Chichester District Council

OVERVIEW AND SCRUTINY COMMITTEE 17 January 2017

Developing a New Strategy for the Visitor Economy

1. Contacts

Report Author:
Stephen Oates, Economic Development Manager
Tel: 01243 534600 Email: soates@chichester.gov.uk

2. Executive Summary

This report summarises the studies and research undertaken into the District's visitor economy and the engagement work undertaken with partners. The report proposes the strategic direction for tourism to be taken by the Council to support and grow the visitor economy, proposes the allocation of annual funding, and sets out the anticipated long-term outcomes.

3. Recommendation

That the committee

3.1 considers the outcome of the visitor economy review and makes any comments or recommendations to Cabinet on the proposals as set out in section 5 of this report

3.2 notes the potential annual partnership funding from Chichester BID and recommends that Cabinet allocate £50,000 annual partnership funding for five years from April 2017 to assist development of the District's visitor economy

4. Background

4.1 In January 2014, a Task and Finish Group was convened to understand and assess the opportunities and options for the District's visitor economy. The Group reported in detail to the Overview and Scrutiny Committee in March 2015. The Committee's recommendation to Cabinet and an accompanying Project Initiation Document for 'Developing a New Strategy for the Visitor Economy' was then approved in July 2015.

4.2 Our approach has been to build on the data and insights already gathered as part of the work of the Tourism Task and Finish Group, securing further baseline data, intelligence and proposals through research and consultation. Where possible we have worked and/or consulted with a number of partners.

Town and City Centre Research

4.3 In January 2015, Cabinet approved in principle an initial project proposal document to undertake Town and City Centre Research to identify visitor satisfaction with the facilities, services, attractions and infrastructure in Chichester and our market towns. This research linked closely with that required for the visitor economy project and, with regard to Chichester City Centre, to the Chichester Vision project.

4.4 To avoid duplication of work and expenditure, during 2016 TSE Research (the research arm of Tourism South East) were commissioned to undertake a wide range of visitor research for the Council to encompass the various surveys required. At the same time, TSE also undertook similar research more widely for neighbouring authorities within the Coastal West Sussex Partnership (see below).

4.5 Research activities included:

- Industry Audit - audit of accommodation and attractions to assess the scale of tourism supply

- Economic impact of tourism - The Cambridge Model was used to establish the volume and value of tourism in the District

- Economic impact appraisals of key city visitor attractions - A modelling approach was used to establish the economic importance of four key City Centre attractions to the local economy

- Business survey - A telephone survey was carried out with a sample of 252 tourism businesses from across the District to gather data on businesses performance

- Visitor survey - A face-to-face interview survey was undertaken with a random sample of adult visitors at selected locations within Chichester City Centre and our three market towns. This identified visitor profile, perceptions on the characteristics of visits, strengths and weaknesses as a visitor destination, and specific aspects of the visitor experience capturing satisfaction levels and identifying gaps in provision.

  The surveys were carried out by during the summer of 2016. In total, 486 adult visitors and 403 adult residents, students and workers participated in Chichester City Centre, 300 visitors participated in Midhurst, 299 in Selsey, and 175 in Petworth.

4.6 Highlights from the draft reports include:

- Tourism-based businesses represent 7.2% of all businesses in Chichester District. Together these businesses generated estimated revenue of £411.4 million in 2015 and supported an estimated 5,810 FTE jobs. Taking into account the part-time and/or seasonal nature of many jobs within this industry sector, this rises to 8,037 total jobs which equates to 14% of jobs in the District.

- Average revenue per head from day visits is £33. Average revenue per head from staying visits is £232. However, the vast majority of visits are day visits. Just 8% of visitors to Chichester stayed overnight in the City, 10% in Petworth and 17% in Midhurst, although a much higher proportion - 78% - stayed overnight in Selsey.

- Expenditure per person per night in Chichester is low compared to other historic cities such as York and Bath.

- 401 accommodation businesses provide almost 19,000 bed spaces but 75% of this is in caravan/camping and chalet sites making this primarily a seasonal provision. In addition, this is concentrated in the PO20 area, explaining the higher figure for overnight stays in Selsey.

- Serviced accommodation accounts for 16% of the total accommodation available. This equates to 3,060 bed spaces, 53% of which is located within the City/PO19 area.

- Bed space capacity is potentially one of the key constraining factors on the District's ability to increase revenue from tourism.

- Visitors to Chichester are primarily from Sussex and Hampshire, accounting for three quarters of all visitors. Only 5% came from Surrey and 3% from London, representing a real opportunity to increase visits from these areas.

- Visitors to Chichester from overseas comprised just 5% of total visitors in 2015 – significantly fewer than other UK heritage cities such as Bath (28%) York (15%).

4.7 **Visitor ratings on vibrancy of destinations**

Visitors were asked to rate the vibrancy of the City and each town on a scale of 1 to 5 where 1 depicts the town as being 'behind the times/old fashioned' and 5 depicts the town as 'vibrant and cosmopolitan'.

- The overall average rating score for Chichester was 3.3 out of 5. For a City Centre such as Chichester, this highlights a potential for development, especially if Chichester is to compete for day trip and short break business originating from London and abroad. By comparison, competing cities such as Canterbury, Bath and Exeter have higher vibrancy ratings

- The overall average rating score for Selsey was 3.2 out of 5 - around the middle of the vibrancy scale, and again, there is room for some development here

- The overall average rating score for Petworth was 3 out of 5 - a relatively average vibrancy score. However, this needs to be set against the context that the town's older fashioned nature is welcomed by visitors as part of its quaintness and charm

- The overall average rating score for Midhurst was 2.6 out of 5, suggesting an average vibrancy score. Again, there is room for development here but, like Petworth, needs to be set against the context that the town's 'heritage' nature is welcomed by visitors as part of its quaintness and charm

4.8 **Overall visitor satisfaction rates**

<u>Chichester</u>

19% of visitors rated their overall trip enjoyment as ‘Average’, 50% as ‘High’ and 30% as ‘Very High’

Midhurst
11% of visitors rated their overall trip enjoyment as ‘Average’, 59% as ‘High’ and 30% as ‘Very High’

Selsey
1% of visitors rated their overall trip enjoyment as ‘Average’, 49% as ‘High’ and 50% as ‘Very High’

Petworth
6% of visitors rated their overall trip enjoyment as ‘Average’, 65% as ‘High’ and 29% as ‘Very High’

4.9 These studies confirm and amplify our understanding of the current state and value of our visitor economy and, accordingly, provide a clear picture of the substantial opportunities to attract more visitors, and the potential for developing a year-round visitor economy, creating new jobs and attracting new investment.

Other Research and Studies

4.10 In 2014-15 the work of the Tourism T&F Group included much focus on methods of creating a viable and successful destination, on managing destinations, and on funding destination management and marketing. We have therefore undertaken a good deal of work looking at other destination management organisations (DMOs) around the country and associated funding models. This work has included:

- An in-depth analysis of eight destinations during the second half of 2016, involving desk-based research, telephone interviews with key personnel and some face-to-face meetings
- A review of ‘The Tourism Landscape’ – Team Consulting July 2016
- A desk based review of Destination Business Improvement Districts (DBIDS)

4.11 Visit England and Visit Britain provide regular research studies and activity monitoring and, as part of this project, we have kept abreast of these.

Coastal West Sussex Partnership

4.12 In late 2015 it was agreed that the Council would continue work on growing the value of tourism in the Coastal West Sussex Partnership (CWSP) area. The Partnership established an officer steering group (comprising tourism officers and economic development managers from the CWSP authorities) and, utilising funding from the Pooled Business Rates Fund, commissioned visitor economy research work across the CWSP area. The chosen contactor was TSE Research.

The research work was undertaken throughout 2016 and included:

- **Visitor Survey** – 1,899 interviewed at 6 locations during summer 2016

- **Non Visitor Survey** – online panel of 500 representative of the UK demographics and geographic spread

- **Postcode Segmentation Analysis** – 199,317 postcodes from enquiries received for attractions and visitor centres in West Sussex

- **Tourism Industry Performance** – Cambridge Model and occupancy and attractions data

- **Social Listening Review** – monitoring of social media

- **Keyword Search** – using Google analytics to assess most popular online searches

- **Hotel & Visitor Accommodation Development Opportunities** – review of recent CWS studies and relevant national development trends

While an over-arching summary report is still awaited from TSE, this work provides a very useful supplement to the research work undertaken specifically for us and, as anticipated, shows the comparative strength of Chichester District and the opportunity to better exploit the District's assets and profile to grow our visitor economy.

4.13 The research reveals a visitor economy across the CWSP area worth nearly a £1 billion and employing 14,000 people.

Value by District:

- Chichester 42%
- Arun 33%
- Worthing 19%
- Adur 6%

In summary, across the CWSP area:

- 95% domestic visitors – 52% from Sussex, Surrey and Hampshire. 6% from London
- 5% overseas visitors
- 10% of visits are staying visits, 90% are day visits
- 42% of visitors are aged over 55
- 41% are in families and 32% are couples
- 78% arrive by car
- Accommodation usage is Caravan/Chalet 22%, Hotel 22%, Visiting Friends & Relatives 20%

WSCC West Sussex Weekends

4.14 As part of the CWSP work, West Sussex County Council's 'Beautiful Outdoors' and 'West Sussex Weekends' project has been supported. This has comprised a digital marketing campaign during the summers of 2015 and 2016. Utilising a new website and social media activity developed by a London media agency, the objective was to encourage the London and South-East based 25 to 40 demographic to visit the South Downs area of West Sussex for active weekend breaks (walking, cycling, paragliding, coastal related water sports and so on).

A relatively substantial budget has been allocated so the campaign has gained some traction with the target market with c. 12,000 engaged and active followers. 2016 post campaign evaluation reveals c. £1million economic impact to the CWSP local economy.

Partnerships

4.15 CWSP Tourism Project
For summer 2017, our partner authorities within CWSP wish to build on the WSW campaign developing the themes and content of the digital activity. Subject to further funding from the Pooled Business Rates Fund, it is then proposed to migrate the WSW website to local control, and to develop new digital activity. In our view, although increased marketing and development of the themes in welcomed, this approach does not address the need for dedicated industry management and marketing to fully exploit the potential to grow our visitor economy and create new jobs in Chichester. Therefore, the recommendations in this report will supplement the work of CWSP.

Chichester BID

4.16 In November 2016 Chichester BID secured a second term of five years. Under its business plan it is proposing to invest 50% of its budget on marketing, events and the promotion of Chichester, c. £50k pa of which will be used to work in partnership with the Council and with a destination management organisation to help brand, market and promote Chichester nationally as a key visitor destination.

We have worked alongside the BID in developing its proposals for the visitor economy and there is a determination on both sides to set ambitious objectives for our visitor economy. In so doing, it is recognised we will make best use of any new funding through collaboration of funds and strong partnership working.

Visit Chichester

4.17 Visit Chichester (VC) is the current destination management organisation (DMO) for the area, originally established by the Council in 2004. In 2012 the Council stopped funding VC, but it has continued to operate with limited resources, running largely as a volunteer-led operation. This volunteer input is very welcome, especially the work of the current chairman, and the efforts to keep Chichester on the map as a destination must be recognised.

4.18 Despite limited resources they have renewed the website and focussed their efforts on marketing the destination. However, based on our research into DMO functions, to exploit all the opportunities set out in this report, VC's activities need to be wider than marketing. In section 5 (below) it is proposed to broaden the range of activities undertaken by VC.

Other Authorities and Organisations

4.19 The report of the Tourism T&F Group detailed the number of organisations within the District and neighbouring authorities involved in tourism. The position largely remains unchanged and the opportunities to make better use of resources, personnel and funding remain. Synergies exist with SDNPA and with neighbouring authorities to the west.

Government Support for Tourism

4.20 The vital importance of Tourism to the national economy continues to be recognised by the UK Government. As recently as August 2016, and taking account of the post-Brexit challenges and opportunities, the Government published its Tourism Action Plan. This updates its existing five point plan and includes a series of new initiatives and measures to help Britain out-compete other major tourism destinations, and encourage more staycations with British people holidaying at home.

4.21 As part of this, Government has recognised that multiple government departments, from Transport to the Home Office to DCLG and DEFRA, are all investors in the success of Britain’s tourism industry. Through work to develop its new industrial strategy, Government has committed to ensure that departmental action to grow tourism is co-ordinated.

5 Outcomes to be achieved

5.1 The anticipated long-term outcomes of this visitor economy project will include:

(a) Improved leadership and support to the industry, and development of the District’s visitor economy placing Chichester at the heart of a viable and cohesive destination

(b) Partnership working with the private sector and others in the public sector, and new private sector and public sector funding streams in place, ensuring a well-funded and well-managed visitor economy

(c) A strong professionally managed destination management organisation successfully managing and marketing the area as an attractive, popular and competitive UK and South Coast destination

(d) Agreed Destination Management Plan

(e) Successful year-round tourism offer developed

(f) New inward investment in new infrastructure, facilities, attractions and events to the District

(g) Clear targets and KPIs to measure performance and to assist with driving outputs

(h) Increasing profile of the District and neighbouring areas as a major English visitor destination

(i) Significant growth of the visitor economy and the creation of jobs

6 Developing our Strategic Direction for Tourism

6.1 Using the outputs and data being assembled from the studies and research, it is clear Chichester is well-placed to better grow its economy through tourism and related activity, and to meet our ambition to be one of the UK's leading visitor destinations.

Central to this is having a DMO that undertakes or plays a key role in a wide range of activities such as:

Marketing and campaigns

- Destination website development and content management
- Digital
- Media coverage and PR
- Affinity marketing partnerships
- Branding and toolkits
- Focus on events that have capacity to attract
- Thematic
- Maximising activity at existing assets
- Focus on building a year-round proposition

Partnership - Inward investment

- New events
- New accommodation
- New attractions

Partnership - Local

- Destination management
- Industry link to public sector
- Film/TV liaison

Business Support

- Networking and training
- Intelligence and business advice
- Online tools

Research

Visitor Information

- TIPs
- Publications

Travel trade development

- Press and trade tours
- Trade shows

Destination Management Plan (DMP) – Preparation of a new destination management plan – to be agreed jointly with the Council and BID - defining strategic objectives, targets, functions, funding strategy and plan, and industry engagement

6.2 In addition, based on our research and our understanding of managing destinations, the DMO should be a commercially led private-public organisation with the following components which are essential to meet the Council's and the BID's ambition for growing our visitor economy:

- A 'not-for-profit' private-sector led and industry led organisation – partnership, CIC, membership company limited by guarantee, or similar

- Board comprising a range of non-executive directors. Directors should be senior personnel (chairman, chief exec/MD, or commercial director level) from all key sectors. For example:

    - Major cultural attractions
    - Other key visitor attractions
    - Events sector
    - Accommodation sector
    - Transport operators – rail, bus, etc
    - Evening economy and F&B sectors
    - Marine leisure
    - Business tourism
    - Public sector – CDC and WSCC
    - Chichester BID
    - University
    - Rural activities

- Chairperson from the private sector with the vision and leadership credentials to engage and lead the industry and achieve objectives

- A full-time chief executive and small executive team to fulfil functions and meet objectives

- Destination Management Plan (DMP) – The Board and chief executive to monitor progress against the DMP

- Service Level Agreement (SLA) – The DMO to enter into a SLA with the Council and the BID

6.3 As discussed earlier, VC is our current DMO and we would like it to continue to be the DMO for the District (and surrounding areas), providing the organisation is willing to undertake this new enlarged role and to incorporate the changes the Council and the BID require to its board structure, governance arrangements, management and functional activities.

6.4 It is proposed that we work in partnership with Chichester BID with both parties committing initial annual funding for five years totalling at least £100k (comprising £50k form the Council and £50k from the BID). It is anticipated that total annual funding required for the DMO to operate successfully will be c. £500k so this will provide initial funding to support the DMO and to leverage additional funds from other bodies and private sector partners.

6.5 It is proposed that the Council and the BID open negotiations with the board of Visit Chichester with a view to redeveloping VC to meet the organisational structure and fulfil the functions as set out in sections 5.1 and 5.2 above. It is hoped that they will wish to undertake the changes and take on the new activities and, if so, it is anticipated that work to implement the changes will begin immediately with a view to have the core of the board in place by early summer 2017 and the chief executive and team in place during the summer.

6.6 If VC do not wish to take on these changes and fulfil these new functions, it is considered that the Council and the BID have the following options:

6.6.1 To bring management of the visitor economy in-house to the Council, or

6.6.2 To establish a new DMO in line with the criteria set out in sections 5.1 and 5.2 above

If applicable, it is proposed that the second option should be followed at which point a new report will be brought back to OSC and to Cabinet, and the timetable for implementation will be slightly longer.

6.7 As part of this project, there are a number of other activities in the short-term which will be undertaken by Council officers and the BID to support the development of the DMO, including identifying and engaging with potential chairpersons, board members and funding partners; identifying (and developing) potential funding streams; developing outline objectives; initial industry engagement; and preparation of the timetable for implementation. In addition, the Council and the BID wish to be part of the recruitment process for the new chief executive.

7 Resource and legal implications

7.1 Operationally, this project is led by the Council's Economic Development Service. The original budget for the work was estimated to be £65,000. Much of the research work has been funded collaboratively with the CWSP authorities via the Pooled Business Rates Fund and other parts have been covered under the Chichester Vision project work. The Council allocated direct funding of £19,000 to cover other aspects of the project.

7.2 If the recommendations in this report are approved by Cabinet, then a minimum of £50 k per year will be set aside for partnership funding. Further resources may be required to fully establish the DMO and others may be required following implementation of the DMP and are yet to be determined.

7.3 As part of due diligence with VC we will ensure their governance arrangements are sufficient to achieve the proposed outcomes and to meet the requirements of the SLA.

8 Consultation

8.1 Consultation with a wide range of organisations and potential partners is as set-out above.

8.2 A key part of establishing and implementing any new visitor economy strategy will be consultation and involvement of industry businesses and organisations.

9 Community impact and corporate risks

9.1 The aim of the project is to have a positive impact on the District's visitor economy and, in turn, the wider economy in our district.

9.2 It should be noted that growing our visitor economy requires strong partnership and commitment from those involved and operating in the sector. While the research, studies, consultations and other work undertaken in this project clearly confirm the potential to substantially grow our visitor economy, attract inward investment and generate new jobs, if tourism businesses in the District are unsupportive, the changes and development proposed may not progress or will progress at a slower rate.

10. Other Implications

Crime & Disorder: The additional employment created could assist in the reduction of crime and disorder	Yes
Climate Change:	No
Human Rights and Equality Impact:	No
Safeguarding:	No

11. Appendices

None

12. Background Papers

The Visitor Economy of Chichester (Draft) – TSE Research September 2016
Midhurst Visitor Survey (Draft) – TSE Research September 2016
Petworth Visitor Survey (Draft) – TSE Research September 2016
Selsey Visitor Survey (Draft) – TSE Research September 2016

Coastal West Sussex Tourism Research Project 2016 – TSE Research:

- Visitor Survey
- Non Visitor Survey
- Postcode Segmentation Analysis
- Tourism Industry Performance
- Social Listening Review
- Hotel & Visitor Accommodation Development Opportunities