

# LGA response to the Cultural Cities Enquiry

## July 2018



### About the LGA

1. The Local Government Association (LGA) is the national voice of local government. We work with over 370 councils in England and Wales, to support, promote and improve local government.
2. We are a politically-led, cross-party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems.
3. Our member councils, remain the country's biggest public funder of culture, investing over £2.0 billion per year into arts, museums, libraries and other cultural services, so playing a key role in increasing exposure to culture for communities across the country. Councils also lead on the spatial planning, regulation and infrastructure that underpins a thriving visitor economy, of which culture is often a major component.
4. The LGA is therefore pleased to contribute to the 'Cultural Cities Enquiry' and in addition to the regular LGA membership support available to cities, we would like to contribute to any future discussions on this subject.

### Key Messages

5. Creative industries contributed nearly £90 billion and 2.9 million jobs to the UK economy in 2015, but the enquiry rightly recognises the positive impact of culture extends beyond growth to improve community cohesion, public health and tourism.
6. The funding landscape for culture is changing, and cities are well-placed to explore new mechanisms for investment in these crucial community-building and economy-driving assets and services.
7. A clear vision and plan for the future of cultural services and industries, in the broadest sense, needs to be in place if investors

# Submission

are to be convinced to commit their funding. Arts and culture should not be regarded as an add-on, but as a driver of growth.

8. Councils need to be ensuring that all their in-house commissioning is considering cultural options as a way of delivering, whether that is through public health budgets or less obvious services, such as Kent's waste services contract. By deploying council funding and investment strategically, councils can leverage in significant funding from external investors.
9. The LGA provides a range of support to its member authorities to help drive cultural growth and activities. It also conducts a wide range of lobbying activity to persuade Government and funding bodies, like Arts Council England and Heritage Lottery Fund, of the best ways to support local areas to invest in their culture.
10. We are keen to work with the Core Cities on this work, and look forward to the findings of the enquiry.

### **The local authority context**

11. Cities play a key role as hubs of culture locally, and also as international destinations for cultural visitors. However, the funding landscape for local government continues to be extremely challenging.
12. Councils will have lost 75p in every £1 of core funding by 2020, leaving an overall funding gap of £5.8 billion, which is needed to provide adult social care and children's services. The Mendoza Review identified local authority museums as those most under financial pressure, and this is reflective of many publicly funded cultural organisations.
13. A new approach is therefore needed to ensure that councils and their partners have access to the finance that will enable them to make substantial improvements to their infrastructure and cultural offer. This will require other major funders, such as lottery funders, to change their ways of working. But should also look to broaden the range of funders beyond traditional grant providers to involve major investors, such as pension funds.
14. For instance, there is a clear opportunity to engage with local government pension schemes in projects that will offer a return on investment, such as those in the Cornwall and Chester case studies included in this response.
15. Devolution is the key to improving the well-being of local communities and driving inclusive growth. There has been positive

movement in recent years with the introduction of combined authorities and metro mayors, but the case for devolution still needs to be pressed to government and we are keen to work with Core Cities on this campaign.

16. By transferring power and funding from national to local government, decisions can be made closer to the people and businesses they affect. The result is more effective public services, tailored to local need, which provide residents with better value for money and greater local accountability. One example is our Work Local proposals, which would see skills funding devolved to local areas, and the LGA is commissioning work to capture the benefits this could bring to the tourism sector.

### **Key opportunities**

17. It is positive that the Government Industrial Strategy recognises that investment in culture, sport and heritage can contribute to good economic and social outcomes. We hope that the Industrial Strategy will deliver on its ambitions to create attractive places where people want to live and businesses to operate, supporting the work of councils and enabling them to go further, and faster.
18. However, it will be up to local areas to ensure they are in a position to make the case for cultural investment, such as articulating its role in a local industrial strategy. This will include a clear set of requirements from central government. The Government's Cultural Development Fund also offers a chance to make a genuine difference in creating culture-led, place-based development in communities. We hope that all councils will consider how they can work with local and national partners to use this funding to lever in further investment for ambitious projects.
19. Cultural venues and activities can be a big draw for visitors, but there is considerable scope to improve the awareness of these with UK residents. Currently, less than 40 per cent of our total holiday spend goes on domestic tourism. Connecting strategies and investment for the visitor economy with cultural plans and activity, such as creating 'tourism and culture zones', can lead to a more substantial investment and create the scale of impact that major funders and investors are seeking.
20. Further sources of investment can be derived from increasing participation and sponsorship and also by harnessing the enthusiasm of the community. The enormous success of the Fun Palaces campaign, run by community members for community members, is a great illustration of how participation in cultural activity

can be generated. This helps develop a pipeline for talent that can feed into and drive economic growth in the local creative industries, while crowd-funding from the newly engaged can assist in the development or preservation of key cultural assets, as with Brighton's Madeira Terrace.

21. There are also huge opportunities for cultural organisations within business improvement districts (BIDs) to advocate for cultural spaces being prioritised in city regeneration. Similarly, new BIDs can be encouraged to form – perhaps around Creative or Tourism Zones, ensuring that local funding is directed at activities and investments that will further boost creative activity and visitor attractions. The recent publication into BIDs and cultural investment by the London Mayor's Office provides useful insight into how this relationship can work.
22. Direct investment by the council on a small scale can also assist. For instance, Rotherham Council's business vitality grants have helped over 100 makers, artists and crafters to test-trade and grow their business on the revamped High Street.
23. During times of change, arts and culture are perfect vehicles to engage people in important conversations about citizenship, heritage and local identity. Cultural organisations working in partnership can enable the sharing of expertise and resources, especially from those that are successful at receiving sponsorship, who can pass on their skills, knowledge and contacts to smaller organisations.
24. The Arts Council funded National Portfolio Organisations (NPOs) should, we believe, have a greater requirement to support smaller cultural organisations to access greater sponsorship and funding opportunities. Cities have a number of NPOs located within them and are in a good position to use these relationships to make this case to the Arts Council.

## **LGA support**

25. The LGA (in partnership with Arts Council England) developed the Culture hub, which comprises case studies exploring four main themes: value of culture; different delivery models; achieving efficiencies; and inspiring leadership. The case studies highlight creative ways to invest in arts and culture and is a resource for councils, which want to use culture to drive tourism and regeneration, or create stronger communities.
26. With reducing budgets, many councils have sought innovative ways to maintain cultural provision in their localities. Many libraries, as well

as museums and theatres are now run by Trusts, who are adopting more commercial techniques which is driving growth and investment. The LGA has been instrumental in the work of the [Libraries Taskforce](#), which has developed good practice case studies on different library delivery models that demonstrate how innovation can generate growth and investment. Early adopters of these models have proven to be nimble and able to attract forms of investment that had been inaccessible to them as a council service, although we caution that this approach will not be right for every area.

27. Since 2012, the LGA's [Productivity Experts Programme](#) has supported productivity work across 90 councils, contributing to over £150 million of efficiency savings or income generation for these councils. The programme has supported Harrow Council to develop an Investment Property Strategy which expects a gross yield of 7.5 per cent from new investments. After factoring in capital financing costs and other costs, the indicative annual income on a property portfolio of £20 million has been determined to be £350,000 per annum. We believe a similar approach could be applied to a council's cultural property portfolio with similar success. Councils are invited to [apply to the programme](#) to access £7,000 grant funding to commission support from one of the LGA's 'pool' of productivity experts.
28. The LGA has commissioned research to identify how some councils achieved culture led regeneration; and also identifying the lessons and key principles that can be applied by other councils wishing to follow suit. We will share the findings through a publication and events around the country, and with the enquiry when available later this year.
29. The evidence of the benefits to communities through participating in cultural activity has been made by this enquiry. However, the experience of the LGA, through its leadership training work with portfolio holders with responsibility for cultural services has shown that many local cultural organisations cannot or do not demonstrate this benefit to leaders of councils, businesses and even their communities. Further training/advice amongst leaders of cultural services is required to ensure that culture is seen as a key vehicle for helping to deliver the council's priorities.
30. Whilst some portfolio holders from cities have attended the LGA's [leadership training](#), there is an opportunity for more portfolio holders to attend this training and learn more about the various investment options that are available for culture. Councillors from cities

participating in the enquiry can book onto this training by e-mailing [grace.collins@local.gov.uk](mailto:grace.collins@local.gov.uk).

## **Tax and Public Finance**

31. To allow councils to spread the burden of taxation fairly, Government should work in partnership with local government to place council finance on a sustainable footing. Pressure on statutory services is leaving little funding for the discretionary services that either support, or are part of the, local culture sector. Culture can be one of the key drivers of sustainable regeneration, and additional revenues generated through council tax income could be used to further support local priorities, including the cultural sector, in a virtuous circle. The LGA's culture-led regeneration research is seeking to capture the value of this in 18 case study areas. However, it is clear that this requires councils to have sufficient finance available to make the initial investment.
32. Further retention of business rates by local government, and giving greater fiscal independence away from uncertainty and reliance on favourable decisions by the Government, would enable councils to take a more strategic approach to funding local services, including those that support cultural organisations. The LGA is exploring how this might work for specific service areas and would be happy to have a conversation with Core Cities about what they would identify as the key opportunities for them. For instance, we have called for local flexibility to introduce tourism taxes, and are considering how these could work in the context of tourism zones, alongside other possible financial incentives although these are at an early stage.

## **Property and Development**

33. Effective investment in property and cultural assets can make a significant difference to the local cultural economy. This is true whether it is a single asset, such as the Steamhouse in Birmingham, William Morris Gallery in Waltham Forest, or Chester's Storyhouse. However, small scale investments across a range of assets, not all held by the council, can also make a significant difference, as in Margate or Kingston. Kingston Council has revitalised its town centre through projects celebrating its ancient market heritage, and this has generated an estimated £6 million annually for the local economy.
34. Councils should also make full use of their existing assets on high streets. Public libraries are often highly visible on high streets or other areas of congregation and have become a focus for communal activities – in some ways replacing the function of pubs for live music or comedy shows, but also as a new venue for cultural experiences. Yet many authorities are not fully utilising, or not recognising, the role

that libraries can play. The same can be said of local museums and, to a lesser extent, public archives. All these public assets can make a contribution to cultural activities and act as incubators for creative talent, enabling them to test new creations with the community.

35. There needs to be a collaborative approach within the city to develop cultural strategies. These strategies need to integrate culture in a range of policy making, depending on what areas the council has identified as most relevant. We have examples of strategies on highways and infrastructure, planning, community cohesion, and public health all incorporating culture with the aim of creating more prosperous, healthier, stronger communities.
36. Within the LGA's People, culture, place publication<sup>1</sup> is a case study of Leeds City Council, who developed a cultural strategy using this approach, which requires all new developments to have a cultural statement detailing the existing culture of a place and how this will be reflected in the new development. It is crucial that strategies of this sort are developed on an inclusive basis, co-produced and co-designed, rather than produced as a standalone strategy that does not affect the life of the town or city.
37. For councils to support their local visitor and cultural economy, they need access to the levers that will create the conditions for growth, such as the ability to borrow money, which they can make available to cultural organisations via low cost loans. Lending rates are at a historic low and councils may wish to take advantage of this to develop ambitious capital plans that will result in a long-time return on the investment.
38. Councils can also act as brokers with other investors, possibly acting as guarantors or match investors if the circumstances are right. For example, the Charity Bank provided a loan to Towcester Museum , following their community asset transfer of a museum building. The loan enabled the charity to buy the building and enabled them to secure £50,000 funding from the Heritage Lottery Fund. The loan worked as an endorsement of the Museum's credibility and long term plans. The project was made possible by South Northamptonshire District Council who transferred the building on 1000 year lease, along with two nearby retail units to provide the museum with an income stream, and £20 000 from section 106 money.
39. Another way to develop cultural sector capacity is through new skills initiatives. We have urged the Government to work with us and

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<sup>1</sup> The People, Culture, Place publication sets out the important role of culture in placemaking. It includes ten case studies which reveal how communities can draw on their cultural and historic strengths to tackle modern issues, such as economic renewal, homelessness and revitalising civic pride.

councils on implementing our Work Local proposals, streamlining and consolidating skills funding so that the whole skills system can be made coherent and more effective for local people and businesses. Our research into the impact of this for the tourism sector will also have lessons for the creative and cultural sectors.

## **Sponsorship and Giving**

40. It has proven difficult for cultural organisations to attract philanthropic investment outside of London. There are examples from the charity sector where high-profile and lasting partnerships have been formed with celebrity philanthropists with a connection to the charity's cause. Mayors of combined authorities have an obvious, and critical, role to play in this space, but all cities are well-placed to lead this by involving celebrities/people with connections to their place – either from birth or through later connections. Organisations like Business in the Community may provide useful bridging points for corporate conversations.
41. More needs to be done for all cultural organisations to benefit from sponsorship and philanthropic income. Many smaller cultural organisations do not have the resources or expertise to promote themselves or submit applications to receive this income. However, many NPOs have the expertise in this area and are in a good position to support smaller cultural organisations to become better in this area. Arts Council England could support suitable NPOs to do this, and the organisation *Arts Fundraising and Philanthropy* has been tasked specifically to do this for Music Education Hubs, museums and libraries.
42. Crowdfunding can positively support cultural organisations to raise funds for projects which otherwise would struggle to get public funding. Nesta are working with arts and heritage funders to explore the potential of crowdfunding through mixing money from the crowd with grant funding. Brighton has recently won an MJ Award for its highly successful crowdfunding appeal for Madeira Terraces. However, other council crowdfunding attempts have been less successful, as with York's recent library appeal, with donors potentially reluctant to fund projects that are considered core council business.
43. An alternative model has been developed by Aylesbury Vale Council, which has set up Vale Lottery. This supports community projects in their local area, and operates on the principle of raising money within the community for the community. A ticket for the Vale Lottery costs £1 per week and 60p goes directly to good causes.

## **Commercialisation**

44. Some councils have managed to continue delivering and supporting a cultural offer, either through Trusts or 'in-house' provision, and by finding efficiencies and adopting more commercial approaches, whether this is sponsorship from businesses or introducing charges for certain services. For example, Vision Redbridge combined a gym within a library, where income from one service not only covers the costs of that service, but fully subsidises the other service.
45. One of the strongest examples of a commercial approach to culture comes from Cornwall. Cornwall Council's cultural investment board is bringing the main cultural sector funders together to deliver the culture strategy, work with other partners to develop transformational projects, identify investment priorities and attract external funding. The council's investment is also providing a stimulus for local businesses, including the arts, food and drink and media. Every £1 from the cultural capacity programme budget levers in a further £4.
46. Key learning points from this work have been that: arts and culture should not be regarded as an 'add-on' but an economic driver; creativity is the basis for innovation and delivering a more productive economy; councils must plan ahead for the inevitability of funding reductions; culture and the arts drive pride in place and a sense of identity and belonging; and they are good for social cohesion and mental health, reducing the impact on social care and health budgets.
47. Effective place branding with a clear vision of place, and articulating the opportunities that investment would bring to the place can have powerful effects. This is what Luton Borough Council did with its Think Luton brand, resulting in significant investment in Luton's Cultural Quarter. The brand was launched at the same time as the Luton Investment Framework – the council's 20 year transformation strategy for the borough. In the 12 months since the brand and framework were launched, there has been continued investment in Luton's Cultural Quarter. Authenticity and collaboration have been key to the success of the brand. Nine partners signed up to the framework and the narrative which meant a widening of the reach of the message and presenting one singular story to a huge range of investors and audiences.
48. North Somerset Council is another example of creating a vision for place, following a major exhibition by the street artist Banksy. This has been a catalyst for cultural renaissance and economic regeneration in the coastal town of Weston-super-Mare and delivered an immediate £20 million boost to the local economy. However, the council as clear that longer-term benefits to change perceptions of the town and help regenerate it, would only be

realised if the council took an active role in setting out a new vision for the area.

**Additional case studies:**

The following cases study examples highlight how councils are supporting their cultural sector:

**Chester's Storyhouse – Investing in culture**

Opened in 2017, Chester's Storyhouse has delivered a major new arts, cultural and community venue to the centre of Chester. Developed in a redundant art deco cinema building, it is providing theatre and studio space, a cinema, a relocated central library which is integral to the core public space in the building, a café/restaurant and bar. The £37 million capital project was funded by Cheshire West and Chester Council (£33 million), Arts Council England (£3 million) and MBNA (£0.6 million).

It has quickly established itself as a much used destination in the city, reporting its millionth visitor in May 2018. Its diverse theatre programme, a mainstream and independent cinema offer, frequent educational activities, community events an extensive library collection provides residents and visitors to the city with an extensive range of options to encourage them to spend time in the facility and the city.

The integration of the café/restaurant and bar spaces into the main atrium of the building has enabled it to attract large numbers of people using the city centre for shopping or other purposes, as well as the substantial number of the tourists that visit Chester. Its community engagement and its outreach work have been central to the project from the outset, and heavily influenced both the design of the building and how it was intended to be experienced by people. Storyhouse has already won awards for its design and change of use, and in March 2018 received a special award from the Civic Trust for its community impact and engagement.

**Thanet District Council – Culture led regeneration**

Thanet has seen an 84 per cent growth in creative business over the last four years, while the town of Margate has seen a 71 per cent increase in artist studios. This, combined with the country's fastest growing tourist economy and rapid growth in employment, shows the extent to which Thanet is 'turning the tide' in terms of economic growth and putting itself firmly on the map as a destination for talented and ambitious creatives.

Thanet's economy is growing five times faster than the UK average and creative businesses are playing a key part in driving this regeneration. A

2017 report, 'Thanet's New Wave', was commissioned by Thanet District Council to examine this creative boom, and identified £293 million was added to the Thanet economy by this sector in 2017.

Thanet District Council and its partners have driven this growth through targeted activity, including:

- Securing £35 million in private sector funding for Dreamland.
- Investing millions of pounds and in-kind resources in flagship cultural projects such as Dreamland, Townscape Heritage initiatives and the Turner Contemporary with Kent County Council.
- Accessing direct grant funding for creative enterprises through the South East Urban Coast Creative Enterprise Support Scheme.
- Facilitating and funding festivals and events that showcase Thanet's creativity and strengthen the sense of community.
- Making the creative industries a continuing priority within Thanet's economic growth strategy.

<https://www.local.gov.uk/growing-creative-economy-thanet-kent>

### **Calderdale Council – Boosting the visitor economy**

Calderdale is a combination of distinct market towns and beautiful landscapes, and its visitor economy is currently worth £300 million each year.

Calderdale Council provides infrastructure, guidance and expertise to support cultural opportunities in the area. It also helps with promotion and marketing activity through [www.visitcalderdale.com](http://www.visitcalderdale.com). Practical support includes hiring out market stalls, erecting and dismantling them and closing roads (road closures are free of charge for such events and can be turned around quickly).

For example, Brighouse now attracts far more visitors than it did through a varied and entertaining festival and events programme supplemented by regular specialist markets. Economic research has identified that 84 per cent of visitors were motivated to come to Brighouse specifically to experience the festivals on offer. Average visitor spend was just under £50 per night while non-accommodation spend was just over £21. Several signature events support the cultural agenda including a 1940s weekend, the Canal and Music Festival and the Victorian Christmas Festival.

<https://www.local.gov.uk/attracting-visitors-and-building-pride-place-calderdale-council>

## **Create Gloucestershire – Diversifying income streams**

Gloucestershire County Council was looking for options to maintain the county's arts and culture offer while reducing its financial contribution. A group of local arts and culture leaders set up Create Gloucestershire (CG), and discussed options to oversee arts and cultural provision using start-up funding from the council.

CG began to design and deliver a programme of capacity building, leadership training, evaluation, fundraising and business development. It brings together individuals and organisations to share expertise and resources, engage with commissioners and diversify income streams. As an independent organisation, it is able to raise charitable funds and income from alternative sources.

It has been successful in growing investment, especially from non-arts sources. Secured funding is distributed across its members to pilot and test new ways of thinking about, planning and delivering arts and culture. This has led to new projects in libraries, GP surgeries, schools, day care settings and housing estates.