

Item 2

The visitor economy landscape

Purpose of report

For discussion and direction.

Summary

This paper summarises the key issues for councils in the light of significant changes to how support for the visitor economy is organised nationally, regionally and locally; namely, the winding up of Regional Development Agencies by April 2012, the potential role of LEPs in tourism and a new direction for VisitEngland.

The Board will receive a presentation from James Berresford, Chief Executive of VisitEngland. This item is an opportunity for Board Members to influence how VisitEngland interacts with councils and LEPs in the new visitor economy landscape, in advance of the publication of their new strategic framework in the Spring.

Recommendation

Members are invited to discuss with VisitEngland the key issues for councils arising from changes to the visitor economy landscape.

Action

To be taken forward by officers as directed by Members.

Contact officer: Laura Caton
Position: Business Manager, LGA
Phone no: 020 7664 3154
E-mail: laura.caton@local.gov.uk

Item 2

The visitor economy landscape

Background

1. As the fifth largest industrial sector in the UK, tourism has massive potential to support employment, investment and skills development. It generated £114 billion in 2008, which represented 8.2% of total Gross Domestic Product, and sustained 2.65 million jobs, a large proportion of them entry-level jobs in which newcomers to the labour market acquire fundamental skills.
2. Councils ensure the quality and development of the core infrastructure of places, such as transport facilities and clean, safe and attractive public spaces. As such, they are heavily involved in supporting the visitor economy, 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.
3. This paper summarises the key issues for councils in the light of significant changes to how support for the visitor economy is organised nationally, regionally and locally; namely, the winding up of Regional Development Agencies by April 2012, the potential role of LEPs in tourism and a new direction for VisitEngland, which is developing a new strategic framework for tourism to be published in the Spring.
4. Against this background, the Government is developing a new tourism strategy, which we expect to be published for consultation in February, with a strong focus on encouraging more private sector involvement and funding. The kind of ideas the Government are developing include:
 - 4.1 Localising business rates: in August 2010, the Prime Minister made a speech on tourism in which he said councils should be able to keep a share of increased business rates resulting from investment in tourism support.
 - 4.2 A private sector marketing fund to boost tourism: the British tourism industry has responded to the Government's challenge to create a marketing fund of more than £100 million to boost tourism in the run-up to the Diamond Jubilee and 2012 Games by pledging cash and payment in kind to help match £50 million of public money already committed by VisitBritain. Further details of the four-year marketing campaign will be launched in the Spring and aims to deliver:

Item 2

- 4.2.1 1 million extra overseas visitors a year;
- 4.2.2 £2 billion more visitor spending the UK;
- 4.2.3 50,000 new jobs across the country.

4.3 Boosting domestic tourism: the Government has said it aims to increase the proportion of domestic tourism spend by UK residents to 50% of their total spend at home and abroad.

5. The LGA has been seeking to influence the strategy at Member and officer level. In particular, Cllr Chris White and Cllr Stephen Castle met John Penrose MP, Minister for Tourism, in October 2010, and Cllr White and Baroness Eaton met him again on 11 January 2011.

A new model for supporting the visitor economy

6. The current arrangements for supporting the visitor economy are complex and too top-down, with varying levels of engagement from the private sector. In the current economic climate it is vital that we maximise the potential contribution of tourism to generate income and jobs and as a catalyst for wider economic improvements, where this is prioritised by local areas. The introduction of LEPs is a significant opportunity to improve public sector support of tourism - 80% of which are small and medium sized enterprises - by introducing a model that is consistent with a place-based approach to investment, so that decisions on tourism are taken in the context of the wider local economy, are more locally accountable and with stronger engagement from local tourism businesses.

The winding down of Regional Development Agencies (RDAs)

7. Central government support for tourism is currently delivered at a regional level, through RDAs. For example, many RDAs support a Destination Management Organisation (DMO) or similar body. 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.
8. The winding up of RDAs by April 2012 will therefore have a significant impact upon how tourism support is organised: some funding for DMOs ends in April 2011, at the same time as many LEPs are aiming to give a lead on the full range of interlinked issues that affect local economies and upon which a thriving visitor economy rests.
9. Members are clear, however, that LEPs will not be "mini" RDAs: they will operate very differently, and that the interim period is not about "transition". We want the Government and Visit England's new approach to focus on supporting

Item 2

small businesses, encouraging start-ups and creating new private sector jobs. We think there is an important role for VisitEngland to play in encouraging RDAs, and through them DMOs, to fully involve the council and LEP (where applicable) in discussions on winding down regional work on tourism.

10. We also want to ensure that councils have a say in the future of RDA assets and liabilities relating to the visitor economy. Lobbying on this is being led by the Economy and Transport Programme Board. Specifically, we are continuing to press Government for councils to have the right to sign off on what is proposed locally before it goes forward to be agreed nationally.

The role of LEPs

11. In July, the LGA welcomed Local Enterprise Partnerships (LEPs) as a landmark moment for councils, working with business, to restore local control of the economic destiny of their areas.
12. Many LEPs have decided that tourism is important and are aiming to give a lead on the full range of interlinked issues that affect local economies and upon which a thriving visitor economy rests. This includes transport provision, infrastructure investment, skills, employment and training provision. As a result, there is huge potential for LEPs to work with tourism businesses, both through special-purpose DMOs but also through Chambers of Commerce and other bodies, to sustain and support great destinations. For example, the Stoke on Trent and Staffordshire LEP has designated the DMO as one of the “delivery groups” which will report into the main LEP Board and take the lead on tourism. The Solent LEP will deliver a comprehensive destination management and marketing approach across the Solent area to capitalise on its assets and its high brand awareness. And in the Marches Enterprise Partnership, the Shropshire & Telkin DMO has signed-up to the LEP and will work closely with it on tourism.
13. We believe that any central government funding for tourism locally, which VisitEngland might have a role in allocating, should be spent by LEPs as part of their support to the wider local economy, to help meet local priorities. This will ensure that decisions about tourism will be taken within the context of the interlinked issues mentioned above. Under such a model, where their existence continues to be appropriate, DMOs should be commissioned by the LEP.
14. At this Board meeting, Members are also considering future priorities for the Board’s lobbying and improvement work. Members will want to ensure that appropriate support is provided to those councils involved with LEPs which have prioritised supporting the visitor economy.

Item 2

Future direction of VisitEngland

15. We think that there is an ongoing vital role for VisitEngland, joining-up agencies and Departments across Whitehall, and focusing on key industry asks, such as removing regulatory burdens and financial disincentives for small tourism businesses. VisitEngland also believes it has a key role to play in being a “DMO of last resort”, so that if a tourism business needs to be developed or supported to promote itself in an area without a DMO, a mechanism would still be there.
16. In light of our model for a new approach to the visitor economy, LEPs will be the key local commissioning body for tourism, and we would welcome further discussions with VisitEngland about how it might seek to relate to LEPs and to ensure that local government has a strong voice in its decision-making structures.

Conclusion and next steps

17. Members are invited to discuss with VisitEngland key issues for councils arising from the changes to the visitor economy landscape, including:
 - 17.1 Managing the winding down of RDAs;
 - 17.2 The potential role of LEPs in supporting a thriving visitor economy, and how they might relate to DMOs and other organisations already active in the local visitor economy;
 - 17.3 The future direction of VisitEngland, and how it might relate to LEPs and councils.

Financial Implications

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

Implications for Wales

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