

Driving rural growth through the visitor economy

Purpose of report

For discussion and direction

Summary

At the successful Visitor Economy Leadership member seminar we held at Hardwick Hall in October, members discussed the barriers to driving the visitor economy in rural and urban areas. We understand that Defra's new Secretary of State's priority is to boost the rural economy and Defra are very interested to discuss with the LGA how councils' leadership role in driving the rural visitor economy can help achieve this.

Councils play an important leadership role to drive the local visitor economy, through creating the conditions for the rural visitor economy to thrive through consolidating planning reforms, improving skills and incentivising inward investment. Councils are working hard to grow their visitor economy locally, with encouraging results, but in some areas they do not possess all the necessary levers to support growth to its full potential.

The Board have an early opportunity to shape this rural growth agenda through the visitor economy and this paper is specifically to discuss how we can best achieve this.

Recommendation

For members to discuss the issues in the paper and subject to discussion to agree recommendations at paragraphs 12, 16-18, 23-25.

Action

For officers to action as directed.

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Driving rural growth through the visitor economy

Background

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1. At the successful Visitor Economy Leadership member seminar we held at Hardwick Hall in October, members discussed the barriers to driving the visitor economy in rural and urban areas. This discussion had helped shape the LGA's offer on supporting local areas drive their visitor economy forward.
2. The Culture, Tourism and Sport Board have already agreed that in partnership with the Economy and Transport Board and other relevant Boards, we will continue to call on Government to devolve to councils the necessary levers over finance, skills and transport as well as allow 'City deals' to be rolled out nationally such as to market towns. These levers would allow councils, through strong local leadership, to fulfil their ambition to promote growth and provide the infrastructure that is essential for a successful rural visitor economy.
3. We understand that Defra's new Secretary of State's priority is to boost the rural economy and Defra are very interested to discuss with the LGA how councils' leadership role in driving the rural visitor economy can help achieve this. Councils are working hard to grow their visitor economy locally, with encouraging results, but in some areas they do not possess all the necessary levers to support it growing to its full potential. The Board have an early opportunity to shape this rural growth agenda through the visitor economy and this paper is specifically to discuss how we can best achieve this.

The potential of the rural visitor economy landscape

4. The visitor economy is not only growing strongly, but has massive potential for future years - it grew at over five times the rate of the UK economy as a whole in 2011 and contributes over £97 billion to the English economy. However, there are huge currently un-realised opportunities for rural areas to capitalise on the visitor economy to drive growth. The visitor economy not only brings investment to an area, it creates a large potential of employment opportunities. For example in Yorkshire, rural areas account for 37% of all jobs in the visitor economy. It also provides the ability to supplement the income streams of businesses operating or fixed in the rural locations, such as post offices and restaurants to farm diversification.
5. Day visits to the countryside account for 16% of tourism day visits and £4billion in expenditure. Out of all inbound visits to England in 2009 only 17% involve a trip to the countryside. Therefore there are significant growth opportunities if these visits can be turned into overnight stays in rural areas. However, in order to make this an attractive option to visitors there needs to be a quality offer of accommodation. Quality of offer is equally important to create an attractive destination for business tourism, which typically demands a higher quality across a range of services.
6. We know that compared to the total of all trips in England, trips in the countryside are more likely to be for a holiday than for business purposes. Whilst increasing leisure tourism to rural areas is fundamental to growth, business tourism offers additional advantages such as more all year around business. This is particularly important to rural areas as currently day visits to the countryside are significantly more seasonal than other destinations – 70% of countryside visits take place in spring and summer compared with 52% nationwide, and 7% take place in winter compared to 21% nationwide. Business tourism also showcases our tourism offer to business visitors which develops inward investment, trade opportunities, and future leisure visits. Rural areas have a lot to offer business tourism such as the tranquillity of the countryside, and a diverse offer of products, experiences and activities.

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Councils' leadership role in driving rural growth through the visitor economy

7. Councils play an important leadership role to drive the local visitor economy, through creating the conditions for the rural visitor economy to thrive through consolidating planning reforms, improving skills and incentivising inward investment.
8. One such example is High Peak Borough Council who is playing a crucial leadership role in Buxton by running a scheme to refurbish the Crescent by building a natural baths and pump room to create a 79 bed 5 star hotel and spa with a visitor centre, shops and restaurants. This will provide high quality overnight accommodation for luxury holidaymakers who traditionally are day visitors due to the convenient geographical location of the area to major cities in the North of the UK. Through the council spearheading the development of a quality tourism offer it is envisaged visitor numbers will increase by 7% with a matched increase in productivity of those who visit.

Suggested areas for LGA to focus on:

Improving quality and productivity of offer

9. We hear from councils that improving the quality and productivity of the rural visitor economy offer is pivotal to driving growth in rural areas, particularly in relation to accommodation. Rural attractions and businesses are extremely diverse and usually relatively small and in the current tough economic climate these smaller businesses do not have the money to invest back into improving the quality of accommodation or service.
10. Councils will continue to work with local businesses directly and through DMOs to support them on the productivity benefits of improving their quality offer and working in partnership with other local businesses. This can be seen in partnership working between local councils and Marketing Cheshire who jointly ran 'Tourism Connect' to help improve the quality and productivity of smaller tourism businesses in the rural area. The project gave £650,000 grants to local businesses who had to match fund this grant to a minimum of 60% which resulted in over £1 million private sector spend in the area. All businesses working to a grant had to achieve a minimum quality standard of a 4 star gold rating and submit marketing plans to evidence how they would work in partnership across the destination to create a network of cross promotion. In addition to the funding the successful businesses were given support, through visits to their property, to be given tailored advice on how they could improve their quality offer to meet visitors' expectations and their sustainability options, as well as signposting to cluster groups of local businesses to support their marketing programme.
11. Over 18 months the project supported 13 businesses; creating 7 new businesses and increasing the quality offer of 6 local businesses. It has increased the quality of the local camping and self-catering offer which was an area visitors had previously felt lacking, and secured funding for high quality log cabins in the future. The project brought in over £1 million of inward investment from the private sector, creating 17.5 jobs and increased productivity with an increase of 3.6% staying visitors.

It is recommended that the LGA call for:

12. Government to consider fair access to funding for SMEs in rural areas to move up the value chain by increasing the support offered through the British Business Bank and exploring

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additional models. For example, a loan based fund or encouraging larger businesses, which are often international, to support SMEs through some type of sponsorship role.

Increasing access to suitable transport

13. Trips to the countryside in England are more likely to be made by car as rural areas struggle with public transport as a viable alternative. On top of this an over-reliance on cars to access rural destinations means that rising fuel prices are making rural destinations more vulnerable to even the most mobile visitors. As well as inbound visitors being heavily reliant on public transport to visit rural areas, so too are younger people. There is a huge opportunity for local growth through increasing rural visits by young people in the UK; at present only 5% of 16-34 year olds take holidays in the UK. Lack of access to suitable and reliable public transport is preventing the visitor economy realising its potential to boost rural growth.
14. The real barrier to driving this growth is the current mismatch between the Government's national policy focus of sustainability and local rural areas trying to make it easier for visitors to travel around rural destinations. For example, using cars to access rural destinations does not marry with the Government's Green Agenda specifically around reducing car usage and low carbon initiatives. Councils do a large amount to improve their transport offer but they can only go so far when this mismatch is reflected in many funding opportunities available to councils for new transport investment such as Regional Growth Funds (RGFs) which favour, sometimes exclusively, councils who can demonstrate a sustainability component of their bids. The DfT investment appraisal currently balances five objectives of which the environment objective has been widely defined and values highly the reduction of CO2 emissions and the reduction of the use of scarce and non-renewable resources. This will potentially lead to rural areas being at a disadvantage in transport investment decisions.
15. Suffolk County Council are trying to tackle the issue of poor public transport on offer to visitors in their rural areas whilst still achieving the sustainability agenda and value for money by running 'Suffolk Links', an innovative Demand Responsive Transport (DRT) service. If visitors (or residents) are not able to access a bus directly they can call the relevant phone number before they wish to travel and the Suffolk Links service will pick them up from a convenient point agreed and take them to where they want to go within the local rural area, be that a visitor attraction, local business or service, or train station. The journey is then charged like a bus fare and every vehicle is fully accessible for those with poor mobility.

It is recommended that the LGA call for:

16. National funding opportunities such as the RGF, Better Bus Area initiative and DfT investment appraisal to be reflective and fair of rural councils' difficulties in prioritising sustainability over providing a rural public transport offer fit for visitor purpose. This will ensure rural councils are not locked out of accessing these much needed funds to improve their transport offer to visitors.
17. It is essential that government support the franchising of bus services by those local authorities who would like this option. We need to see the financial incentives applied to partnership working through the Better Bus Area initiative extended to the Quality Contract approach.

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18. Government to give local authorities greater control in how subsidies in transport are locally distributed. This will give councils the leverage to incentivise inward investment in growing the visitor economy in rural areas through improving the local public transport offer for visitors.

Broadband

19. The majority of visitors now expect to be able to book their accommodation online and small rural businesses that are not online, or do not offer real time bookings, are losing invaluable business and revenue. In addition, on arrival at their accommodation, destination visitors expect broadband access as a key part of a quality offer.
20. The LGA has consistently called for the Government to secure EU state aid clearance for the rollout of superfast broadband. Assuming that the Government secures state aid clearance for its investment in the rollout, 46 councils in the rural broadband programme will have completed procurement by July 2013 and be on track for superfast broadband to reach at least 90% of the population by 2015. However, given the context of a perceived lack of competition in the supply chain some areas may be prevented from achieving 90% coverage. On top of this even those rural areas which achieve 90% coverage will still leave 10% of rural areas without broadband access. Therefore 4G coverage will be critical to ensure all rural areas have superfast broadband access to be able to improve the quality and productivity offer of the local visitor economy.
21. The Rural Community Broadband Fund, jointly funded by Defra and BDUK, has been created to help bring superfast broadband solutions to the 10 per cent hardest to reach areas and some councils have topped-up their investment in the rural broadband programme to ensure 100% coverage. However, some rural councils are unable to access this fund, which as a prerequisite requires financial investment by both the council and local private sector.
22. Cornwall Council who with funding from the EU and BT, and managed by the Cornwall Development Company, have created Superfast Cornwall, an ambitious £132 million programme bringing superfast broadband to 100% of Cornwall and the Isles of Scilly. Superfast Cornwall will achieve this by enabling those homes and businesses unable to connect to fibre optic broadband accessing broadband through alternative technologies such as satellite, wireless and advanced copper.

It is recommended that the LGA call for:

23. Broadband Delivery UK to make available information and benchmarking that will help to ensure competitive deals are struck given the context of a perceived lack of competition in the supply chain, which may prevent 90% coverage.
24. We will also make the case that it is essential councils are able to align the funding streams and procurement processes to ensure maximum value for money for taxpayers. For example, some councils are eligible for the Rural Broadband programme and the Community Broadband Fund, and want to align procurement to get the best possible deal for taxpayers.

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Conclusion and next steps

25. The LGA will take forward the recommendations above through a variety of channels, including:

- 26.1 Sir Merrick Cockell, LGA Chairman, is meeting Hugh Robertson on 27 November. This presents an early opportunity to shape the Tourism Minister's thinking around boosting the visitor economy;
- 26.2 A continuous dialogue with Defra Ministers and officials. Carolyn Downs, LGA Chief Executive, attended a high level officer meeting with Defra this week to initiate these conversations. Also, members are attending the Rural Commission this month where the visitor economy is due to be discussed;
- 26.3 We will also maintain an ongoing dialogue with VisitEngland on how we can work with rural councils on best supporting them around these issues; and
- 26.4 We are building a collection of good practice case studies on councils' leadership role in growing the visitor economy in rural areas. We have launched 'Visitor Economy – boosting local growth' Knowledge Hub group for members and officers where we will be sharing further good practice and useful tools to support local areas in growing the visitor economy.