borderlands”), both of which received advance funding commitments through delegated decision due to the time sensitive nature of the opportunities presented.

22. Pillar 3 - Profile Raising: will focus on place and destination marketing activity and the continued growth of Enjoy Tees Valley as the region’s Destination Management focus. **(DM = Strategic TVCA Delivery)**

- 22.1. Guided by a new Destination Management Plan, activity will continue to establish Tees Valley as a competitive and nationally relevant destination and strengthen the Enjoy Tees Valley brand as a distinctive and trusted voice with consumers and stakeholders.
- 22.2. Activity will include delivery of a four-year plan including development of digital platforms, production of marketing materials, events, exhibitions, and campaigns.

FUNDING

23. The Programme will be funded through the £20million allocation for Culture & Tourism identified in the Combined Authority's investment plan.

Activity	Investment Plan: £20m
Previously Committed	£3.5m
Cultural Industries & Visitor Economy Recovery Programme	£1m
Hartlepool Tall Ships 2023	£2m
Other advance decisions, including Tees Valley Screen and Borderlands Creative People and Places	£0.5m
Unallocated – for which Cabinet Approval is sought	£16.5m
Product Development	£8.5m
Sector Growth & Sustainability	£5m
Profile Raising	£3m

24. There is strong potential for the programme to leverage inward investment from other funding bodies, including Arts Council England, Creative England, National Lottery Heritage Fund, and Department for Culture, Media and Sports (DCMS).

ASSURANCE

25. Cabinet approval would commit the funds to the Programme and would allow the detailed business case to progress. The business case approval would then be delegated to the TVCA Group Chief Executive in consultation with the TVCA Management Group, Section 73 Officer and Monitoring Officer in line with the Assurance Framework.
26. The new Destination Management Plan, Events & Festivals Strategy, Case for Capital and Sector Analysis will be produced independently, will strengthen the evidence of need and augment the activity as part of the detailed business case, including informing the specific investment criteria for open calls.
27. The business case development will be undertaken over the coming months, with delivery anticipated from April 2021. Meanwhile, the Recovery Programme delivery continues until June 2021.

FINANCIAL IMPLICATIONS

28. The report sets out the proposal for the full Investment Plan allocation of £20m to support Culture & Tourism priorities.
29. A spend profile for the life of the Programme will be presented in the business case. The cost of the TVCA resources required to manage the overall programme will be funded by the programme but will not exceed 4.5% of the £16.5m programme funding to be

approved under this report.

30. There is currently no further allocation in the Investment Plan beyond 2025. It is recommended that an interim evaluation is undertaken in 2023 to inform future investment requirements.

LEGAL IMPLICATIONS

31. There are not considered to be any legal implications arising from the recommendations in this report. However, there may be legal implications for individual projects and appropriate legal advice will be sought as required.

RISK ASSESSMENT

32. The Programme is categorised as medium risk. The area has been without a clear approach to cultural investment for some time, hindering partnership development and engagement with stakeholders, including businesses and other funding bodies. The pandemic has had a significant impact on these sectors and without a programme of planned investment a greater risk is posed to the survival of the sectors, with subsequent loss of growth potential and detriment to Tees Valley's place proposition, lifestyle offer and economic competitiveness as the creative and visitor economies recover nationally.
33. Individual projects and schemes will be subject to their own risk management processes.

CONSULTATION AND COMMUNICATION

34. The Programme, as recommended, has been informed by and developed through close consultation with: the independent Cultural Industries and Visitor Economy Recovery Task Force, led by Tees Valley LEP Board Member, Anabel Turpin; the five Local Authority senior culture officers; Portfolio Holders and Leaders from; and a wide range of other cultural industries and visitor economy stakeholders, including:
 - i. Round table discussions with the six Tees Valley ACE National Portfolio Organisations (those which receive annual core funding from ACE);
 - ii. Round table discussion with festival businesses in Tees Valley;
 - iii. Round table discussion with visitor economy businesses, including hotel & accommodation providers, restaurants, attractions, shopping centres and coach operators;
 - iv. Engagement with Local Authority culture & tourism leads;
 - v. Information gathering re. success rates of local businesses applying for ACE Emergency Support;
 - vi. Engagement with Middlesbrough Culture Partnership;
 - vii. Responses to Tees Valley Business Survey;
 - viii. Responses to North East Culture Partnership Survey;
 - ix. Responses to Creative England / Creative Industries Federation national survey;
 - x. Participation in calls with other CAs/LEPs facilitated by Creative England & Visit Britain; and
 - xi. Other sector engagement on a business-by-business basis via email / phone call.

EQUALITY & DIVERSITY

35. This programme will be committed to championing equality and diversity, both through the growth and development of the workforce and through the development of inclusive, accessible and relevant interventions and working practices.

LOCAL ENTERPRISE PARTNERSHIP

38. This item has been considered at the LEP meeting in advance of it coming forward to Cabinet.

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