



## Lancashire Enterprise Partnership Limited

**Private and Confidential: NO**

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### Growing Places Fund - Lancashire 2025

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#### Executive Summary

- Lancashire 2025 is a charitable trust, established to lead Lancashire's bid for City of Culture 2025, a unique bid in the respect that the county will bid to host the title and year' long programme of events and activity, as a "virtual" city.
- The trust has developed a business plan which directs the development of the bid until submission in March 2022, which requires as a minimum £808k of partners support with an additional projects, to the value of £465k to be commissioned as resources allow. Lancashire 2025 has approached the LEP to request a contribution to the costs.
- The contribution will be used to support core operating costs and development of significant digital and community infrastructure, as well as to build cultural capacity across Lancashire and deliver a new model of culture-led regeneration for the county.
- The vision for the bid is ambitious and ground-breaking in the UK. The benefits to Lancashire will be vast, if the county is successful in securing this bid.

#### Recommendation

The Lancashire Enterprise Partnership Board is asked to:

(i) Approve a grant allocation of £200k from the Growing Places Fund, to Lancashire 2025 and are asked to note:

- This will be an exceptional decision in respect of the use of Growing Places funds.
- The Board has previously expended £92k from the operating budget for the same purposes.
- A Grant Funding Agreement will be entered into which will set appropriate milestones against which the fund may be drawn down.
- The fund will not be limited to either capital or revenue, but may be used for both purposes.



- There remains sufficient funds within the Growing Places pot to meet this requirement.

(ii) Delegate the final authority to enter into an appropriate Grant Funding Agreement, to the LEP Chief Executive in consultation with the Section 151 Officer of the Accountable Body.

## Background and Advice

- 1.0 The LEP Board recently received a presentation from Lancashire 2025, a charitable trust established to bid to DCMS, to become the UK City of Culture in 2025.
- 1.1 The bid is unique, in that this will be the first time a geography other than a city is proposed, such that the entire county of Lancashire will become a "virtual city" by means of a digital interface which supports the direct engagement of a target audience of 1.5 million residents. The rewards of winning City of Culture are vast but local commitment must be strong to achieve and deliver a successful bid.
- 1.2 Lancashire 2025 is an established incorporated trust whose purpose is to:
  - Submit a bid to DCMS to win UK City of Culture 2025
  - Develop the capacity of Lancashire to be a credible contender to win that title, and deliver it
  - Develop the county and leave a legacy of a culture-led regeneration model
- 1.3 Lancashire 2025 will attract new investment, create jobs, increase pride for residents, reduce cultural and economic inequalities, increase creativity, improve health and wellbeing for all and generate significant press, PR and marketing value for Lancashire as a place and identity.
- 1.4 Lancashire 2025 has approached the LEP for a financial contribution to the costs attributed to developing a bid up to April 2022.
- 1.5 The LEP Board are asked to consider a second contribution to these costs of £200k to be met by the Growing Places Fund, under a Grant Funding Agreement, in addition to an earlier contribution of £92k.

## 2.0 Deliverables and Outcomes

- 2.1 In order to develop a strong bid, a number of key milestones need to be achieved which include building core capacity within the bid team, developing cross-sector partnerships, engagement with the public, business community and press, establishing the office infrastructure and basic support functions, and carrying research and data analysis to support the bid. This activity also includes the technical design and prototyping of the digital infrastructure required to "host" the "city".



2.2 In the period July 2020 – March 2022, key deliverables include:

- Set up and operation of independent limited company Lancashire 2025
- Bid to become UK City of Culture 2025 developed and submitted to DCMS – initial and full application.
- New cross-sector partnerships (Lancashire, regional, national, international) developed against the following headings: of Media; Sustainability, Environment & Design; Technology & Telecommunications; Emerging Technology & Social Futures Change; Creative & Cultural; Insight, Data, Analytics, Evaluation Infrastructure Partner secured providing Office space; IT & Communications; HR; Financial Management
- Significant Press, PR, Marketing value for Lancashire as a place and identity.
- Significant engagement of Public, Private, VCFS Sectors at all levels.
- Significant engagement of communities and residents across Lancashire
- Community creation undertaken, covering Lancashire for the benefit of the City of Culture bid, aiming for 500,000+ people
- Research, insight, data baselines (and capacity built) analysis undertaken, covering Lancashire for the City of Culture Bid and for relevant industry bodies in Lancashire to benefit from
- Creation of 7 fixed-term contract jobs directly through Lancashire 2025 organisation; apprentice partnerships, placements across Lancashire supporting bid development and delivery of cultural programme (bringing together cross-sector opportunities and partnerships between Public, Private, Cultural, VCFS sectors)
- Commissioning new work that serves shared infrastructure development through Lancashire 2025 organisation. County-scale, supporting bid marketing and cultural delivery prototype modelling.

2.3 Against the key outcomes of the LEPs Lancashire Cultural Strategy the project will deliver:

- **Enhanced Capacity Strategic and Organisational Infrastructure** as catalysts and mechanisms for bid development and distributed cultural delivery, at county scale. To ensure joint working, mutual benefit and maximised impact across all areas of the county.
- **Education and skills programme** for bid development which will include the creation of a new cross-sector partnership for education, training and skills, involving national and international partners. To include 3 strands: Civic Creativity; Crafts & Manufacturing for Digital Architecture; Professional Development. This programme will lead to recruitment and development of a cohort of Creative Producers for Lancashire 2025.
- **Increased Connectivity and Compelling Cultural Narratives Access** to digital architecture for the development, presentation and promotion of culture across Lancashire. Supporting profile and reach, commissioning



artists and digital innovation, community development, research projects, development activity, marketing and communications. These include: Lancashire 2025 website; The Lancashire 2025 Podcast Show; design products and toolkits; Lancashire 2025 Digital Map.

- **Bolder Commissioning and Innovation Infrastructure** High impact commissions at county scale which will exist in both the digital and physical realms. Marking key moments in the year of selection and designation to generate national profile, media attention and public engagement across the county. Delivery will include structured engagement projects benefitting groups including: children & young people; BAME; older people; people in rural communities.

### 3.0 Financial

- 3.1 Lancashire 2025 have developed a business model which is as lean as possible, but remains effective in producing a strong bid. The current estimate of minimum cost is £808k to fund operational capacity until March 2022, of which Lancashire County Council have agreed to fund £627k. In addition the team have identified additional projects to the value of £465k to be delivered when additional resources are secured.
- 3.2 Approaches have also been made to all but one of the Local Authorities in Lancashire but, so far no firm commitments of financial support have been made. This is a challenging period for the public sector which delivers on the front-line in the battle against Covid19 but there is clear recognition and understanding of the value City of Culture could bring to Lancashire; very few initiatives are truly County-wide.
- 3.3 The LEP understands that approaches have also been made to the private sector, who for similar reasons – addressing the impact of Covid19 and BREXIT, are not ready yet to make commitments to fund the development of the bid, but will consider doing so, when there is better economic clarity and stability in the near future.
- 3.4 The use of Growing Places funds for this project, will diminish the LEP's ability to invest in other projects – most usually developments that are stalled and create housing and jobs and support business growth. However, this project at this current time is not competing against other applications, the opportunity cost therefore cannot be articulated. However, other direct outputs will be created as a result of this investment, including job creation.
- 3.5 Growing Places fund, as a tool for providing debt finance, provides a source of income to the LEP in respect of interest payments on capital loans. For each £100k of growing Places loan, the LEP could expect to receive an average return of typically £5.6k.



- 3.6 If the bid is successful, the actual cost of developing and delivering a year – long programme will be significant. No official finance schemes are outlined as coming as a direct result of winning UK City of Culture. However, the following sources have committed amounts around the figures outlined below in terms of the last 2 UK City of Culture winners:
- Arts Council £5m
  - Heritage Lottery £3m
  - Community Fund £2m
  - DCMS £9m.
- 3.7 Phase 2 Plans (April 2022 – March 2026) are broadly costed at £22m. For a county of the scale of Lancashire such an amount is, in fact, incredibly conservative but the bid team endeavour to be realistic in terms of the potential for the county at this time. The figures outlined above - through Arts Council, Heritage Lottery, Community Fund and DCMS alone potentially account for 85% of such a budget.
- 3.8 The LEP has already committed £92k of LEP operating budget funds to Lancashire 2025, to meet expenses incurred in the last financial year.

#### **4.0 Key Risks**

- 4.1 The main risk to this project is that the bid is unsuccessful. However, the very nature of the bid – to build cultural capacity and culture-led regeneration in Lancashire in order to substantiate the strength of the bid, will continue as a legacy of this investment. In particular the investment in digital infrastructure and intellectual property will remain in Lancashire, therefore the LEP can be assured that significant value will be created and retained as a result of this investment.
- 4.2 When the Growing Places fund was originally launched in 2011, it was strongly encouraged by Government, to be used as a revolving fund to unlock stalled investment; this has been the approach to-date in Lancashire with 100% of allocations being made in this way. The Prospectus outlined that the fund was to be used to:
- generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing
  - to allow local enterprise partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies
  - to establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment

The fund was launched as a joint initiative of MHLCG and Department of Transport joint initiative who sought assurance that local partnerships were



committed to using the fund for the provision of infrastructure and would target projects which represent good value for money.

- 4.3 A strong argument can be made that the use of the fund in this way facilitates the development of social infrastructure and catalyses culture-led regeneration; the project will certainly will create jobs at all stages of delivery. Equally this investment will also empower the delivery of the LEP's Cultural Strategy.
- 4.4 In the a 2015 Appraisal Report of DCLG which summarised performance of the fund to that date, it reflected that 84% of the Growing Places Fund had been awarded on a loan only basis. This therefore sets the precedent that other LEPs have deployed these funds via alternative mechanisms and the LEP is aware of other northern LEPs who have adopted a similar approach to meet current economic needs. There is a risk, deemed small, as the growing places fund is already recycled, that the funds could be reclaimed if awarded in a way deemed to be inappropriate
- 4.5 As a charitable trust, and by virtue of the nature of the business model, Lancashire 2025 has no income with which to service debt, hence the proposal to approve funds, deployed under Grant Funding Agreement, rather than the more usual loan.
- 4.6 Growing Places fund, as a tool for providing debt finance, provides a source of income to the LEP in respect of interest payments on capital loans. For each £100k of Growing Places loan, the LEP could expect to receive an average return of 4%. For any approval of funds as grants, the LEP needs to be aware that there will be a consequential impact on the income receipt to the LEP's core operating budget.

### List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A