
LOCAL SOLUTIONS
BOOSTING THE VISITOR ECONOMY

CONTENTS

INTRODUCTION	4
SUMMARY OF FINDINGS	5
THE VISITOR ECONOMY	6
LOCAL GOVERNMENT AND THE VISITOR ECONOMY	10
DEVOLUTION	14
THE POTENTIAL OF DEVOLUTION TO FURTHER BOOST THE VISITOR ECONOMY	15
CONCLUSION	19
ANNEX A	21

INTRODUCTION

Local government is at the forefront of the UK's economic recovery. By re-balancing local growth, the potential of our cities and non-metropolitan areas is being realised. Councils have embraced reform and are the most efficient part of the public sector. However, with spending pressures still increasing and most efficiency savings having already been made, councils are facing hard decisions in the near future.

At the same time, English governance is fundamentally changing. A total of 34 proposals – from cities, towns and counties – have been submitted across England with the aim of improving prosperity, strengthening democracy and saving money for the public purse through the devolution of powers and funding from central to local government.

The move to the full localisation of business rates at the end of this Parliament means that it will be even more important for councils to support and attract businesses, including those of the visitor economy, where this is a local growth priority.

In response to this changing context, the Local Government Association (LGA) commissioned RCS¹ to analyse the added value devolution could bring to visitor economy-led economic growth in England.

The visitor economy is one of this country's fastest growing economic sectors. Councils and their local partners play a crucial role in leading and creating the conditions for the visitor economy to thrive.

Many of the policy levers needed to boost tourism, such as transport, infrastructure, growth funding, skills and broadband, are central to devolution deals. While a number of the deals submitted to date have highlighted the benefits for the visitor economy, this is not widespread.

As places continue to develop existing deals, and more places agree them, we are likely to see more proposals relating to the visitor economy and opportunities to make use of the new £40 million Discover England Fund.

The purpose of this publication is to share the findings from the research and start to build an evidence base showing how devolution can boost visitor economy-led growth throughout England. We hope this helps places to identify and evidence opportunities that devolution might present for boosting their tourism offers.

¹ www.ukrcs.uk

SUMMARY OF FINDINGS

There is significant growth potential from tourism and all parts of the country stand to benefit.

The tourism economy is performing strongly and has been resilient in the face of recent economic volatility. The visitor economy contributes £121.1 billion to UK GDP (7.1 per cent.)² There is also high potential for further growth with the visitor economy predicted to grow 2.9 per cent over the next decade, which is more than the overall economy (2.5 per cent).³ Our analysis highlights an opportunity for increasing 'staycations' in order to close the UK's large tourism deficit. International research shows tourism is a particularly strong driver of regional growth because of its high multiplier effect and even distribution. The Organisation for Economic Cooperation and Development (OECD) has shown how tourism can deliver spin-off benefits for the wider economy and local places.⁴ For example, supporting infrastructure development, innovative small-scale business support and provision of diverse employment opportunities. London's unusually dominant position in the visitor economy when compared to other capital cities in Europe means there is scope to encourage more visits to the rest of the country.

The drivers of visitor economy growth mean that combined authorities and similar arrangements are well placed to lead this, with evidence suggesting devolution could boost these efforts.

According to RCS, the argument for devolution is 'straightforward and evidence-based'. The 'overwhelming weight of the international evidence' points to a number of factors which drive national visitor economy competitiveness – welcome, infrastructure and transport, brand differentiation and business support – all of which fit with local government's arguments for a more locally led approach in these areas. The international evidence further suggests that if growth potential is going to be achieved, combined authorities and similar entities are well placed to improve the competitiveness of the sub-regional visitor economy and unlock further growth.

There is a good match between the policy asks in early devolution deals and the policy levers highlighted by international evidence as necessary to boost tourism.

In particular, transport, skills and business support. Crucially, councils and local partners can link these policy levers to enhance the distinctiveness of destinations. Concerns about the accessibility of transport is the most commonly cited barrier for overseas visitors not travelling outside London. While this is partly driven by perceptions, it is also a reflection of the impact of a challenging fiscal climate on the ability of councils to connect some tourist attractions with regular public transport, particularly in rural areas.

² UK Tourism Statistics 2016, Tourism Alliance, www.tourismalliance.com/downloads/TA_390_415.pdf

³ www.ukrcs.uk/#home

⁴ www.ukrcs.uk/#home

THE VISITOR ECONOMY

Councils have long recognised, and supported, the value of the visitor economy to local growth, jobs and prosperity. The visitor economy is one of the UK's fastest growing economic sectors. It was worth £121 billion in 2014 and supports almost one in ten jobs.⁵

The national value of tourism

In 2014, tourism contributed £121.1 billion to the UK's GDP (7.1 per cent). The UK's tourism sector is predicted to grow by an annual average 2.9 per cent over the next decade, outpacing nearly every other sector.⁶

Nearly 3 million people are employed in tourism industries, up from 2.6 million in 2013. This makes tourism the UK's third largest employer, accounting for 9.5 per cent of total employment.⁷

Since 2009, tourism employment has increased at almost double the rate of the rest of the of the UK labour market.⁸

Tourism businesses account for 11.5 per cent of new business registrations, well above its GDP share.⁹

Globally, the UK is ranked the fifth most competitive tourism economy out of 20.¹⁰

The UK is the sixth largest international tourism destination ranked by visitor expenditure.¹¹

The local value of tourism

International research shows tourism is a particularly strong driver of regional growth because of its high multiplier effect and even distribution. The OECD has evidenced how tourism can deliver spin-off benefits for the wider economy and place. For example, supporting infrastructure development, innovative small-scale business support and the provision of diverse employment opportunities.

The table overleaf shows the value of UK domestic and overseas tourism by region in 2014:¹²

5 UK Tourism Statistics 2016, Tourism Alliance, www.tourismalliance.com/downloads/TA_390_415.pdf

6 www.ukrcs.uk/#home

7 UK Tourism Statistics 2016, Tourism Alliance, www.tourismalliance.com/downloads/TA_390_415.pdf

8 Employment in Tourism Industries, 2009-2013, Office for National Statistics, September 2014 http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/dcp171766_377662.pdf

9 www.ukrcs.uk/#home

10 www.ukrcs.uk/#home

11 UK Tourism Statistics 2016, Tourism Alliance, www.tourismalliance.com/downloads/TA_390_415.pdf

12 UK Tourism Statistics 2016, Tourism Alliance, www.tourismalliance.com/downloads/TA_390_415.pdf

	Day visits (£m)	%	Domestic (£m)	%	Inbound (£m)	%	Total (£m)	%	Direct employment	%
East Midlands	2586	4.9	1107	4.9	428	2	4131	4.3	76,496	4.3
East of England	3913	7.4	1604	7.1	967	4.6	6499	6.7	120,343	6.7
London	10732	20.3	2889	12.8	11830	56.3	25484	26.3	471,928	26.4
North East	2277	4.3	616	2.7	216	1	3116	3.2	57,704	3.2
North West	5370	10.2	2465	10.9	1330	6.3	9186	9.5	170,113	9.5
South East	7571	14.3	2448	10.9	2160	10.3	12204	12.6	226,003	12.6
South West	4691	8.9	3933	17.4	1040	4.9	9690	10	179,450	10
West Midlands	3864	7.3	1153	5.1	761	3.6	5790	6	107,230	6
Yorkshire	4147	7.8	1728	7.7	570	2.7	6461	6.7	119,639	6.7
Scotland	5020	9.5	2871	12.7	1390	6.6	9303	9.6	172,282	9.6
Wales	2677	5.1	1735	7.7	335	1.6	4760	4.9	88,144	4.9
Total	52848	100	22549	100	21027	100	96724	100	1,789,333	100

International Passenger Survey, GB Tourism Survey, GB Day Visits Survey, 2014

Overview of the visitor economy

Over 34 million overseas visitors visit the UK every year, spending more than £21 billion.¹³ On average, an overseas visitor spends £609 per visit and stays an average 7.7 nights.¹⁴ The most valuable overseas markets to UK tourism are the USA, Germany, France and Australia.¹⁵ The fastest growing markets in terms of visitor numbers are Chile, Ukraine, Mexico and China.¹⁶

London is a key destination for overseas visitors to the UK. In 2014, 17.4 million visitors spent time in the capital, spending nearly £11.8 billion.¹⁷ This represents 54 per cent of all inbound visitor spending. The rest of England attracted 14.2 million inbound visitors who spent an estimated £7.3 billion, representing 33 per cent of all inbound visitor spend.¹⁸

13 2014 Travel Trends, Office for National Statistics, May 2015, www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/articles/traveltrends/2015-05-20

14 UK Tourism Statistics 2016, Tourism Alliance, www.tourismalliance.com/downloads/TA_390_415.pdf

15 UK Tourism Statistics 2016, Tourism Alliance, www.tourismalliance.com/downloads/TA_390_415.pdf

16 UK Tourism Statistics 2016, Tourism Alliance, www.tourismalliance.com/downloads/TA_390_415.pdf

17 2014 Snapshot, VisitBritain/VisitEngland, www.visitbritain.org/2014-snapshot

18 2014 Snapshot, VisitBritain/VisitEngland, www.visitbritain.org/2014-snapshot

Case study: Plymouth City Council

Plymouth re-branded as 'Britain's Ocean City' in 2013 as part of its first ever visitor strategy launched in 2010. With the 400th anniversary of the Mayflower sailing in 2020 the city has significant aims including growing visitors to the city by 20 per cent and spend by 25 per cent up to 2020 in line with a huge ambition to commemorate the anniversary on a globally significant scale. Since the baseline figures were established in 2008 visitor growth of over 28 per cent per annum and increased spend of 23 per cent in turn has helped to increase overall jobs in the sector by 92 per cent to just over 8,000 – 7 per cent of the local economy. Looking forward to 2020 the City has aligned itself behind the Mayflower plans and has in process unprecedented capital development of over £70 million as well as a major commitment of over £2.25 million revenue from the city council to supporting the project. Projects include a new hotel development, coach hub, re-designed railway station and cruise terminal as well as a £40 million extension by British Land to their Drake Circus development. It is estimated that over 25 million Americans are descended from the Mayflower pilgrims and Plymouth is working closely with the national partnership to ensure that the UK benefits not just in 2020 but significantly beyond.



Inspiration - Smeaton's Tower - Trevor Burrows

Compared to other European capitals, London is unusually dominant. In the UK, 41 per cent of nights from overseas visitors are spent in the capital city, compared to 26 per cent in France and 13 per cent in Italy.¹⁹ While London's global pull is incredibly important for the visitor economy, there is significant potential to encourage more overseas visitors to extend their stay and visit other parts of the country. The most common reasons for overseas visitors going outside London were heritage, variety, countryside, unique places to stay and the British people.

There are over 125 million domestic visits every year. On average, domestic visitors spend £199 per visit and stay 3.1 nights.²⁰ While London dominates the UK's and England's inbound tourism economy, 71 per cent of total tourism spending is provided by the rest of England which also dominates the domestic market, providing around 84 per cent of the domestic overnight spend.

The UK's tourism deficit (the difference between money spent by UK residents holidaying abroad and money spent in the UK by overseas visitors) has fallen from a peak of over £20 billion in 2008, to under £14 billion in 2014 as more people holiday at home.²¹ However, this is still a large deficit. Currently, less than 40 per cent of our total holiday spend goes on domestic tourism, meaning this is an area for significant growth. Unlocking further growth and closing the tourism deficit depends upon destinations offering high quality experiences that will keep people holidaying at home and persuade international visitors to London to extend their stay.

Latest figures from the Great Britain Tourism Survey (April 2016²²) reveal strong growth in domestic tourism in 2015 with record-breaking spending and the highest trip numbers

since 2012. 103 million overnight trips were recorded in England, an 11 per cent increase compared to 2014. There was an 8 per cent increase in expenditure compared to 2014, with a total spend of £19.6 billion. All regions across England experienced growth in overnight trips and spend. Regions which saw the biggest increases in overnight trips include Yorkshire (+20 per cent), the West Midlands (+22 per cent), London (+14 per cent) and the South West (+14 per cent).

The tourism industry is characterised by its diversity. Over 80 per cent of the accommodation, hospitality and attractions that welcomes domestic and overseas visitors is small or medium sized enterprises (SMEs) and often family owned pubs, restaurants or guesthouses.²³ Their turnover can fluctuate and depends upon factors including how much visitors spend, how long they stay, maximising the multiplier effect of wider spend in destinations, the cost of wages and the cost of complying with regulations. Also important is the unpredictable impact of global trends on visitors' spend, such as economic confidence and exchange rates.

In the 2015 Spending Review, the Chancellor announced a three-year £40 million Discover England Fund to drive inbound visits and spend and support the domestic market through delivering world class, stand-out, bookable tourism products in response to market opportunities and consumer needs. Applications for Year 1 funding opened in May 2016. The Chancellor also said that VisitEngland and VisitBritain will work more closely together. The LGA has highlighted the opportunity for the Discover England fund to boost locally-led growth, allied to devolution where this makes sense, and the importance of English destinations having a strong voice in new national governance arrangements.

19 www.ukrcs.uk/#home

20 UK Tourism Statistics 2016, Tourism Alliance, www.tourismalliance.com/downloads/TA_390_415.pdf

21 2014 Snapshot, VisitBritain/VisitEngland, www.visitbritain.org/2014-snapshot

22 VisitBritain/VisitEngland press release, April 2016, www.visitbritain.org/new-figures-show-increase-domestic-tourism-2015-overnight-trips-11-and-record-breaking-spending

23 Tourism Alliance submission, October 2014, www.tourismalliance.com/downloads/TA_367_392.pdf

LOCAL GOVERNMENT AND THE VISITOR ECONOMY

The visitor economy allows councils to showcase the unique identity and heritage of places. Ultimately, tourism needs great destinations – and supporting great places for communities and businesses to thrive is what councils are there to do. From food and drink to the natural landscape, historic buildings, and traditional festivals, councils care for and enhance the assets that make a place authentic.

Councils are heavily involved in supporting the visitor economy and creating great places for people to visit. They help to ensure the quality and development of the core infrastructure of places, such as transport facilities and clean, safe and attractive public spaces. Councils invest over £70 million per year on business support, visitor information and destination marketing.²⁴ They spend £2.6 billion every year on culture and heritage and support major cultural, business and sporting events²⁵; all of which are key attractions for tourists, and lead on the spatial planning, regulation and infrastructure that underpins a thriving visitor economy.

Councils also provide support to local businesses to help them to improve the quality of their offer. For example, practical advice on running a business, links with training providers, signposting to legal and other

expertise, support and information about how to gain accredited status for local produce, and a locally-led and proportionate approach to regulation.

Case study: Nottinghamshire

Nottinghamshire has put its local produce, traditions, food and drink at the heart of its plans to attract visitors through its Love Local campaign as part of Experience Nottinghamshire. This includes the Nottingham Real Ale trail, promoting tours of market towns Newark, Worksop, Southwell and Edwinstowe, and the Wellow Maypole Festival, where each May Day, the village of Wellow comes to life with traditional English celebrations.

Case study: Lancashire

In January 2016, Marketing Lancashire was awarded £50,000 from Arts Council England National Lottery Funded Grants For the Arts programme, to start work on a new initiative to help raise Lancashire's profile as a cultural destination. Over the coming months, the project will help establish the county's cultural offer as one of the leading reasons for people to visit Lancashire, a key ambition expressed in the county's new visitor economy strategy. As well as enabling Lancashire's art organisations to reach new audiences, it will also strengthen Lancashire's cultural reputation with arts practitioners and investors, acting as a catalyst for further developments and investment.

²⁴ Department for Communities and Local Government statistics, February 2016, www.gov.uk/government/statistical-data-sets/local-authority-revenue-expenditure-and-financing-england-2014-to-2015-individual-local-authority-data-outturn

²⁵ Department for Communities and Local Government statistics, November 2015, www.gov.uk/government/uploads/system/uploads/attachment_data/file/497079/Revised_RO_Final_Outturn_2014-15_Statistical_Release.pdf

Case study: Cornwall Council

As part of a Regulatory Delivery part-funded project to explore a more efficient approach to licensing (Rewiring Licensing), Cornwall Council mapped out the licensing processes for a caravan holiday park. The mapping found that there were 5 main licences with 52 application pages, with potential for up to 11 licences, up to 4 public notices required and renewals ranged from twice a year to once every 10 years. With up to 45 per cent of applications being returned to applicants due to errors, clear online information is crucial for businesses. As a result, Cornwall Council identified a number of improvements. These include a single point of contact for licensing, delivering licensing services around business licensing clusters, such as Leisure, Entertainment and Hospitality, and grouping online content and applications around typical business models. The pilot also made a number of recommendations to government, including consolidation of licensing legislation in relation to entertainment and removing prescribed application forms in favour of model standard application forms.

Many tourism businesses work in partnership with the public sector to develop an integrated and long-term approach to attracting visitors through destination management organisations (DMOs), which range from informal partnerships to a company limited by guarantee. Some are also involved with local enterprise partnerships (LEPs), local Chambers of Commerce and combined authorities or similar arrangements.

Case study: North Somerset Council

Banksy's Dismaland gave Weston-super-Mare a £20 million boost. Over five weeks, more than 150,000 people visited the subversive theme park in a derelict seafront lido, which had been shut since 2000 and reopened on 20 August 2015. The temporary art show sold 4,000 tickets a day online, plus 500 more people were willing to queue for hours. The biggest boost was to hotels and B&Bs during what is usually a quiet time with many half-full. According to the town's Hoteliers Association, compared with the same period last year, an additional 50,000 nights have been sold in the town's hotels, with each guest spending an average of £150 a night. Allowing for dinner and drinks this ultimately generated about £7.5 million. North Somerset Council is now working to build on the legacy of this world-class event with support from celebrity designer Wayne Hemingway and Arts Council England. The evolving project is looking at imaginative ways for a local authority-led arts and culture project to make an impact in a regional, seaside town setting.

Councils play a vital strategic leadership role through their engagement with the tourism industry at these forums, and can help to ensure that DMOs are integrated into the work of the council, combined authority and LEP.

Local communities also benefit from a thriving local visitor economy with an increased choice of facilities such as places to eat out, local shops, events and exhibitions, as well as conservation of local heritage and the natural landscape.

Case study: New Anglia LEP

In 2012, the New Anglia LEP Cultural Board identified cultural tourism as an area which could make a genuine impact on growth in the economy. The ambition to make Norfolk and Suffolk 'must see cultural destinations' was agreed and investment from New Anglia LEP, Arts Council of England (ACE), Norfolk and Suffolk County Councils and participating arts and tourism partners was secured. The Building Cultural Tourism in Norfolk and Suffolk initiative is currently being delivered by Spring – Agency for change. It has three strategic ambitions to:

- drive growth in the visitor and cultural economy by making Norfolk and Suffolk genuine 'must see' cultural destinations that continually reward and enrich the cultural visitor
- reach and inspire new audiences by ensuring information about the exciting cultural offer is easily accessible to a wide range of local, regional and national visitors
- reposition Norfolk and Suffolk as culturally rich, creative places that welcome visitors, residents and investors; placing the cultural sector at the centre of the growth agenda and ensuring culture plays its part in attracting inward investment.

The project will complete in 2017. Norfolk and Suffolk believe it illustrates the strength, quality and ambition of partnership and cross-sector working to stimulate culture-led economic growth across the region. Norfolk and Suffolk have a comprehensive evaluation in place, which will demonstrate the value and impact of this intervention on the economy of the region and the cultural sector.



Grimes on the Beach, Aldeburgh Music, 2013



Staffordshire County Council

Case study:
Staffordshire County Council

Developing from the City Deal process, Staffordshire County Council has adopted a new strategic approach to sport, 'Sportshire', that is attracting visitors and boosting the local economy through major events and sporting infrastructure. The main aims were to increase the number of over overnight stays and subsequent visitor spend, which are low in comparison to West Midlands counterparts, and attract more high spending visitors. In Year 1, this was achieved by hosting Ironman Staffordshire 70.3 and the UK Corporate Games. These events attracted 16,000 visitors into the area, creating an economic impact of £5.4 million. Staffordshire has now secured a three-year contract for the long-distance Ironman triathlon.

Councils have preserved and developed the environmental, historic, cultural, community and sporting assets and traditions that attract visitors and make destinations authentic. Councils' leadership is also central to unlocking future growth by supporting tourism businesses to improve their productivity through a higher value offer and creating the wider conditions for the visitor economy to thrive.

DEVOLUTION

Devolution is the redistribution of power and funding from national to local government. It is shining a light on what makes places different and many proposals are rooted in strong and distinct historic and cultural identities.

The LGA has long argued that devolution is the most effective way to create jobs, build homes, strengthen healthy communities and protect the vulnerable in all parts of the country. This analysis was supported by three independent commissions who examined the potential economic and social benefits of greater devolution from central to local government.²⁶

In November 2014, Greater Manchester was the first devolution deal to be agreed in England. As part of the Spending Review 2015, the Government invited all places in England to come forward with strong, well thought out proposals for devolution of powers and funding to deliver more balanced growth and better services. The Cities and Local Government Devolution Act received Royal Assent in January 2016 and by May 2016, around a dozen deals had been signed and 34 proposals from English cities, towns and counties submitted to government.

So far, most devolution deals have focussed on growth, employment, transport, housing and digital infrastructure, reflecting what the Government wanted deals to focus on. As existing deals develop and new proposals are submitted, we are seeing more examples from other policy areas such as tourism and culture.

In October 2015, the Chancellor announced that councils will be able to keep all locally raised business rates by 2020. The LGA has long campaigned for local government to retain 100 per cent of business rates and is working with government on making sure that any new system works effectively. This significant change will further incentivise councils to attract and retain businesses in local growth sectors, including the visitor economy.

The LGA's DevoNext hub contains everything you need to know about devolution for local government – what has been secured, what is happening across the country and what you can do at your council:
www.local.gov.uk/devolution

²⁶ Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan England, March 2015, www.local.gov.uk/non-met-commission, Independent Commission on Local Government Finance, February 2015, www.localfinancecommission.org/, RSA City Growth Commission, October 2014, www.thersa.org/discover/publications-and-articles/reports/unleashing-metro-growth-final-recommendations

THE POTENTIAL OF DEVOLUTION TO FURTHER BOOST THE VISITOR ECONOMY

A number of international evidence-based frameworks have been developed to understand the visitor economy and the policy levers needed for further growth. These do not explicitly analyse 'devolution' as we understand it because as a concept it is defined by England's political context, and there is also surprisingly little focus on decentralised, sub-national or local governance structures. Nevertheless, RCS identified a number of proxy international indicators upon which there is substantial evidence to inform the English debate.

In particular, RCS drew upon international evidence to identify critical success factors to driving the competitiveness of the visitor economy (leaving aside wider economic factors beyond policy-makers' control), and then matched these against proposals in early devolution deals. These can be summarised as:

- **Welcome and customer service**

Domestic destinations are competing with the rest of the world and offering a high quality and distinctive experience is vital. Welcome depends upon factors including the quality, breadth and affordability of accommodation, hospitality, cultural and other attractions, and the attractiveness of the wider public realm. Welcome is the number one factor in attracting visitors,

above even price. Historically the UK has lagged behind other countries in the quality of its welcome. The 2012 Olympic and Paralympic Games was credited with an improved performance in the 2013 Anholt-GfK National Brands Index. The UK's 'welcome' was rated the tenth best in the world – the first time the UK featured in the top 10. In 2015, the UK was ranked 11th.²⁷

- **Infrastructure, transport and ease of access**

Vital for ease of movement within a country is the extensiveness and quality of its ground transport infrastructure. This takes into account the quality of roads, railroads, and ports, as well as the extent to which the national transport network as a whole offers efficient, accessible transportation to key business centres and tourist attractions. Digital infrastructure is just as important as the physical infrastructure. Access to a reliable broadband connection is expected for both the visitor experience and enabling tourism businesses to operate as efficiently as possible.

- **Skills**

Tourism businesses need skilled and reliable staff to give visitors a world class welcome and service. However, the seasonal nature and low pay of many of the jobs sometimes makes this difficult to achieve. Compared to other sectors there is a higher turnover of staff, career progression paths are weaker and it takes employers longer to fill vacancies. There also needs to be a better match between education and skills provision, and the workforce needs of tourism businesses in destinations.

²⁷ VisitBritain update, November 2015, www.visitbritain.org/britain%E2%80%99s-image-overseas

- **Business support**

To help businesses leverage opportunities such as the use of digital technologies, understand and exploit target markets and respond to changes in legislation.

An effective but proportionate regulatory offer is also critical in enabling business to thrive while sustaining the high standards that promote consumer confidence.

- **Brand differentiation, destination awareness and attractiveness**

Tourism is rooted in exploiting the uniqueness of places. Destinations need to promote their distinctiveness effectively to attract visitors and encourage them to spend once here. This requires a place image and brand that strengthens the pull of a place.

According to the World Economic Forum, the building blocks of any tourism destination are assets such as natural scenery and cultural heritage as well as properly functioning infrastructure that allows visitors to access a country and move comfortably within it.²⁸

Without these building blocks, a country cannot compete in the global tourism market. These assets require significant investment in terms of conservation (in the case of natural resources) and maintenance (in the case of physical infrastructure) but these are the factors that simply qualify a country to compete for tourists. These efforts alone do not generate true differentiation from other countries that are doing exactly the same thing. To build advantage over competing countries, policymakers and destination managers need to identify and enhance the things that make their destination distinctive.

An analysis of early devolution deals shows that while the visitor economy is not explicitly featured, nearly all make the case for significant new powers which closely map to the visitor economy growth factors that emerge from the international evidence - in particular, transport, skills and business support. Annex A highlights these links in the Greater Manchester, the Liverpool City Region and Cornwall deals. The table over the page shows how some of the devolution proposals could help to drive further growth in the visitor economy.

28 www.ukrcs.uk/#home

Overview of policy proposals in devolution proposals	How the visitor economy stands to benefit	Evidence
<p>Transport – some local areas have won significant devolution of transport funding, flexibilities or commitments. For example, responsibility for franchised bus services and smart ticketing across all transport modes, devolved funding towards a single transport fund and many areas have received funding for specific delivery projects.</p>	<ul style="list-style-type: none"> • Greater flexibility to prioritise transport improvements that will improve the visitor experience through better connections to key visitor attractions, particularly in more rural places. • A more joined-up approach to supporting tourism travel with strategic partners including the Highways Agency and Network Rail, which will particularly help with attracting more overseas visitors travel beyond London. 	<p>www.local.gov.uk/documents/10180/5854661/L14-473+Better+Roads+for+England_11.pdf/a7a5fec1-dd21-4220-a9f4-f9d4c2cee778</p>
<p>Skills – a range of areas have gained some influence over 19+ skills, many areas have been able to gain ring-fenced Apprenticeships Grants to Employers and some areas have been able to commission the Youth Contract.</p>	<p>A skilled workforce that better matches the needs of tourism businesses now and in the future.</p>	<p>www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10180/6884608/NEWS</p>
<p>Business support – a few local areas have achieved significant devolution to support business development and growth. A large number of deals include an award for funding for specific business support or innovation projects.</p>	<p>A more stable and coordinated approach to business support and enterprise will enable councils to better support the long-term development of tourism businesses and tailor the offer to local needs.</p>	<p>www.local.gov.uk/documents/10180/6193395/How+the+Other+Half+Grows+%28lo+res%29.pdf/b1556a61-b8c5-4676-8df7-e3ee3090eaef</p> <p>https://www.thersa.org/discover/publications-and-articles/reports/unleashing-metro-growth-final-recommendations</p>

International evidence further suggests that if growth potential is going to be achieved, combined authorities and similar entities are – with the ‘right institutional capacity’ – well placed to improve the competitiveness of the sub-regional visitor economy and unlock further growth.²⁹

The LGA’s own analysis (cited above) has shown that decisions about the critical success factors for boosting tourism are best taken at the local level. For tourism, it is significant that councils and local partners can harness those policy levers for the successful promotion of a locality and ensuring that the locality is attractive to visitors.

Tourism is recognised as having a significant multiplier effect on the economy, which makes it a particularly strong driver of sub-regional growth, and therefore an attractive growth sector for councils and partners. In other words, money spent directly purchasing tourism goods and services has spill over benefits in the rest of the economy through the wider supply chain and consumer spending that arises from direct tourism expenditure. Globally, the World Economic Foundation analysed 20 economies and found that in 18, one dollar spent on tourism generated more total economic output than the average dollar spend in the economy as a whole.³⁰ In the UK, Deloitte and Oxford Economics estimate that for every £1 spent on tourism, another £1.80 of economic output is generated due to direct and indirect spend.³¹

All of this leads RCS to conclude that the argument for devolution is “straightforward and evidence based. There is significant growth potential in the rest of England that can be unlocked. This will be of benefit to the people and places in those areas but also to the wider economy, building powerhouses across England.”

Devolution could provide councils with opportunities to boost the visitor economy by enabling them to design and facilitate infrastructure and services that increase tourism in their localities, and importantly, respond to local characteristics and conditions. This in turn has the potential to advance policy objectives in relation to employment, skills and prosperity.

Case study: Liverpool City Council

Liverpool understands the value of tourism. Its financial value – nearly £4 billion a year – and its emotional value, namely pride in a city you live, work and play in. One of Liverpool's biggest challenges is funding those cultural organisations which play a vital role in tourism landscape. Invest to Save is an effective initiative in which the council uses its borrowing power to provide an upfront capital grant which is repaid by reduced revenue funding, or increased lease charges if it’s a council-owned building. The grant is used for much-needed improvements to the physical condition of a venue, resulting in a financial and visitor number boost, making them more sustainable. To date, The Philharmonic Hall, Royal Court Theatre and Unity Theatre have all benefited. This work directly supports the City Region’s plan to grow the visitor economy’s value by £200 million by 2020.

29 www.ukrcs.uk/#home

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CONCLUSION

A truly authentic visitor experience grounded in local communities and experience and serviced by high quality attractions and skilled labour can be the driver for a growing and sustainable tourism economy in England.

As local governance and national arrangements for funding and supporting the visitor economy continue to evolve, it is vital that English destinations, the powerhouses driving growth, retain a strong voice in national strategic decisions affecting the visitor economy.

While tourism, like any other sector, is partly shaped by wider economic trends and unpredictable consumer behaviour, the independent evidence presented in this report shows compelling potential for devolution to unlock further visitor economy growth across England.

The critical success factors for boosting tourism – skills, transport and business support, are all policy areas where the evidence suggests devolution will enable better and more efficient decisions to be made. Crucially, councils and local partners can link these policy levers to enhancing the distinctiveness of destinations.

As existing devolution deals continue to develop and new deals are agreed, the LGA will continue to analyse and share the opportunities for the visitor economy so that growth potential is maximised across the country.

Realising the potential of devolution to further boost visitor economy-led growth

What central government can do

- Keep up the momentum for agreeing ambitious, locally led devolution proposals so that communities and businesses across England can benefit from devolution.
- Through VisitEngland, maximise opportunities for the Discover England Fund to align to devolution deals and proposals, where this makes sense locally.
- Ensure that English destinations – the powerhouses of the visitor economy – have a strong voice in the new national governance arrangements for tourism.
- Continue to recognise that the visitor economy is one of this country's strongest performing economic sectors and commit to working with councils to overcome barriers to further growth, in particular a more joined-up approach to rail, strategic road, air and local transport networks.

What councils can do

Consider the strengths and weaknesses of your local visitor economy and how your devolution deal or devolution proposals could unlock further tourism growth.

- Look out for further details about the Discover England Fund and discuss with partners and industry whether or not the funding could help to develop your tourism offer.
- Share with the LGA how you are developing your visitor economy so that we can spread good practice to other places.
Please email: cts@local.gov.uk

What the LGA will do

- Building upon devolution deals to date, continue to make a compelling and evidence-based case for the further devolution of powers and funding from central to local government, with benefits available to all places regardless of their governance arrangements.
- Through our Culture, Tourism and Sport Board, represent councils' interests nationally to ministers, VisitBritain, VisitEngland and industry, raising awareness about councils' leadership role and the opportunities of devolution to boost tourism growth.
- Continue to provide practical information, case studies and tools to support councils to design or refresh devolution deals through the DevoNext Hub, including for places interested in opportunities for the visitor economy.
- Keep councils updated on latest news about the visitor economy via our monthly culture, tourism and sport e-bulletin.

www.local.gov.uk/culture-tourism-and-sport

ANNEX A

Greater Manchester

- Responsibility for a devolved and consolidated transport budget, with a multi-year settlement to be agreed at the next Spending Review.
- Responsibility for franchised bus services (subject to consultation by Greater Manchester), for integrating smart ticketing across all local modes of transport, and urgently exploring the opportunities for devolving rail stations across the Greater Manchester area.
- Powers over strategic planning, including the power to create a statutory spatial framework for Greater Manchester.
- Responsibility for devolved business support budgets, including the Growth Accelerator, Manufacturing Advice Service and UK Trade and Investment (UKTI) Export Advice.
- Control of the Apprenticeship Grant for Employers in Greater Manchester and power to re- shape and re-structure the Further Education (FE) provision within Greater Manchester.
- Responsibility for franchised bus services, which will support the Combined Authority's delivery of smart and integrated ticketing across the Combined Authority.
- Powers over strategic planning, including the responsibility to create a Single Statutory City Region Framework, a Mayoral Development Corporation and to develop with government a Land Commission and a Joint Assets Board for economic assets.
- Control of a £30 million a year funding allocation over 30 years, to be invested in the Liverpool City Region Single Investment Fund, to unlock the economic potential of the River Mersey and Superport as well as maximise the opportunities from HS2.
- Responsibility for chairing an area-based review of 16+ skills provision, the outcomes of which will be taken forward in line with the principles of the devolved arrangements, and devolved 19+ adult skills funding from 2018/19.
- More effective joint working with UKTI to boost trade and investment, and responsibility to work with the Government to develop and implement a devolved approach to the delivery of national business support programmes from 2017.

Liverpool City Region

- Liverpool City Region's plans to place culture and creativity at the heart of its strategy to accelerate economic growth, improve skills and further develop its distinctive visitor offer
- Responsibility for a devolved and consolidated local transport budget, with a multi- year settlement to be agreed at the Spending Review.
- Building on the success of International Festival for Business (IFB) 2014 and the proposals for IFB 2016, Liverpool City Region and the Government, and in particular UKTI and the GREAT Britain campaign, will continue engagement to establish IFB Liverpool as a vital feature of the international business calendar in 2018 and 2020.

Cornwall

- Cornwall Council will receive powers for franchising bus services in the area by 2018, the first rural unitary authority to do so.
- Cornwall and Isles of Scilly Local Enterprise Partnership will work with government to re-shape further education training and learning provision for adults, with implementation of new arrangements from 2017.
- Government will work with local partners to jointly identify and develop new apprenticeship opportunities.
- Cornwall and Isles of Scilly Local Enterprise Partnership and government will work together to integrate local and national business support services, to make it easier for local businesses to find the support they need to grow.
- Government will invite local partners to create a Cornish Heritage Environment Forum.
- In order to support the cultural heritage of the local area Cornwall Council, Cornwall and Isles of Scilly Local Enterprise Partnership and government agree to:
 - Cornwall Council and Historic England jointly producing a study of the cultural distinctiveness of Cornwall's historic environment. This will inform the work of the new Cornish Historic Environment Forum and the development of the Framework Convention for National Minorities (FCNM).
 - Engage government, through the Department for Culture, Media and Sport, on how to best support tourism in Cornwall.
 - Invite local partners to create a Cornish Heritage Environment Forum so that Cornwall can develop their vision for heritage at a more local level. Cornwall would be able also to use this group to explore links to the local tourism agenda. This forum would build on the work of the existing South West Heritage Environment Forum.



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