

**Item 4**

## **Supporting the visitor economy**

### **Purpose of report**

For discussion and direction.

### **Summary**

Central government support for tourism is currently delivered at a regional level, with funding from Regional Development Agencies (RDAs). The move from RDAs to Local Enterprise Partnerships (LEPs) means that this will change. This paper seeks members' views on various aspects of this transition.

### **Recommendations**

Members are asked to:

- Comment on and endorse the proposal at paragraph 6 that the Chair should write jointly with representatives of the tourism industry to LEPs;
- Discuss aspects of the transition from RDAs to LEPs at paragraph 9;
- Comment on the nature and content of a letter to the Minister for Tourism, as set out at paragraph 12.

### **Action**

Subject to members' discussion of the above points, officers to take forward agreed actions.

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### **Background**

1. The Secretary of State for Business, Innovation and Skills and the Secretary of State for Communities and Local Government wrote to councils on 29 June inviting them to put forward proposals to form a Local Enterprise Partnership (LEP) to take on the responsibilities previously held by Regional Development Agencies (RDA). The LGA has long lobbied for the devolution of RDA roles and responsibilities, and this is a welcome development.
2. The introduction of LEPs has the potential to improve public support for tourism. Central government support for tourism is currently delivered at a regional level, with funding from RDAs. The move from RDAs to LEPs means that this will change, and the introduction of LEPs has the potential to improve public support for tourism businesses – 80% of which are small and medium sized enterprises – by focussing work at the level of the actual destinations that people visit, and by exploiting local knowledge about what visitors like best about these destinations and what needs improving.
3. RDAs will be wound up by April 2012. It is currently unclear when LEPs will be formed, or what access they will have to RDA funding and assets. The Economy and Transport Programme Board is leading on these issues for the LG Group and officers will keep members updated on future developments.
4. Officers are currently discussing the impact and management of the transition from RDAs to LEPs with government, VisitEngland and the tourism industry, and **this paper seeks members' views on this.**

### **Supporting the visitor economy**

5. As the fifth largest industrial sector in the UK, tourism has massive potential to support employment, investment and skills development. Tourism is, essentially, the business of selling the idea and experience of places to people, and so councils – which provide the core infrastructure of places, such as transport facilities and clean, safe and attractive public spaces – are heavily involved in supporting the visitor economy.
6. The Chair has indicated that he wishes to write jointly with representatives of the tourism industry to all LEPs once they are formed, to advocate for the value and potential of tourism as an industry, and to reinforce the importance of

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strong partnerships between councils and businesses locally. **Members are invited to comment on and endorse this proposal.**

7. Councils are the largest public funder of the industry, investing over £100m per year in business support, visitor information and destination marketing. They also spend a significant amount on culture and heritage and support major cultural, business and sporting events; all of which are key attractions for tourists.
8. A majority of councils, often working with other authorities and closely with local businesses, support a destination management organisation (DMO) or similar body. Many of these also receive support from RDAs. Amongst other things, these bodies develop the local tourism offer, help improve the look and feel of destinations, support businesses to improve their customer service standards so that places are more welcoming and market the destination to potential visitors.
9. **Members are invited to discuss the nature of future relations between LEPs and DMOs and the impact of the transition from RDAs**, including:
  - How LEPs might commission DMOs to deliver their functions going forward;
  - Any potential for duplication between the two bodies;
  - How existing central government funding for tourism should be utilised;
  - How tourism businesses can best continue to be supported, and how the necessary supporting architecture can be retained, during the transition from RDAs to LEPs.

**Incentivising support for the visitor economy**

10. The Prime Minister, on 12 August 2010, made a speech on tourism in which he suggested that the government might introduce measures to create greater incentives for local authorities and their partners to invest in support for the visitor economy. Speaking at the Serpentine Gallery, the PM said: *“If a local council does more to attract tourists to its area they know they’ll be picking up costs but they’ll get none of the additional business rate revenue. Central government sucks in 100 per cent of this revenue generated by all local economic growth. This is just mad. Local authorities must be allowed to invest some of this back into their own communities.”*
11. The speech also announced that the Minister for Tourism and Heritage, John Penrose MP, would produce a report by October setting out the Government’s strategy for tourism. It is unclear at present how this work will align with Visit England’s national tourism strategy, which was launched in March 2010.

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12. The LGA will write to the Minister setting out its views on supporting tourism businesses and incentivising local authorities to invest in the visitor economy, and **members are invited to comment on the nature and content of this letter.**

**Financial Implications**

13. None for the LG Group arising from this report. The development of LEPs will have significant impacts on funding for economic services locally.

**Implications for Wales**

14. Tourism is a devolved matter. This paper only concerns English local authorities.

## **Excerpts from the Prime Minister's speech on Tourism**

The full transcript of this speech can be found at  
<http://www.number10.gov.uk/news/speeches-and-transcripts/2010/08/pms-speech-on-tourism-54479>

### **The strongest possible tourism strategy**

I want us to have the strongest possible tourism strategy. I think there are four parts. First – what government does nationally. Second – the role of local government and the support of the local area. Third – how we stimulate the private sector in tourism. And fourth – how we make policy in other areas that will impact the tourism industry.

[...]

### **What Government does nationally**

First, what government does nationally. We're going to bring a whole new approach – and a new attitude – to tourism. Because we think tourism is one of the missing pieces in the UK's economic strategy. Our commitment to tourism is not new-found.

We're going to be a government that understands the huge potential of our tourism industry that gets tourism and that gives the industry the backing it needs. A successful tourism policy needs an active and engaged government. But taking Britain up the league table of tourist destinations isn't something that we in government will do alone. It's something that we will all do together.

[...]

Industry in the lead but with government – and society as a whole – standing behind you every step of the way.

### **Local Government and the support of the local area**

Second, local government and the support of the local area. Tourism is a local industry. You can't support local industry with national diktats from Whitehall. The old model was just too top-down failing to incentivise innovation and local enterprise and failing to reward local authorities which seized the chance to support the expansion of their local economy. It completely disempowered the local area. We're going to do things differently.

The old Regional Development Agencies put bureaucratic boundaries over natural geography. Take the Cotswolds artificially spread across different Regional Development Agencies including the South East, the South West.

Now if areas like this want to work together across those old, centrally-imposed boundaries they can. That is why we have invited local businesses and local authorities to come to us and tell us what works for them.

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And of course to tell us what doesn't work like the current business rates system which fails to support the development of tourism.

If a local council does more to attract tourists to its area they know they'll be picking up costs but they'll get none of the additional business rate revenue. Central government sucks in 100 per cent of this revenue generated by all local economic growth. This is just mad.

Local authorities must be allowed to invest some of this back into their own communities. This wouldn't just help tourism – it would help all sectors of local industry across our country. And it's a vital part of how we can begin to rebalance our economy.

[...]

John Penrose is doing a report for me, which he will present in October, to tell me whether that is a realistic objective or not but I want us to aim high not low. In fact, I want John to go further.

I want John to work with you day in and day out to develop a tourism strategy by the end of this year that brings together the best of the ideas you have that ensures London 2012 provides the best economic and tourism legacy that any Olympic host city has ever done and that sets us on a path to break into the top five tourist destinations in the world.