



REGENERIS

Lancashire NCRF Bids - Initial Assessment of Expressions of Interest

A Report by Regeneris Consulting

Lancashire Enterprise Partnership

Lancashire NCRF Bids - Initial Assessment of Expressions of Interest

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1. Introduction

- 1.1 Regeneris was commissioned by Lancashire Enterprise Partnership to provide an independent initial review of the shortlisted bids submitted to Marketing Lancashire. Our report will inform your selection of which bid to put forward as the preferred project to be submitted to the Department for Digital, Culture Media & Sport (DCMS) for a share of the new £15m Northern Cultural Regeneration Fund (NCRF).

The NCRF Bidding Process

- 1.2 The NCRF is a legacy fund to amplify the impact of the Great Exhibition of the North, intended to pave the way for future cultural investment in the North of England. The bids need to set out how they will help to build a lasting regional legacy.

“The Fund will make grants of up to £4 million available to support major inspirational culture and tech capital projects that could have a transformational local effect, particularly in communities that have historically had low levels of cultural and creative investment, by increasing opportunities for people to experience, benefit and contribute to culture and creativity.”

- 1.3 The NCRF is open to the eleven Local Enterprise Partnerships across the North who are invited to submit one bid to the Fund for a single capital project. It is anticipated that the Fund will support three or four large capital grants of around £3-4m each over a three-year period between 2018-2021.
- 1.4 Lancashire Enterprise Partnership invited submissions from organisations that can clearly demonstrate how their proposal meets the Fund criteria and deliver the intended outcomes. The submission process used a standard proforma to gather responses through a consistently structured approach. The deadline for submissions was the 13th of October. Lancashire Enterprise Partnership and Marketing Lancashire officers then shortlisted three potential projects for independent review.

Independent Review Process

- 1.5 Regeneris has independently reviewed the three shortlisted projects. The purpose of this exercise was to assist the LEP to determine which of the three bids presents the strongest opportunity for Lancashire which, with their support, can be further developed and put forward to Government as the county’s LEP endorsed bid.

- 1.6 The review process involved:
- A review of submitted proformas and any supplementary information provided.
 - Consideration of each bid against the assessment criteria set out by DCMS for the NCRF and Lancashire Enterprise Partnership in the proforma.
- 1.7 Initial recommendations are provided within the limitations of the information available at this stage.

Shortlisted Projects

- 1.8 Three shortlisted projects were identified. In summary, these are:
- 1) AMuseum Blackpool. Creation of Blackpool's only museum offering a hybrid between museum and visitor attraction, showcasing Blackpool as a seaside holiday resort and its role in the development of British popular culture and entertainment.
 - 2) Arts Hub Lancaster (AHL). This project is located in the city's major Canal Corridor North regeneration project. The project will provide 3,500 sqm of creative space including an auditorium, three cinemas, creative workspace, dance studio, meeting rooms, café/restaurants and bars.
 - 3) Locus in Burnley. A purpose built flexible space for live performances and shows which can accommodate audiences of up to 2,500. This project is a key component of the Pennine Lancashire Linear Park vision.

Next Steps

- 1.9 The LEP will use the independent review to inform their selection of the preferred project. This will be ratified at the LEP Board meeting on the 7th of November. The LEP and partners will then work intensively with the preferred project to ensure it provides the strongest case possible within the time limitations of the bid, to submit the bid to the DCMS by the 30th of November alongside supporting documentation which is to include a Full Business Case.
- 1.10 Decisions on which bids should be funded will be made by DCMS Ministers and announced in March 2018.

2. Comparison of Bids

2.1 The DCMS clearly identifies the criteria it will use to assess funding bids to the NCRF and how these will be weighted. The Lancashire project summary form is structured to respond to this requirement.

Table 2.1 Summary of NCRF & Lancashire Criteria

Criteria	Considerations	Scoring
Fit with primary funding goals	<ul style="list-style-type: none"> Fit with primary funding goals of encouraging sustainable cultural and creative regeneration in the North of England; and benefitting areas in the North of England that have historically had low levels of cultural and creative investment Projects should lead to at least one of six target outcomes Demonstrate involvement of local partners in the cultural, creative, digital and technology sectors 	40
Delivery of desired Outcomes	<ul style="list-style-type: none"> Delivery against specific funding outcomes and supporting evidence of this 	
Ambition and rationale for intervention in the local area	<ul style="list-style-type: none"> Evidence of the need for the project and the rationale for intervention including market failures and opportunities facing the area 	
Value for Money	<ul style="list-style-type: none"> Impacts against costs assessment Clear explanation of costs, income streams and expected outputs Normally expect to fund no more than 70% of the total eligible project costs Demonstrate that all non-capital costs are affordable from partnership funding Explanation of how the project will be financially sustainable in the long term Ability to provide a compliant Five Case Business Case Model as supporting evidence 	30
Delivery and risk	<ul style="list-style-type: none"> Evidence of partnership strength and commitment Robust assessment of deliverability, capacity and risks Clear explanation of delivery routes, timeframes and key milestones 	30

Criteria	Considerations	Scoring
	<ul style="list-style-type: none"> Strong arrangements for local transparency and accountability, monitoring and evaluation 	

2.2 Details are not given as to how the scores for each of the broad criteria should be applied. In the brief time available for Regeneris to review these initial submissions, we have not therefore sought to second guess the DCMS form. It is also clear that there are fairly substantial differences in the quality and quantity of information provided for each project. This makes it impossible at this juncture to systematically score each project based on the DCMS criteria.

2.3 To address the need to be clear about how we have reached our conclusions, we use a straightforward traffic light system to show how we assess the strength of the case for each of the main criteria described above.

	Strength of case is weak with evidential gaps
	Average strength of case which needs further development
	Strong case providing a platform to build upon

Strategic Fit

Assessment Criteria

- Does the proposed project encourage sustainable cultural and creative regeneration in the North of England and benefit areas that have historically had low levels of cultural and creative investment, informed by indicators including Heritage Action Zones and Creative People and Places projects
- Alignment with the SEP priorities of sector development and growth; innovation excellence; skills for growth; business growth and enterprise; and releasing local growth potential

Strength of Submission

Table 2.2 Strength of Case - Strategic Fit		
Project	Commentary	Strength
Encourage sustainable cultural and creative regeneration in the North of England		
AMuseum	Yes, although limited insight given on northern regional significance. However, it is acknowledged Blackpool's appeal has a large market catchment as a key tourism destination. Further helpful detail was provided on this in response to supplementary questions.	
AHL	Yes, but the regional relevance of the proposal appears limited on the basis of the submission. It is conveyed principally as a facility of significance to Lancaster and its surrounding area. Ambitions to elevate Lancaster into the top bracket of England's historic cities identified and potential bid for UK City of Culture in 2025 noted but insufficient connection between this and why the project is key to achieving it.	
Locus	Yes, with recognition given to the importance of Weavers Triangle in Burnley as one of the "finest surviving Victorian industrial landscapes in the country" and the wider role of the Pennine Lancashire Linear Park. Nevertheless, the northern impact of the proposal is not evidenced.	
Benefit areas with historically low levels of cultural and creative investment		
AMuseum	Yes, and located in an existing known area of low cultural and creative investment having received Creative People and Places funding in the past. Broad brush view of market failure – essentially this type of facility does typically require public subsidy to be developed and operated.	
AHL	Lancaster is neither a Heritage Action Zone nor part of the Creative People and Places Programme. However, an investment gap is identified on the basis that it does not attract the level of arts and cultural investment secured by larger centres. Evidence on how Lancaster compares in terms of securing funding appears clear cut.	
Locus	Yes, and is designated as a Creative People and Places Programme Area and Heritage Lottery Fund Priority Development Area status.	

Project	Commentary	Strength
Alignment with SEP Priorities		
AMuseum	Suggested alignment with all priorities identified, but limited evidence provided to illustrate how project delivers against each. Alignment with local strategies and proposed investments identified. Evidence on market demand has been generated but was not made available to review.	
AHL	Alignment with all but one of the LEP priorities identified. Strength of evidence on each varies. Opportunities for participation is a strong answer; innovation less so. Local evidence on arts provision is available. Contribution of the project to realising the wider Canal Corridor North vision is noted.	
Locus	Alignment with all priorities identified but limited evidence provided to illustrate how project delivers LEP priorities. Alignment with local strategies and plans such as the Pennine Lancashire Heritage Investment Plan and the Super Slow Way programme identified, and proposed investments are noted.	

Outcomes

Assessment Criteria

- Does the proposed project demonstrate that it will lead to at least one of the desired funding outcomes?
 - Encouraging sustainable cultural and creative regeneration in the North of England
 - Benefitting areas in the North of England that have historically had low levels of cultural and creative investment
- Does the project lead to at least one of the following outcomes?
 - Increased opportunities for people, including children and young people, to experience and be inspired by culture and creativity
 - Better quality of life and well being within local communities
 - More resilient and sustainable cultural and creative organisations
 - Innovative and effective partnerships between the cultural and creative sector and other sectors, especially digital and technology

- Increased investment and economic growth
- Support for a LEP cultural growth strategy, where such a strategy exists

Strength of Submission

Table 2.3 Strength of Case - Outcomes		
Project	Commentary	Strength
Alignment with NCRF Funding Outcomes and Supporting Evidence		
AMuseum	This project illustrates how it will benefit an area with low levels of cultural and creative investment although the regional relevance of the project could be better articulated. It illustrates how it will support other cultural activity and investment in the area and is part of a larger development scheme. Funding outcomes include increased opportunities for people and increased investment and economic growth and there is clarity provided on how these will be delivered, monitored and evidenced. The project needs to demonstrate lasting change to spaces and places, a weakness of the bid because the description is of a museum co-located in a 5* hotel and leisure complex, not an obvious place for a new museum. How might high visitor numbers to a museum fit with a top end hotel customer base in the town? The appraisal team are not wholly clear on how this project will deliver the step change in market perception and audience diversification and this should be an area of focus if this project is selected. For example, the emphasis is on a museum appealing to traditional 'variety'. How would this draw in a new and younger audience?	
AHL	This project illustrates how it will benefit an area with low levels of cultural and creative investment given investment in Lancaster. The funding outcome of 'increased opportunities for people', 'better quality of life' and 'increased investment and economic growth' is strong. The project responds to the need to promote and embed cultural diversity. Reference is made to monitoring and evaluation tools which will be drawn upon.	
Locus	This project illustrates how it will benefit an area with low levels of cultural and creative investment although the regional relevance of the project needs to be strengthened. This project is particularly strong on the outcome of 'innovative and effective partnerships between creative and cultural and digital and technology sectors'.	

The project acknowledges the need to reflect the diversity of the area and to be accessible to all. The detail on how these outcomes will be evidenced and monitored is light.

Ambition and Rationale for Intervention

Assessment Criteria

- Does the proposed project provide a strong rationale for intervention including market failures and opportunities facing the area?
- Does the proposed project demonstrate it is effective and will lead to a step change in cultural/creative infrastructure, facilities and/or provision?

Strength of Submission

Table 2.4 Strength of Case – Ambition and Rationale for Intervention		
Project	Commentary	Strength
Strong rationale including market failures and opportunities facing the area		
AMuseum	Blackpool's economic weaknesses are well understood, and the need to diversify the economy and to strengthen the visitor economy offer to widen its market appeal is noted. Blackpool lacks a museum at present. There is not enough clarity on why AMuseum is the solution to addressing some of these underlying economic weaknesses, although aspiration and suggested measures to engage local people are clearly identified.	
AHL	A 2016 report into Future Arts Provision in Lancaster identifies space limitations related to scale and quality which needs addressing. Lancaster has historically missed out on investment in arts and culture and this is required to achieve the vision of Lancaster as a 'Creative Producer'. The AHL project is a key element in the Canal Corridor North project. Given involvement of University, British Land, Council, evidence on the market failures that justify investment needs to be much stronger on initial reading of the form.	
Locus	Recognition that the area is poorly served by C&C provision currently and aged buildings cannot provide the quality of performance space necessary. The project will be a catalyst for	

	<p>regeneration in the Pennine Lancashire Linear Park and parallels are drawn to Emscher Landschaftspark and Highline for inspiration. The market failure case is highly descriptive however and would benefit from robust evidence to support the case for intervention. The applicant does identify an underserved catchment of 700,000 people which the project would serve. This would require further exploration to ensure it is robust.</p>	
Effectiveness and ability to lead to a step change in the sector		
AMuseum	<p>Supporting information provided by the applicant identifies AMuseum as the first of its kind nationally and the biggest new museum development in the North West. The use of digital technologies and the positioning of its offer as something different to the existing range of attractions is considered to create a step change in the sector. The applicant would benefit from illustrating through the use of evidence how the project will contribute to strengthening the sector in Blackpool through audience diversification and spend.</p>	
AHL	<p>AHL is intended to achieve a step change in the sector in the city through the provision of arts and cultural space and facilities, so a multi-functional facility. Centres on a physical hub being the stimulus for change and how this will be achieved needs to be made clearer. Given the scale of the investment involved, (c.£34m) the direct economic impacts appear very modest (e.g. 39 direct jobs, £0.9 million GVA). References are made to the wider Canal Corridor impacts which are very substantial, but not clear why AHL is essential to this larger impact being realised.</p>	
Locus	<p>This project will provide a step change in provision suitable for modern production technologies, sound or technologies and create access to a richer cultural offer and a critical mass of new cultural and artistic vitality. The wider impact of the project and its role as a catalyst for a wider cultural regeneration strategy through the Pennine Lancashire Linear Park has the ability to lead a step change in the sector. The case would be strengthened by establishing the baseline position and the contribution the project will make to growing the sector.</p>	

Value for Money

Assessment Criteria

- How are public and private funds being leveraged to maximise impact?
- Is there a clear explanation of costs, income streams and expected outputs, including long term financial sustainability?

Strength of Submission

Table 2.5 Strength of Case – Value for Money

Project	Commentary	Strength
Public and Private Sector Leverage		
AMuseum	Total capital costs for AMuseum are c.£10.4m with £4m sought from NCRF, accounting for 38.5% of total capital costs. The remainder will be sought from other public sector sources including Coastal Community Fund, Heritage Lottery Fund and Lancashire Growth Deal. These are yet to be confirmed. There is no private sector investment, although role of developer of 5 star co-located hotel is not clear in this regard. Blackpool Council has committed to spending £3.9 m over 10 years in revenue costs. HLF will also contribute £2.5m to the revenue costs of the project in the first 4 years.	Yellow
AHL	Indicative costs for AHL are c.£34m. NCRF accounts for £4m. This accounts for c.12% of total costs. It is not entirely clear where the remaining funding is drawn from although references are made to the ACE Stage 1 submission.	Red
Locus	£5.45m project of which NCRF accounts for 64% with the remaining 36% secured from the private sector. This funding is confirmed, and a letter of commitment is provided.	Green
Clear explanation of costs, income streams and expected outputs		
AMuseum	A detailed business plan is available to provide costs and income streams and illustrates financial sustainability. The economic case is	Green

	well understood and follows the requirements of a Five Case Business Model.	
AHL	An indicative cost breakdown is provided for this £34m scheme. A detailed cost plan can be made available and financial sustainability modelling is being developed. The appraisal team noted that fees and charges appear high at nearly one third of overall costs. It is not clear who the other funders are to the scheme and funding certainty is lacking.	
Locus	An indicative development appraisal has been prepared and costs include £4.2m build costs and £1.25m fit out costs. Income streams and expected outcomes are not provided. An outline business plan is in development. The long term sustainability of the project is not sufficiently explored.	

Deliverability and Risks

Assessment Criteria

- What evidence is there of partnership strength and commitment?
- Is there a robust assessment of deliverability, capacity and risks?
- Is there a clear explanation of delivery routes, timeframes and key milestones?
- Are there strong arrangements for local transparency and accountability, monitoring and evaluation?

Strength of Submission

Table 2.6 Strength of Case – Deliverability and Risks		
Project	Commentary	Strength
Partnership Strength and Commitment		
AMuseum	AMuseum has an extensive list of partners whose role is confirmed in the project. Given the number of partners involved this needs to be recognised as a project risk with mitigation noted.	
AHL	Partners including British Land, Lancaster University, The Dukes and Ludus Dance. Two of these are confirmed in principle and two are subject to agreement of Heads of Terms.	

Locus	Partners include Barnfield Investment Properties, AMS Neve, VMS Live and Burnley Council. Their roles are outlined and confirmed.	
Deliverability, Capacity and Risks		
AMuseum	An overview of key risks is identified. A full business plan is available and it is anticipated that this will provide greater detail and mitigation of these.	
AHL	Detailed risk register and mitigation strategy provided. A key risk to the NCRF proposition is the final project cost and funding mix however. The project acknowledges that external funding contributions are the greatest risk. The risk register also does not mention CPO, although this is identified as a potential issue in securing the land.	
Locus	An overview of key risks is identified. It is noted that planning permission is required, and land ownership is secured.	
Delivery, timeframes and key milestones		
AMuseum	A change of use is required in the existing planning approval. An in-principle agreement with the site owners is in place and due for finalisation in March 2018. It is noted this will be for a 25-year lease which will require consideration in the detailed risk and mitigation section of the business plan and appropriate cross-referencing. Project is anticipated to April 2018 and complete in June 2020.	
AHL	Planning permission needs to be sought and Land Ownership secured. In principle agreement is in place with landowner to move forward. CPO is considered likely to implement the wider CCN development. Project is anticipated to start in February 2018 and complete in March 2021. Must be some risks to timescale given description of CPO issue and funding identified in the form.	
Locus	Delivery timeframes are anticipated from April 2018 and it is anticipated the project will be completed within 12 months. Key milestones are not provided.	
Strength of Arrangements for Transparency, Accountability, Monitoring and Evaluation		
AMuseum	Proforma did not ask detailed questions about this. This requires coverage in the supporting business plan and cross-referencing in the Delivery and Risk question on the bid proforma for the selected project.	
AHL	As above	
Locus	As above.	

3. Conclusions and Recommendation

Conclusions

AMuseum

- 3.1 AMuseum makes a strong case in terms of strategic fit although its impact on the North and its ability to maximise the impact of the Great North Exhibition needs to be made explicit. The project identifies itself as being the first of its kind nationally and the biggest new museum development in the North West.
- 3.2 Blackpool can demonstrate it is located in a Creative People and Places Programme Area, and that it has historically lacked investment in creative and cultural facilities. Whilst Blackpool's position as a key tourism location in the Strategic Economic Plan is clear, there is insufficient detail on what it is about AMuseum that will achieve each of the SEP priorities. The project applicant might benefit from considering whether it ticks all of the boxes, or whether it would be better to focus on those priorities where its impact is strongest. It is also questionable whether it fulfils the NCRF criteria and will make the creative difference sought in a significant way.
- 3.3 AMuseum benefits from being able to cite a substantial evidence base, generated for a project which has been the subject of previous funding bids on other sites. This enables it to provide a clear picture of its anticipated outcomes and how these will be delivered, monitored and evidenced. The project bid would benefit from demonstrating how it will achieve the step change in market perception and audience diversification which is required in Blackpool given the nature of the project.
- 3.4 Total capital costs for AMuseum are c.£10.4m with £4m sought from NCRF, accounting for 38.5% of total capital costs. The remaining sources of capital funding are identified but yet to be confirmed. A business plan is available which suggests financial sustainability can be demonstrated, and the information given on the economic case suggests that it is underpinned by detailed economic impact evidence.
- 3.5 The partnership for AMuseum is confirmed. Planning permission related to a change of use and land ownership issues need to be resolved but are anticipated to be in place by March 2018.

Arts Hub Lancashire

- 3.6 AHL provides a strong case in terms of strategic fit but limited insight is provided on the regional relevance of the proposal and its ability to maximise the impact of the Great North Exhibition. As a consequence, our reading of the bid form is that its primary function is one centred on Lancaster and the surrounding area rather than on an investment of northern significance. It is clear enough that the city lacks a facility of quality capable of accommodating and delivering multiple arts and cultural activities. This points to a need for intervention given the public good nature of parts of this activity.
- 3.7 The project aims to support delivery of the SEP. However, the strategic case could be further strengthened with greater detail on how this will be achieved. The project responds to NCRF outcomes and provides a framework to measure these.
- 3.8 A market failure case is provided which highlights the issues surrounding the scale and quality of arts provision in Lancashire, and the historic lack of investment in the sector. It is not clear that this market failure rationale is sufficiently significant and distinctive to justify investment from the limited resource available through the NCRF. The challenge of developing a facility of this type is one probably faced by many areas.
- 3.9 The project is weakened by the level of detail provided on anticipated costs and benefits, with the economic case not sufficiently articulating the associated benefits of a project of valued at c.£34m and a lack of certainty surrounding the other funders of the project. This presents a key risk to the NCRF proposition in the time available to develop this detail.
- 3.10 The partnership is currently being assembled. It is also noted that planning permission needs to be sought and land ownership secured although an in-principle agreement is in place with the landowner.

Locus

- 3.11 Locus seeks to provide a step change in provision suitable for modern production technologies, sound or technologies and create access to a richer cultural offer and a critical mass of new cultural and artistic vitality. It provides a catalyst for a wider cultural regeneration strategy via the Pennine Lancashire Linear Park proposal and has the potential to create a step change in the sector.
- 3.12 It has a strong strategic fit, but the regional impact of the proposal is not fully understood including its contribution to maximising the impact of the Greater North Exhibition.

- 3.13 The proposal benefits from being in a known area of low cultural and creative investment which strengthens its case, including a Creative People and Places Programme Area and holding Heritage Lottery Fund Priority Development Area status.
- 3.14 The project will support delivery of the SEP however this case can be further strengthened with greater detail on how this will be achieved. This project is particularly strong on the outcome of innovative and effective partnerships between the cultural and creative and digital and technology sectors however the detail on how outcomes will be evidenced could be strengthened.
- 3.15 The market failure case recognises the inability of current stock to provide the quality of performance space necessary. The market failure case is highly descriptive however and would benefit from a more robust assessment of evidence to support the case for intervention. The case would be strengthened by establishing the baseline position and the contribution the project will make to growing the sector in Lancashire.
- 3.16 An indicative development appraisal for this £5.45m project is available and the remaining 36% of funding secured and confirmed from the private sector.
- 3.17 The partnership is in place. Planning permission needs to be secured, however land ownership is in place.

Recommendation

- 3.18 It is the appraisal team's view that the NCRF bid is strongest in two of the three Expressions of Interest: AMuseum and Locus. Both bids have their strengths, but they differ, making it harder to assess which is the strongest bid.
- 3.19 In terms of the readiness to respond to the imminent deadline AMuseum has the right paperwork in place to develop the bid in the time available, given that it is a proposal which has been seeking public funds for some time. However, we have reservations about the strength of its appeal to the NCRF and its ability to drive significant cultural change. We also anticipate the Commercial Case will need careful consideration in the Business Case given the location of the project in the proposed hotel and leisure complex to satisfy due diligence considerations and ensure the effective use of public funds.

- 3.20 In comparison, Locus has a stronger appeal to the NCRF particularly in the context of the Pennine Lancashire Linear Park as a catalyst for change but does not have all the supporting evidence in place given that it is a less developed proposal. It does, however, have confirmed private sector funding, a strong partnership is in place and an emerging evidence base which the applicant believes can be strengthened to meet the NCRF deadline.
- 3.21 In making your decision you need to consider your ability to respond to the bid requirements by the 30th of November. This includes completing the bid proforma which crucially means that the project needs to better explain how they meet the criteria, particularly on questions such as northern relevance and outcomes. However, the bid also requires a supporting business case to be provided which follows the Five Case Model.
- 3.22 Whichever of the projects the LEP and its partners decide to take forward, the appraisal team are keen that partners take on board our reservations about how far the bids meet the important criteria relating to innovation and inspiration, together with northern significance, that are central to the NCRF. These are issues which should be addressed in the application.

Next Steps

- 3.23 There are several options for Regeneris to support the LEP and its preferred bid.
- Critical friend assistance to the applicant to review and help strengthen key elements of the bid document.
 - Specific assistance with the economic impact evidence both to ensure it is as robust as feasible at this stage, and that it does justice to the project's potential benefits to the area.
 - Related assistance in benchmarking the value for money of the project. Regeneris has substantial experience of this type of analysis in a funding application and business case context.
 - A blend of all three elements described above.
- 3.24 The timetable for submission is the end of November 2017, which leaves limited time available to prepare it and highlights the imperative for you progress your selected bid.



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