

Visitor Economy Growth: The Emerging Role of Local Enterprise Partnerships (LEPs)

Introduction

The visitor economy in England is worth £97bn¹ and is the third largest employer in the UK supporting 2.7million jobs (or 9.1% of total employment)². Domestic and inbound visitors spent over £84bn in England in 2012, a 10 % increase on 2011³. Over the past two years since 2010, year on year growth has averaged 8.7%, against a projected target of 5%, and well ahead of performance in the wider economy. By 2020 it is expected to grow by £50bn and support an additional 225,000 jobs.⁴

VisitEngland (the national tourist board for England) has been in dialogue with a number of LEPs across the country since their creation on the opportunities and challenges for growth through the visitor economy. This paper outlines for LEPs how the visitor economy creates growth and supports their priorities and growth objectives; important characteristics of the sector; how success and impact can be measured; the partners involved at the local level and how they are being engaged; activities that LEPs can undertake that add value to the work of local delivery bodies; specific examples of LEPs connecting to the visitor economy agenda; future opportunities and challenges and the resources available to support them.

LEPs are locally determined partnerships and they are all different and are at various stages of development. VisitEngland recognises the local nature of these partnerships and this paper does not set out a one-size fits all approach or indeed define any approach for LEPs. The approach taken by LEPs will depend on local circumstances and priorities. This paper responds to core LEP information needs that have been identified, draws on the intelligence gathered through VisitEngland’s engagement with LEPs since their creation, and offers ideas and suggestions for local consideration and determination. LEPs are at an important stage in the development of their Growth Plans and Investment Strategies. This paper will help LEPs consider how the visitor economy could be incorporated to support their wider economic objectives.

Contents

1. The role of the visitor economy in creating growth	2
2. The LEP priorities and economic growth that the Visitor Economy supports	2
3. The visitor economy growth context	3
4. Measuring success and impact	6
5. Who is involved at the local level?	7
6. LEPs: adding value to local delivery	8

¹ Deloitte (2010); The Economic Contribution of the Visitor Economy: UK and the Nations

² ONS quarterly workforce jobs data release, Annual Population Survey (APS), Business Register and Employment Survey (BRES)

³ Great Britain Tourism Survey, Great Britain Day Visits Survey, International Passenger Survey.

⁴ Strategic Framework for Tourism in England 2010 – 2020

7. Who can LEPs engage with and how?.....	9
8. Examples of LEPs connecting to the visitor economy agenda	9
9. LEP Resources	11

1. The role of the visitor economy in creating growth

- A thriving visitor economy generates visitor spend from outside of the LEP area on accommodation, retail, transport, food and drink and attractions. This visitor spend provides revenue into local tourism businesses but also for businesses in the supply chain. This revenue support to a wider range of businesses makes local services viable, supports local infrastructure and job creation.
- Visitor spend generated also helps to maintain an environment that people want to visit, live and work in. It can help build a strong sense of place and local identity making an area attractive for businesses to locate and invest in. Civic pride can be enhanced and quality of life improved for local communities.
- Unlike some sectors of the economy it can only happen in the local areas in which the visitor economy assets are located. Visitor spending supports future growth and preserving heritage and sustaining local communities, particularly important in rural areas.
- The Visitor economy can boost exports. International tourism is effectively about international sales activity. In addition it can boost the image of an area to support the wider inward investment agenda.
- It is a misconception that the Visitor Economy is about ‘holidays’. It is about businesses, employment, communities and the quality of life of local people. It is also very much about Business Tourism, the ability of an area to host its visiting businessmen/women, the use of conference hosting to promote and boost the development of a specific local economic sector etc.
- Visitor spending benefits every part of the country. However the ability to grow the value of it requires a high level of coordination, a clear agreement by a wide range of interested and affected partners on very specific objectives and delivery commitments.

2. The LEP priorities and economic growth that the Visitor Economy supports

The visitor economy therefore supports the following priorities that LEPs have identified:

- Innovation

- Exports and internationalisation
- Planning
- Inward investment
- Sector growth e.g. Business Tourism linked to key sectors, retail/town centre vitality (hotel stock, especially in urban areas, is intrinsically linked to the wider business economy).
- Maintains flow on transportation routes adding to their viability and supporting their existence especially in rural areas. It also supports the case for route development for ports and airports.
- Developing the skills of the workforce. This is important across the whole economy, not just higher level skills, if growth is to be achieved and sustained.
- Importance of image and perception of destination for inward investment and attracting employees into the area.
- Employment, particularly as a potential solution for youth (16-24 year old) unemployment in local areas.

3. The visitor economy growth context

There are a number of characteristics to the visitor economy sector that enable it to capitalise on growth and rapidly turn investment into employment:

- **Significant spare capacity**

Despite high levels of growth over recent years, there is significant spare capacity e.g. average hotel occupancy rates in the UK are still just 71%. This is an average and in different parts of England this is significantly lower. This means visitor economy businesses can quickly respond to increased flows without the need for large capital investment programmes.

- **Rapid return on investment**

The average booking period for travel to the UK is less than six months and for domestic tourism less than two months which means that investment in promotion is turned quickly into business revenue.

- **High return on investment**

The return on investment for tourism activities varies greatly between capital and revenue investments. Current investments in marketing and promotion to stimulate consumer spending are achieving returns of over 20:1.

- **Innovation**

The visitor economy demonstrates high degrees of innovation, whether through development and embracing new technology e.g. online booking, interactive web technology, user generated content or through the creation of new product such as eco-tourism, glamping, sports tourism and TV and movie tourism. Traditional

products such as cruising, boating and self-catering have gone through significant product redevelopment which has increased their markets.

- **Employment and job creation**

Visitor economy growth supports employment and job creation at all skills levels and ages ranges, offering employment opportunities that are full-time, part-time, seasonal and flexible.

Analysis developed by Caledonian Economics for the Tourism Alliance and VisitBritain demonstrates that an increase in tourism revenue of c. £50,000 will support one additional job for a year. This method uses a 'bottom up' approach based on a sample of actual tourism employers. The cost structures of employers in the accommodation, attractions and restaurants sectors both in and outside London were analysed. Turnover per job figures were calculated for each of the three sectors based on separate inbound, domestic and day visitor markets. This method provided a picture of the value of each sector and market, both in the capital and for the rest of England. The method is supported by Government.

In recent years, consumer spending on tourism has grown at a faster rate than in the economy as a whole, and this is reflected in jobs growth – up 5% over the past two years, compared to an increase across other sectors of just 2%.

The key characteristics of tourism employment⁵ in the UK are highlighted below:

UK Tourism Employment

- There are 2.7 million main and second jobs in tourism, 185,000 of these are second jobs;
- 1 million of the 2.5 million main jobs in tourism industries are part time;
- There are more than half a million self-employed people in tourism industries;
- Almost a quarter of a million employee jobs in the tourism industries are temporary;
- Workers in tourism have a younger age profile than those in non-tourism industries, particularly in the 16-29 age band which accounts for 39 per cent of workers in tourism, just over a million people.
- 14 per cent of workers in tourism industries are from non-white ethnic groups compared to just under 10 per cent in other industries.
- Nearly 14 per cent of workers in tourism are non-UK nationals, compared to just over 8 per cent in other industries
- 27 per cent of workers in tourism have higher education qualifications compared to 40% in non-tourism industries.

Source: ONS (2013), Employment Characteristics of Tourism Industries 2011; ONS (2013) Characteristics of Workers in Tourism, 2011

⁵ Tourism employment is made up of those working in the following tourism industry groups: accommodation; food and beverage serving activities; passenger transport, vehicle rental and travel agencies and cultural, sports, recreational and exhibition / conference activities. ONS (2013), Employment Characteristics of Tourism Industries 2011

- **Profile of tourism businesses**

There are a number of major corporations operating in the sector, particularly in catering and hospitality, such as Compass and Sodexo, Hilton and Accor. Whilst their units and service delivery happens locally, decision making at local level is generally limited and engagement dependent on individual corporations policies and personalities. Relationships tend to be more effective at national level (not just with the tourist board but the British Hospitality Association and other trade associations that represent them).

There are also a large number of SMEs in the sector. This is for two main reasons:

1. The first results from the wide spread of tourism within the UK. 57% of domestic tourism visits are to small towns rural areas or the seaside – all are locations where large businesses have marginal viability.
2. Low barriers to entry for starting a tourism business. This can also make the sector attractive to entrepreneurs, especially where people have been made redundant from other sectors.

UK Tourism Businesses

- The sector is made up of 249,000 tourism businesses, making up just under 10% of all UK businesses.
- A very high proportion of these businesses are SMEs. Over 55% of tourism businesses have less than 25 employees (compared to 36% of all businesses) and 97% have less than 50 employees.
- The ability of the tourism industry to create new businesses is evidenced by 21,540 new tourism business start-ups in 2011.

There are some challenges facing the sector. These must be overcome if the potential growth opportunities are to be fully understood and exploited by those who can have an impact (at both local and national levels):

- The sector has not traditionally engaged with standard business networks (e.g. Chambers of Commerce). Tourism businesses usually join specific trade associations such as the British Hospitality Association, Tourism Alliance, Association of Leading Visitor Attractions, English Association of Self Catering Operators, the British Beer and Pub Association, Hotel Associations. Some of these are very localised associations.
- It is often disconnected from the wider economic debate e.g. the need for improved broadband in rural areas, transport improvements and skills and training needs.
- The industry is dominated by SMEs and crosses a number of business sectors e.g. hospitality, accommodation, transport, land management, heritage,

culture and museums and retail. It is therefore diverse and fragmented in nature. This is a characteristic of the industry and experience dictates that it requires a level of coordination and relationship management to achieve growth.

- The visitor economy isn't just about promotional activities and the image of an area. It's about developing the destination through product development and investment (in products, infrastructure and people) and delivering a good visitor experience (e.g. accessible destinations that are clean, tidy, safe and welcoming) and information provision.

4. Measuring success and impact

National Data Sets

At national level, statistics about the volume and value of tourism can be found in three data sets:

- **GB Tourism Survey (GBTS)** – measuring domestic overnight tourism for leisure and other purposes – commissioned by VisitEngland, VisitScotland and Visit Wales.
- **GB Day Visitor Survey (GBDVS)** – measuring tourism day visits for leisure purposes – also commissioned by the three national boards.
- **International Passenger Survey (IPS)** – measuring tourism by overseas visitors, carried out by the ONS and analysed in detail by VisitBritain.

The two domestic surveys provide volume and value results broken down by local authority (low base sizes for single years mean that these are presented using three year averages (GBTS) / two year averages (GBDVS)) and by county. Results will be available at LEP level later this year. The IPS provides data by county and by town – the latter again best analysed using multi-year averages.

The ONS has produced a Tourism Satellite Account (TSA) for tourism, which uses supply and demand data to estimate GDP generated by the sector. Analysis of this is available at NUTS3 level (which corresponds to large local authority / groups of local authorities) for 2009, and an update will be issued later this year.

Local Data Sets

Many destinations commission independent consultants to carry out an analysis of visitor numbers and economic impact – the main models used for this are STEAM and Cambridge, though others are available.

These have the advantage of being tailored to specific destination areas, of providing GDP and jobs estimates for the most recent year, and of providing year-by-year time series data. These are useful for understanding trends within a destination, but

differences in model approach mean that it is difficult to make comparisons across multiple destinations – for this, the national data sets are a more reliable source.

Measuring Impacts

Standard evaluation methodologies are used by the national tourist boards and others to calculate incremental spending generated by marketing and other activity. These incremental spend calculations can be used to make an estimate of job creation using the £50,000 spend per job supported figure referenced above.

Both in considering additional spending and job creation, it is important to bear in mind that for tourism there will always be a time lag between activity and impact – a holiday advertisement viewed in March, for example, may impact trips taken in August, with the resulting additional business turnover supporting a new job in the following season. Investment in Business Tourism activity has a longer results time lag.

5. Who is involved at the local level?

A wide-range of partners are involved in the visitor economy at the local level. These include:

- LEPs
- Destination Organisations/Destination Management Organisations
- Business Improvement Districts
- Enterprise Zones
- Local Authorities
- Local trade associations and consortia (hotel, accommodation, attractions)
- Businesses (including accommodation, attractions, retail, food and drink outlets and those in the supply chain that service their needs)
- Rural Growth Networks
- National Parks and Areas of Outstanding Natural Beauty
- Arts and cultural organisations
- Transport operators
- Conference venues

Please note this list is not exhaustive and will vary for each LEP.

Destination Organisations (where they exist) are a crucial partner for LEPs. They can provide expert insight into the local market and offer expert strategic support whilst coordinating operational delivery of the visitor experience. They manage and influence the components that make a successful destination in an integrated and long-term way with a clear focus on the needs of the wider economy, residents and visitors. Destinations that are well managed are more likely to sustain investment, business growth and employment without having a detrimental effect on the

environment or host population. The best managed destinations are also likely to excel in attracting inward investment across a broader range of sectors and new jobs and talent into the area.

6. LEPs: adding value to local delivery

There are a number of strategic activities that LEPs are in a unique position to undertake. LEPs play an important role in joining-up across all sectors of the economy. They can ensure that the impacts on the visitor economy of LEP projects and decisions are considered and the opportunities for growth are identified.

Examples of LEP activities that could be undertaken to support visitor economy growth and the work of local delivery bodies include:

- Understanding LEP assets and identifying gaps and growth opportunities within the wider economic context and their identified LEP objectives.
- Recognising where tourism can support areas of investment and embedding these in the LEPs investment strategy.
- Using the LEPs inward investment strategy and priority sectors (e.g. manufacturing, technology) to target the business tourism offer in the area and stimulate future growth.
- Developing integrated transport options (e.g. rail, bus, cycling and walking) to connect up the visitor experience and the product offer in the LEP area.
- Developing and supporting the local supply chain in the LEP area (or geographical clusters within it) by identifying factors of production, distribution and enterprise innovation. Then using this to identify growth opportunities through linking the supply chain to the visitor economy from production to point of sale. This could lead to a number of activities e.g. showcasing the production of food, drink and local produce to consumers and selling goods through visitor economy outlets e.g. accommodation, attractions, pubs and restaurants.
- Encourage urban and rural connectivity to support business growth (particularly through transport initiatives, skills and training solutions, promotional activities of delivery bodies).
- Reviewing the current research and insights available on the visitor economy across the LEP area to identify gaps and opportunities for growth.
- Supporting an integrated approach to local tourism development through planning and control mechanisms.

7. Who can LEPs engage with and how?

- Two approaches are being taken by LEPs to developing their strategies and work programmes and this is determining how the visitor economy is featuring:
 1. Thematic i.e. LEPs establish a set of priority themes such as inward investment, innovation and skills. In this approach the visitor economy cuts across all of these themes and is embedded in the work of the LEP. With this model there is a danger that local partners do not fully understand how the LEP is supporting visitor economy growth or how they can influence this. There is also greater potential for visitor economy growth to lose out to other key sectors.
 2. Sector based i.e. LEPs prioritise particular sectors such as manufacturing, technology and the visitor economy. There is a danger that silos will be created with this approach. The visitor economy has wide reaching impacts and opportunities and there is the potential for important connections not to be made e.g. impact of transport decisions on visitor economy growth.
- In a number of cases visitor economy sub groups have been established, chaired by LEP Board Members and involving local delivery partners. Getting the right representation on these groups is an issue consistently raised by LEPs with VisitEngland. The membership of these should ideally span the public and private sectors, include Destination Organisations in the LEP area, local branches of bodies representing businesses e.g. Chambers of Commerce, Hotel Associations, Trade Associations such as Federation of Small Businesses, ports of entry (seaports, airports) and key operators in the LEP area (e.g. transport) plus influential businesses that can impact on growth (e.g. attractions, venues). Again this list is not exhaustive and is for local determination. However the link to the LEP Board is essential to ensure that views, opportunities and progress are fed back and that visitor economy issues are understood across the LEP.
- Not all destination boundaries are co-terminous with LEP boundaries and neither should they be. LEPs are partnerships across economic areas and geographies and rightly so. But these boundaries will not always make sense to the visitor and therefore it is important that LEPs engage Destination Organisations and local partners who understand visitor/consumer needs and neighbouring LEPs as appropriate. To unlock the growth potential of the visitor economy partnership across organisations and boundaries is crucial.

8. Examples of LEPs connecting to the visitor economy agenda

The majority of LEPs have shown interest in the visitor economy and identified it as one of their priority growth areas or as a cross-cutting theme that supports LEP

objectives on innovation, inward investment, employment and growth of other business sectors. Examples are highlighted below:

- **York North Yorkshire and East Riding (YNYER) LEP**

YNYER LEP and VisitEngland are working together on a project that aims to widen the understanding of innovation in tourism and to stimulate business growth through the lessons which can be shared. This project is designed to deliver action locally that can be shared across England; increasing competitiveness and profitability of businesses in the sector. A BIG (Business Inspired Growth) tourism academy (online) has been launched to drive business growth using an open source approach and working closely with Destination Organisations and Welcome to Yorkshire. VisitEngland is supporting the project with a national discussion and debate on visitor economy innovation to explore barriers, opportunities and share knowledge about interventions that do or could make a difference. It will report at the end of the year at [VisitEngland's Visitor Economy Conference](#) taking place on 5th December in London. The nature and topic of this project has led DBIS to identify YNYER LEP as a pathfinder for the visitor economy. Their responsibility as a pathfinder is to share lessons and good practice.

- **The Black Country LEP**

The LEP obtained a large amount of funding from the Growing Places Fund and have used this to overcome barriers to visitor economy development. The funding could be used to tackle barriers such as infrastructure or site constraints due to lack of buildings or assets. The LEP supported the development of a new 1,000 space visitor car park to create one single visitor entrance to several neighbouring visitor attractions – Dudley Zoological Gardens, Black Country Living Museum and Dudley Canal Trust in the town of Dudley, West Midlands. This will increase accessibility and encourage visitors to experience more than one attraction during their visit. It is anticipated that visitor numbers will double to over one million people each year. In addition, 480 jobs will be created on the site. This forms part of a wider regeneration scheme set to transform Castle Hill.

- **Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) LEP**

The visitor economy has been identified as a key driver of growth in D2N2 LEP's emerging growth plan. Elemental Force, funded by the Arts Council and supported by the LEP, is a major project aimed at delivering visitor economy growth through developing cultural tourism. The project involved Visit Peak District and Experience Nottinghamshire – the two tourism delivery bodies in the LEP area. It showcased Derbyshire's and Nottinghamshire's heritage through four unique outside light and music events. The projects estimated economic impact is £1 million. Building on this success the LEP is reviewing visitor economy activity and priorities. They are aiming to publish a long term investment plan to develop the sector and ensure it delivers its full growth potential.

- **Buckinghamshire Thames Valley LEP**
Buckinghamshire Thames Valley LEP is linking the visitor economy to youth unemployment, innovation and inward investment and structuring their EU investment (European Social Fund in particular) around skills needs in tourism, retail and care.
- **Heart of the South West LEP**
Heart of the South West LEP is discussing international tourism with UKTI and the potential for future growth through raising awareness of product outside of London and linking to their inward investment agenda.
- **South East LEP**
The South East LEP has commissioned a study on their deprived coastal communities and this has flushed out tourism as part of the solution to address the decline in growth in these areas and encourage fresh thinking in seaside/coastal regeneration.
- **Hertfordshire LEP**
Hertfordshire LEP is working closely with their Hoteliers Association. As part of this work they go out to schools and colleges to ensure they understand the opportunities for careers and employment through the visitor economy. Local colleges and universities are also a key stakeholder on Hertfordshire's Tourism Forum. They have also introduced a SCooTs scheme (Scooter Transport Solutions) where young people living in isolated rural areas get to work or college through a loan for a scooter. The scheme is managed by the Community Development Agency and targets 16-25 year olds.

9. LEP Resources

There are a number of useful resources available for LEPs interested in the visitor economy and the growth opportunities:

- VisitEngland's research and insights are available at:
<http://www.visitengland.org/insight-statistics/>
- ONS tourism statistics and data are available at:
[http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Economic Value of Tourism](http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Economic+Value+of+Tourism)
- VisitEngland provides two written briefings per year (February and August) on the visitor economy and latest issues and opportunities. These can be accessed at: <http://www.visitengland.org/england-tourism-industry/how-tourism-is-managed/supportleps.aspx>

- The [Strategic Framework for Tourism in England 2010 – 2020](#) is England’s tourism strategy. It sets out how the sector can maximise its contribution to economic and employment growth and quality of life in England. It describes how the industry can work together to achieve 5 per cent annual growth in the value of tourism up to 2020. [Three-year action plans](#) underpin the strategy and set out priority actions for growth that can be implemented by partners, including LEPs.
- The [LEP Network website](#) contains useful information and updates for LEPs on the visitor economy and growth opportunities.
- VisitEngland provides resources to support the development and delivery of destination management. This includes [guidance on developing destination management plans](#) (the document that helps stakeholders within a place to work towards an agreed vision for growth by allocating the responsibilities and resources of each player in the destination).

For further information

Please contact:

Lyndsey Swift
Head of Strategic Partnerships and Engagement

VisitEngland

Telephone: 0207 578 1456

Email: lyndsey.swift@visitengland.org

VisitEngland Corporate Website: www.visitengland.org

VisitEngland Corporate Twitter: [@VisitEnglandBiz](https://twitter.com/VisitEnglandBiz)