

## Culture, Local Enterprise Partnerships and Driving Growth

### Purpose

For discussion and direction.

### Summary

Culture and the visitor economy have a strong role to play in local economic growth and therefore a strong claim to be a priority for LEPs, whether as local growth sectors in their own right, or helping to achieve other local priorities on jobs, skills, inward investment, digital innovation and infrastructure. This paper presents an analysis about the extent to which culture and the visitor economy features on LEP agendas.

### Recommendation

Members are invited to discuss the issues in the report and to offer any further steer in response to the suggested areas of focus in section 16.

### Action

Officers to action in line with Members' steer.

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## **Introduction and Background**

1. The LGA's *Vive la Devolution* paper of 2007 for the first time set out the economic case for organising decision-making about England's economic development at a sub-regional level. In 2010 the new coalition government responded to that case by inviting local authority and business leaders to form new sub-regional partnerships, Local Enterprise Partnerships (LEPs), whose role would be to articulate a clear long-term strategy for enterprise growth, bringing together local agents to work together to create conditions for private sector job growth.
2. Through Growth Deals, the 39 Local Enterprise Partnerships have sought freedoms, flexibilities and influence over resources from Government; and a share of the £2 billion Local Growth Fund to target their identified growth priorities. Government has said it wants to see evidence of real commitment from LEPs to the growth agenda, including the development of ambitious, multi-year Strategic Economic Plans. Alongside the Local Growth Fund, every LEP is responsible for drawing up investment plans for over £5 billion of European Structural and Investment Funds for England for the period 2014-2020.
3. While all the main political parties are committed to continuing LEPs after the general election, there is growing pressure for them to develop further coming from both a local and national level. At the local level there are concerns with their boundaries, confusion over public accountability and – perhaps contradictory – both concern about “mission creep” and frustration that LEPs are not able to achieve their potential. The current devolution debate and emergence of Combined Authorities adds a further dimension to a fluid situation.
4. The LGA wants the next government to move further and faster on economic devolution. Recent LGA research has highlighted that the Local Growth Fund pulls together just six of the 124 economic development funding streams identified by the LGA research, and that the Fund amounts to less than 10 per cent of what the Government currently spends on local growth and regeneration.
5. Arts Council England fund LGA to run the Culture Leadership Essentials Programme. The programme shares how places such as East Lindsey have used culture to drive growth, attract visitors and strengthen partnerships with business.

## **The Culture Offer to LEPs**

6. Culture and the visitor economy have a strong role to play in local economic growth and therefore a strong claim to be a priority for LEPs, whether as local growth sectors in their own right, or helping to achieve other local priorities on jobs, skills, inward investment, digital innovation and infrastructure. The main reason councils say they invest in the arts is to support local economic development.<sup>1</sup> For example:

**The creative industries and the visitor economy are two of the strongest performing economic sectors, boosting growth and jobs in many places.**

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<sup>1</sup> [http://www.nlgn.org.uk/public/wp-content/uploads/ON-WITH-THE-SHOW\\_FINAL.pdf](http://www.nlgn.org.uk/public/wp-content/uploads/ON-WITH-THE-SHOW_FINAL.pdf)

- The UK's creative industries, which includes the film, television and music industries, are now worth £71.4 billion per year to the UK economy or 5.2 per cent of total gross value added. GVA of the Creative Industries has increased by 15.6 per cent since 2008, compared with an increase of 5.4 per cent for the UK Economy as a whole.<sup>2</sup>
- The Creative Industries account for 1.68 million jobs in 2012, 5.6 per cent of the total number of jobs in the UK.
- The visitor economy in England is worth £97 billion and is the third largest employer in the UK supporting 2.7 million jobs (or 9.1 per cent of total employment). Domestic and inbound visitors spent over £84 billion in England in 2013, a 10 per cent increase on 2012.

**The creative industries and the visitor economy have major growth potential.**

- The creative industries have major growth potential – expanding by almost 10 per cent in 2012, outperforming all other economic sectors.
- Over the past two years since 2010, year on year growth in the visitor economy has averaged 8.7 per cent, against a projected target of 5 per cent, and well ahead of performance in the wider economy. By 2020 it is expected to grow by £50bn and support an additional 225,000 jobs.<sup>3</sup>

**The creative industries and the visitor economy rely upon cultural infrastructure to develop great places to live, work and visit. Culture can also develop skills and attract inward investment.**

- Culture is a major pull factor for overseas and domestic visitors alike. Even when culture is not the primary motivator for travel, visits to cultural attractions are still an important part of the holiday experience. A 2013 study for Arts Council England estimated that at least £856 million of spend by visitors to the UK was motivated by the arts and culture.<sup>4</sup>
- Businesses choose to invest in places with vibrant cultural opportunities because they offer their employees a high quality of life. Culture can also dramatically transform a place's image and reputation. The evaluation of Liverpool's year as European of Culture in 2008 highlighted benefits to local business growth and inward investment opportunities.<sup>5</sup>
- There is a skills shortage in the creative and cultural sector with more than a quarter of employers having difficulty filling vacancies. The creative and cultural workforce is also younger than average, so there is a big more opportunity for a more localised approach to skills to boost jobs for young people.

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<sup>2</sup> <https://www.gov.uk/government/news/creative-industries-worth-8million-an-hour-to-uk-economy>

<sup>3</sup>

[http://www.visitengland.org/Images/20130621%20LEP%20Visitor%20Economy%20Growth%20paper%20\\_tcm30-38993.pdf](http://www.visitengland.org/Images/20130621%20LEP%20Visitor%20Economy%20Growth%20paper%20_tcm30-38993.pdf)

<sup>4</sup>

[http://www.artscouncil.org.uk/media/uploads/pdf/CEBR\\_economic\\_report\\_web\\_version\\_0513.pdf](http://www.artscouncil.org.uk/media/uploads/pdf/CEBR_economic_report_web_version_0513.pdf)

<sup>5</sup> <http://www.liv.ac.uk/impacts08/Publications/thematicreports.htm>

## An Analysis of Strategic Economic Plans and Growth Deals

7. The extent to which culture and the visitor economy is on LEP agendas can be analysed by looking both at LEP priorities, and perhaps more importantly, the type of projects earmarked for Local Growth Funding in Strategic Economic Plans. While getting culture and the visitor economy on the LEP agenda is an important first step for places that want to grow those sectors, and can lead to better partnership working and so on, the ability to then attract new funding and make a difference on the ground is perhaps the real measure of success.
8. On the first point, four years into the current economic landscape, there are some strong examples of LEPs supporting culture and in particular the visitor economy, where there is a good fit with local growth priorities and existing partnership working. This is resulting in greater recognition about how culture and the visitor economy can drive local growth priorities. Some examples are given below. This is not the case everywhere, partly because there are other local priorities, and partly because the culture sector has sometimes struggled to get traction with business and show how it can help to achieve wider economic goals.
9. All SEPs and Growth Deals contain a commitment to support the Government's targets around broadband, and of course the creative industries and the visitor economy stand to gain hugely from this. 15 out of 39 SEPs have clearly identified priorities around culture, the creative industries and/or the visitor economy. However, there is very little evidence of that translating into projects for the Local Growth Fund. Below are a few examples of the SEPs that directly reference culture and / or the visitor economy:
  - The creative industries and tourism feature strongly in **Dorset's SEP**, where the LEP supports a Creative Industries Board. The Dorset Growth Deal includes £20.3 million funding to go towards a new Jurassic Coast visitor centre on the Isle of Portland.
  - The **Leeds City Region SEP** recognises the significant impact of tourism on export earnings, output and employment in Leeds City Region, building on the legacy of the Tour de France and strengthening the economic impact of the Yorkshire brand.
  - The **West of England SEP** bid for Local Growth funding to support skills development in the creative and digital sector – identifying £17 million in 2015/16 and 2016/17.
  - The **Greater Lincolnshire SEP** identifies how cultural events are helping to drive local growth and references the Magna Carta 800 anniversary.
  - The **Humber SEP** of course recognises the impact of Hull City of Culture 2017, which is projected to deliver a £60 million boost to the local economy in 2017 alone through increased visitor numbers and inward investment. The SEP also identified the need to ensure that the local workforce is skilled to meet the needs of the growing digital and creative sector.
10. Not surprisingly, SEPs and Local Growth Deals are dominated by skills, transport and housing.

11. All 39 Local Growth Deals prioritise skills and all but one (London) also focus on transport. This is not surprising and reflects the fact that over half of the £2 billion is made up from bringing together separate transport funding streams (many with existing projects already in the pipeline). According to an analysis of Local Growth Deal priorities carried out by the Centre for Cities, the focus on skills in most of the deals was on supporting advanced manufacturing and further education predominantly through capital investment. Business support and finance features in 31 Local Growth Deals and housing in 28 out of 39. The uniformity in investment priorities partly reflects the fact that the Government gave a clear steer on the priorities it expected to see in SEPs.<sup>6</sup> This lack of flexibility means that it is difficult even for LEPs who have identified culture and/or the visitor economy as growth priorities, to follow this through as investment projects in the SEPs.
12. On the one hand, of course culture, and especially the visitor economy, stands to benefit from improvements in transport and other infrastructure, and improving the visitor experience may be the driving factor behind some of these projects. But the lack of local flexibility potentially means that the culture and visitor economy sectors are missing out on opportunities to benefit from further funding and high strategic visibility that can be used as a lever in other conversations. Members may wish to discuss what more the LGA could do to encourage DCMS Ministers to secure better cross-Government recognition of the major role culture plays in local economies. As the number of pre-existing projects reduces, we can perhaps expect to see greater variability in SEP investment priorities, but this needs to be accompanied by greater flexibility for LEPs.
13. As Arts Council England (ACE) has highlighted, there is also a big opportunity to use ACE funding as a source of match funding for European Structural and Investment funds (ESIF) from 2014 to 2020. ACE has offered to explore how existing funding can support local economic growth, and how LEPs and ACE investment can be aligned between 2014 and 2020. If sufficient potential and commitment exists, the Arts Council has said it is willing to explore long term partnership arrangements with individual LEPs to shape aligned approaches to investment. Members might want to consider how the LGA can support this.<sup>7</sup>
14. There is less clarity over the potential future use of European funding to support the visitor economy. In response to concerns expressed by the sector, CTS Lead Members recently wrote to Ministers to emphasise that tourism projects must continue to be eligible for European Structural and Investment Funds (ESIF) for 2014-2020, that local partners need maximum autonomy over the way in which the funds are spent, and certainty that funds will flow as soon as possible from January 2015. The letter is attached at **Annex A**.
15. VisitEngland is working with LEPs to help them understand how the visitor economy can achieve local growth objectives, and supporting Destination Management Organisations to connect-up to LEPs and the council. VisitEngland secured £19.9 million Regional Growth Funding to run a programme 2012-15 supporting 14 destinations to develop their marketing offer to inspire more people to holiday at home. VisitEngland is also

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<sup>6</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/224776/13-1056-growth-deals-initial-guidance-for-local-enterprise-partnerships.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224776/13-1056-growth-deals-initial-guidance-for-local-enterprise-partnerships.pdf)

<sup>7</sup> <http://www.artscouncil.org.uk/what-we-do/value-arts-and-culture/advocacy-toolkit/making-case-local-and-national-government/engaging-local-enterprise-partnerships/>

supporting LEPs where tourism is not a priority but could contribute to economic growth through the wider activities of the LEP in areas such as skills, transport and infrastructure plans.<sup>8</sup> In particular, VisitEngland is working with the North Yorkshire and East Riding LEP on a project that aims to widen the understanding of innovation in tourism and to stimulate business growth. For example, an online tourism academy has been launched to drive business growth using an open source approach and working closely with Destination Organisations and Welcome to Yorkshire.

### **Discussion Points and Next Steps**

16. Members are invited to share their own experiences of the extent to which culture and the visitor economy are LEP priorities in your areas and to consider the follow suggested areas of focus for future activity:
- Press DCMS Ministers to better make the cross-Government case for the huge role that culture and the visitor economy plays in local economies.
  - Keep up pressure on Ministers to ensure that tourism projects continue to be eligible European funding 2015-20.
  - Give greater visibility to how culture and the visitor economy will benefit from LGA lobbying to devolve all funding for local growth, regeneration, skills and employment support through councils to LEPs in a single investment fund.
  - Support ACE and VisitEngland work to raise awareness amongst LEPs about how culture and the visitor economy can help to achieve local growth priorities.
  - In the light of the current debate on devolution and different delivery models, Members might want to have a wider discussion about the positioning of culture within the rapidly changing sub-regional landscape, of which LEPs are one element.
  - Liaise with the Economy, Environment, Housing and Transport Board who lead on growth overall.

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<sup>8</sup> <http://www.visitengland.org/england-tourism-industry/how-tourism-is-managed/leps.aspx>