

# Chichester District Council

THE CABINET

7 February 2017

## Developing a New Strategy for the Visitor Economy

### 1. Contacts

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### 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 Cabinet**

- 3.1 Notes that the Overview and Scrutiny Committee was supportive of the proposed way forward as set out in this report and of the recommendations below.**
- 3.2 Agrees that the Council and Chichester BID open negotiations with the board of Visit Chichester (VC) with a view to redevelop VC to fulfil the functions and structure as set out in sections 6.1 and 6.2 of this report. 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:**
  - 1. To bring management of the visitor economy in-house to the Council, or**
  - 2. To establish a new destination management organisation (DMO) in line with the criteria set out in sections 6.1 and 6.2. If this option is to be followed then a report will be brought back to OSC and to Cabinet setting out how these arrangements will work and the timetable for implementation**
- 3.3 Notes the potential annual partnership funding from Chichester BID and approves £50,000 annual partnership funding for five years from April 2017 to assist development of the District's visitor economy.**

- 3.4 Sponsors a strategic review as to how the Council can facilitate or encourage additional overnight accommodation to be developed in the District.**

## **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 gathered as part of the work of the Tourism Task and Finish Group, by securing further baseline data, intelligence and proposals through research studies, surveys and consultation. We have worked and/or consulted with a number of partners.

### **Town and City Centre Research**

- 4.3 A summary of the research studies and surveys, and their findings, is at Appendix 1. These 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.

### **Partnerships**

- 4.4 Coastal West Sussex Partnership (CWSP) Tourism Project  
In late 2015 it was agreed that the Council would continue work on growing the value of tourism in the CWSP area. As part of this, West Sussex County Council's 'West Sussex Weekends' (WSW) project has been supported.
- 4.5 For summer 2017, our partner authorities within CWSP wish to build on the West Sussex Weekend (WSW) campaign activity and, subject to further funding from the Pooled Business Rates Fund, migrate the WSW website to local control, and to develop new digital activity. In our view, although increased marketing activity is welcomed, this approach does not address the need for dedicated industry management and marketing organisation to fully exploit our visitor economy. This report addresses how to fulfil this need.

### **Chichester BID**

- 4.6 In 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

- 4.7 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.
- 4.8 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 and the appendix, VC's activities need to be wider than marketing. In section 6 (below) it is proposed to broaden the range of activities undertaken by VC.

#### Other Authorities and Organisations

- 4.9 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.

## **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 Proposal**

### **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 from 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 6.1 and 6.2 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. The board of VC have already been provided with details of our proposals and they are due to meet in advance of the date of the Cabinet meeting. A verbal update will therefore be given to Cabinet on the initial response from VC.
- 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 6.1 and 6.2 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.
- 6.8 Following the research findings regarding the District's limited bed space capacity, it is proposed to undertake a seasonal occupancy survey and a strategic review of the accommodation sector. This will further assess current bed space capacity and use, identify the need for and feasibility of new hotel and serviced accommodation development across the District, and assist the Council in facilitating and encouraging the provision of additional overnight accommodation in the District. This review will coincide with the Local Plan Review and may take the form of an update to the '2006 Chichester Hotel Futures'.

## **7 Resource and Legal Implications**

- 7.1 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 £50,000 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 preparation of the DMP and are yet to be determined. In the event that such funding is required, a further report will be brought to Cabinet for consideration.
- 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 and OSC will periodically monitor their performance.

## 8 Consultation

- 8.1 Consultation with a wide range of organisations and potential partners is as set-out above.
- 8.2 At its meeting on 17 January 2017, Overview and Scrutiny Committee resolved that Cabinet
- 1) Notes the outcome of the visitor economy review
  - 2) Recommends that Cabinet allocates £50,000 annual partnership funding for five years from April 2017 to assist development of the district's visitor economy
  - 3) Recommends that Cabinet sponsors a strategic review as to how this council can facilitate or encourage additional overnight accommodation in the District
- 8.3 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.

## 10. Other Implications

<b>Crime &amp; Disorder</b> The additional employment created could assist in the reduction of crime and disorder	Yes
<b>Climate Change</b>	No
<b>Human Rights and Equality Impact</b>	No
<b>Safeguarding</b>	No

## 11. Appendices

Appendix 1 – Summary of Research Studies and Surveys

## **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