

TITLE OF REPORT:	External Funding Opportunities for the Creative Industries
REPORT OF:	Peter Udall, Strategic Director, Economy, Innovation and Growth

Purpose of the Report

1. To notify Cabinet of the Council's inclusion as a named partner in an application for funding to the Department for Digital Culture Media and Sport (DCMS) to promote economic development and job creation through the growth of the creative industries.

Background

2. The creative industries are one of the fastest growing sectors of the UK economy, providing significant local employment opportunities and economic benefits. However, despite the growth potential, there are distinct market and information failures that prevent creative businesses scaling and accessing finance. The creative sector - predominantly made up of small and medium-sized enterprises (SMEs) - lacks capacity and access to expertise on business planning and financial advice, as well as wider support programmes.
3. On the 9 June 2022 DCMS invited local area partnerships in England to submit Expressions of Interest (EOI) to its £17.51m Create Growth Programme to provide funding for business support within the creative industries.
4. An EOI naming Gateshead as a partner, was submitted by North of Tyne Combined Authority on behalf of all North East local authorities in July 2022.
5. The proposal sought funding to develop a bespoke package of support for high-growth potential creative businesses and build investor networks.
6. The EOI was subsequently approved and a full business case invited by DCMS. Due to tight bid timescales it was impracticable to obtain approval from Cabinet for the Council to be a named partner prior to submission of the full application, however, the Council's inclusion strengthened the application and ensured Gateshead's high-growth potential creative businesses would be able to access support to grow, leading to increased investment and job creation, if funding was successfully secured.
7. As a result, following consultation with relevant Cabinet members, the Strategic Director Economy Innovation and Growth, approved the Council's inclusion in the full application in accordance with powers under the Gateshead Council Constitution – Part 2 General Delegations to Managers, paragraph 4(e), to ensure the bid was finalised in time to meet the application deadline.

Proposal

8. On 4 November 2022 it was confirmed that the North East local area partnership had been awarded £1.275 million in grant funding from DCMS to develop a targeted programme of business support.
9. Creative businesses participating in the programme will also have the opportunity to benefit from a national fund of up to a £7 million for financial support, as well as number of investor building activities such as networking and pitching events to attract investment and exchange ideas.
10. North of Tyne Combined Authority will act as accountable body, contracting with DCMS and being directly responsible for managing the funds and commissioning targeted business support to high-growth potential creative businesses.
11. Local authority partners will be required to commit to supporting the programme through a Memorandum of Understanding (MoU). The MoU is not intended to be legally binding and will not establish any legal obligations or share liabilities of the accountable body with the Council.
12. The Council, through its Business, Employment and Skills service working in partnership with other services and stakeholders will actively seek to maximise the economic benefit for Gateshead, promoting participation in the programme to relevant businesses in the creative industries.
13. During the life of the North East Create Growth Programme it is anticipated that 100 high growth creative businesses will be supported. The programme is open to business applicants now and delivery of targeted business support will commence in Spring 2023.

Recommendations

14. It is recommended that Cabinet
 - (i) Note and endorses the action taken by the Strategic Director Economy Innovation and Growth to ensure the Council's inclusion as a named partner in the full application to the DCMS funded Create Growth Programme in accordance with powers under the Council's Constitution – Part 2 General Delegations to Managers, Paragraph 4(e).
 - (ii) Approves the Strategic Director Economy Innovation and Growth, in consultation with the Strategic Director Corporate Services & Governance, being given delegated authority to agree the content and terms of a MoU between the Council and North of Tyne Combined Authority in relation to the North East Create Growth Programme.

for the following reason(s)

- (i) To maximise opportunities for economic growth in Gateshead;
- (i) To maximise the opportunities for business growth in the creative industries, creating good quality employment;
- (ii) To maximise available external funding opportunities;

APPENDIX 1

Policy Context

1. The North East Create Growth programme will support the Thrive pledge to invest in our economy to provide opportunities for employment, innovation and growth and specifically the Gateshead Economic Development Strategy objectives of building the economy of the future and supporting local businesses.
2. Accessing external funding is critical to achieving Economic Development Strategy objectives and the vision for Gateshead of a fairer, greener and more resilient economy.

Background

3. Gateshead has a long track record of supporting the creative industries and cultural lead regeneration. Gateshead Quays has emerged as a cultural, tourism and leisure hub, home to BALTIC contemporary arts centre and The Sage Gateshead, a regional concert hall and music centre supporting the performing arts sector.
4. Gateshead has led the way in supporting growth of the digital sector, with the ambition to become a centre of excellence in creativity and innovation. The growing creative and ICT/media industries are already well represented, particularly around Gateshead Quays, and demonstrate strong growth potential. Gateshead has a growing reputation as a location for business clusters within the digital and tech industries including:
 - Animation and design,
 - Video game development; and
 - Software development and IT
 - TV and Film
 - Immersive technologies
5. The strength in developing video games has translated to a strong immersive technologies sector (virtual reality and augmented reality). The unique cluster of virtual and augmented technology specialist businesses and investment in innovation infrastructure including PROTO and the IMMEX business support programme are a key components in a proposition that has established Gateshead and the North East as the primary destination for immersive technology business investment in the UK.
6. The Council is actively supporting and investing in the development of the region's TV and film sector through its membership of the North East Screen Industries Partnership established earlier this year following the signing of an MoU between North East local authorities and the BBC in September 2021 to secure £25m investment in the commissioning of programmes in the region.
7. Investment in an international arena and conference centre at Gateshead Quays will provide a significant boost for Gateshead's vibrant and interconnected cultural sector, which has a hugely positive impact on the visitor economy, its competitiveness, and on residents' quality of life. It includes a vast web of freelance workers, from performers to event organisers, sound and lighting engineers.

8. The Creative Industries are one of the fastest growing sectors of the UK economy, providing significant local employment opportunities and economic benefits. However, despite the growth potential, there are distinct market and information failures that prevent creative businesses scaling and accessing finance. The creative sector - predominantly made up of small and medium-sized enterprises (SMEs) - lacks capacity and access to expertise on business planning and finance advice, as well as wider support programmes.
9. On the 9 June 2022 DCMS invited local area partnerships in England to submit Expressions of Interest (EOI) to its £17.51m Create Growth Programme for funding for business support for the creative industries.
10. An EOI naming Gateshead as a partner, was submitted by North of Tyne Combined Authority on behalf of all seven North East local authorities. The proposal sought funding to develop a bespoke package of support for high-growth potential creative businesses and build investor networks.
11. The EOI was subsequently approved and a full business case invited by DCMS. Due to bid timescales it was impracticable to obtain approval from Cabinet for the Council to be a named partner prior to submission of the full application, however, the Council's inclusion strengthened the application and ensured Gateshead's high-growth potential creative businesses would be able to access support to grow, leading to increased investment and job creation, if funding was successfully secured.
12. As a result, following consultation with relevant Cabinet members, the Strategic Director Economy Innovation and Growth, approved the Council's inclusion in the full application in accordance with powers under the Gateshead Council Constitution – Part 2 General Delegations to Managers, paragraph 4(e), to ensure the bid was finalised in time meet the application deadline.
13. On 4 November 2022 it was confirmed that the North East local area partnership had been awarded £1.275 million in grant funding from DCMS to develop a targeted programme of business support.
14. North of Tyne Combined Authority will act as accountable body, contracting with DCMS and being directly responsible for managing the funds and commissioning targeted business support to high-growth potential creative businesses.
15. Local authority partners will be required to commit to supporting the programme through a Memorandum of Understanding (MoU). The MoU is not intended to be legally binding and will not establish any legal obligations or share liabilities of the accountable body with the Council.
16. During the life of the North East Create Growth Programme it is anticipated that 100 high growth creative businesses will be supported. The programme is open to business applicants now and delivery of targeted business support will commence in Spring 2023.
17. The Council, through its Business, Employment and Skills service working in partnership with other services and stakeholders, will actively seek to maximise

the economic benefit for Gateshead, promoting participation in the programme to relevant businesses in the creative industries.

Consultation

18. In preparing this report consultation has taken place with the Leader and Deputy Leader and Cabinet Members for Economy and Culture, Sport and Leisure.

Alternative Options

19. A decision not to include Gateshead as a named partner in the full application or enter into an MoU with North of Tyne Combined Authority would have meant that the opportunity to lever in additional DCMS resources to support economic growth in Gateshead would be lost. A decision to proceed is therefore recommended.

Implications of Recommended Option

20. Resources:

- a) **Financial Implications** – Strategic Director, Resources & Digital confirms that there are no financial implications arising from this report.
- b) **Human Resources Implications** – None arising directly from this report
- c) **Property Implications** - None arising directly from this report

21. **Risk Management Implication** - North of Tyne Combined Authority will act as accountable body for the North East Create Growth Programme, contracting with DCMS and being directly responsible for managing the funds. The MoU is not intended to be legally binding and will not establish any legal obligations or share liabilities of the accountable body with the Council.

22. **Equality and Diversity Implications** - None arising directly from this report

23. **Crime and Disorder Implications** – None arising directly from this report

24. **Health Implications** - None arising directly from this report

25. **Climate Emergency and Sustainability Implications** - None arising directly from this report

26. **Human Rights Implications** - None arising directly from this report

27. **Ward Implications** - None arising directly from this report

Background Information

28. None