

July 2016

# **Liverpool City Region Visitor Economy Board**

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## **Visitor Economy Investment Plan for Growth 2016 - 2025**

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## Section 1 - Executive Summary

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### 1.1 The importance of the Visitor Economy to the Liverpool City Region

Liverpool generates 32 million visitors annually and over the last 10 years has established itself as a successful leisure and business tourism destination being ranked 6<sup>th</sup> in the UK for international visitors. For the wider City Region, destinations like Southport and Wirral are also reliant on the visitor economy. Between them they generate over 15 million visits per annum with the sector making a significant contribution to their local economies and supporting major regeneration initiatives including Southport Seafront/Marine Park and Wirral Waters.

For Knowsley, St Helens and Halton, the sector is also a driver of local growth attracting 9 million visitor per annum equating to £478 million in visitor spend per annum. Attractions such as Knowsley Safari Park, Dream, Haydock Racecourse and Norton Priory (Halton) remain important national (and in some cases international) brands for the City Region and play an important role in evidencing the diversity of the region's 'offer' and create incentives for visitors to explore beyond its more familiar tourism centres.

The economic case for continued investment in the Visitor Economy is affirmed through the sector's inclusion within the City Region's new single economic growth strategy. Overall, it contributes over £3.8bn to the local economy, provides 7% of overall GVA (£1.52bn out of a total £23bn) and supports over 49K jobs representing 8% of the employment base in the City Region. Similarly, the sense of place, welcome and infrastructure it supports (accommodation, conference/meetings infrastructure, retail and amenities etc) are integral features of the region's wider investment proposition.

### 1.2 Why is an investment plan needed?

The intention of the investment plan is to establish a range of options that will counter the significant reductions in local authority budgets and the withdrawal of dedicated EU funding for the Visitor Economy in the City Region's 2014 – 2020 ESIF programme. Specifically, this focuses on finding new ways of sustaining core funding for destination marketing, conference/events market development and tourist board operations, as well as identifying those grant funding opportunities that will most likely fit the sector's product development priorities.

It also establishes where the City Region's Visitor Economy Board and the sector's stakeholders will need to exert influence at local, regional and national level in terms of inclusion within the City Region's local devolution proposals and potential changes in legislation that will require Government backing.

The investment plan is not an end in itself, rather it identifies the opportunities for securing investment to take forward the priorities of key local strategies including the new Liverpool Visitor Economy Growth Strategy and those strategies that will shortly be commissioned for Wirral, Sefton and St Helens. It is clear however that investment will only be secured through real increases in jobs and economic growth for the city region that, in reality, will be delivered by attracting more expenditure from visitors in **overseas and 'far' domestic leisure and business markets.**

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### 1.3 The importance of Liverpool and key markets

In the majority of cases growth will be achieved by leading with Liverpool in terms of aligning product investment with the rich cultural and heritage proposition that has spearheaded the city's regeneration and international positioning over the last 10 years. Similarly, it will also seek to capitalise on the international 'pulling power' of the city and key brands (across the City and City Region) to improve cut through in overseas markets that offer fit and the opportunity for growth.

Working from the detailed market assessments commissioned by the Liverpool Visitor Economy Network, the target areas for growth are overseas leisure markets, staying domestic leisure markets and the markets for conferences, business meetings and events. The specific aim being to reduce seasonality among leisure visitors and to increase mid week hotel occupancy to counter the effects of the City Region's relatively low corporate base.

Key overseas markets include the US and short haul European markets, particularly those in France, Germany and Italy where Liverpool is under performing when compared to the share attained by other UK destinations. For domestic holiday tourists, the focus will be on attracting those wanting short and city breaks based in the North of England, Scotland and London and the South East. Business tourism will focus on increasing conferences and events (+/- 500 delegates) from the International and National corporate and associations markets with the specific aim of generating business mid week.

Subject to achieving the level of investment to reach these audiences, the potential return by 2020 is intended to be in the region of an additional **300K staying visitors** for the Liverpool City Region, equating to an **additional 800K bed nights** and **£100m in visitor expenditure**.

### 1.4 Investment Priorities

To realise these opportunities, four investment priorities will need to be addressed in light of reduced public funding. The first relates to destination marketing and the important function this activity has in helping the City Region to compete for market share and penetrate emerging markets. The overall additional investment to be found by 2020 will be in the region of **c£1m per annum**.

Secondly, revenue to replace conference market development funding that is likely to be lost in 2018 is also needed to support bidding and incentivising conference buyers. In particular, Liverpool's Arena, Convention and Exhibition Centre operates in a fiercely competitive market place, whilst initiatives such as the Club Liverpool Ambassador programme are making the venue very effective in winning national and international associations conferences (1 in 4 versus 1 in 10 in 2013), its ability to offset the costs of conference organisers are often the deciding factor in terms of converting the business opportunity.

The same is also true of the City Region's ability to attract and stage major set piece cultural and sporting events. Over the last 10 years these events have been hugely effective in projecting the city region's image on a world stage and generating investment through direct and indirect visitor spend.

Thirdly, in terms of product development, city region stakeholders need to get better at prioritising one off capital and revenue investments in those areas that support its core proposition and appeal to the priority markets identified. This process is firstly

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about identifying initiatives that are able to deliver growth, and secondly about aligning them with the grant opportunities to establish a credible pipeline of projects that offer strategic fit and will assure the funding agencies that return on investment will be delivered. Based on this rationale and the investment priorities of each district partner, the investment plan sets out the transformational product development opportunities for the six districts of the city region.

They range from major schemes such as the development of new cruise liner facilities in Liverpool and the rejuvenation of Lord Street in Southport, to the on going regeneration of Bold Forest Park in St Helens and Port Sunlight Village in Wirral.

Finally, the importance of destination welcome and connectivity is pivotal if the city region to turn its international profile into a truly international experience. In that sense, the importance of rail and air connectivity to/from our key ports of entry will be essential for accessing national and overseas markets, similarly improved local connectivity will help ensure that visitors can access every corner of the City Region and disperse their spend so that our emerging destinations are able to prosper.

This must also be supported by better digital connectivity to exploit things like integrated booking and ticketing for example, as well as helping the region's tourism businesses to operate more efficiently. In terms of welcome, work is already underway with local skills providers (including the LCR's 7 FE Colleges) who have established a range of interventions to raise the profile of the sector, promote destination awareness and raise customer service standards through initiatives such as the Liverpool Welcome and World Host. These areas are currently being delivered through the implementation of the LCRs Visitor Economy Skills for Growth Agreement.

The investment plan estimates that the **core funding** requirement in key areas such as destination marketing and conference market development will be in the region of **c£5.35m** per annum. There is currently no solution to fill this gap and we estimate that a 10% reduction in visitor numbers over the next 10 years would result in **£8.3 billion** lost income when compared to the targets set in the city region's Visitor Economy Strategy to 2025.

The priorities associated with product development, transport and connectivity will be achieved by accessing funds through the local growth deal (£232.2m to 2020) and through the City Region getting more adept at accessing and prioritising grant funding opportunities.

### 1.5 Investment Framework

The need to find sustainable means of core funding pose the most likely risk to achieving the sector's growth targets. Whilst there are a range of solutions that could be considered including use of the City Region's Single Investment Fund (following devolution), increasing the contributions from commercial partners, accessing supplementary business rates and even reconsidering the potential for a Tourism Business Improvement District etc, it is our opinion that all of these options bring significant challenges.

Given the stability enjoyed by Liverpool's tourism industry and significant increase in bed nights being achieved year on year (over 3 million in 2015) it makes sense to give serious consideration to **investigating the options for** introducing a mandatory levy for those staying in the city region and using its services and amenities. Potentially collected through local hotels (as they offer the most practical way of

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measuring the length of stay and collecting the levy on departure) would place the City Region in line with numerous other European and US cities with revenues being invested back into the sector through the City Region's destination management organisation in conjunction with the private sector via the Visitor Economy Board.

Whilst **detailed modelling and industry consultation** will be required, the proposal is intended to add weight to the City Region's Cultural Partnerships Devolution Theme and galvanise the support required to persuade central Government to make the necessary legislative changes.

There is also a range of sources of grant funding that should be considered and aligned with the product development initiatives highlighted. These range from the newly created 3 year Discover England Fund programme (£40 million) and the next phase of RGF Single Investment Fund, to the range of UK specific programmes delivered through DCMS (Arts Council, Heritage Lottery etc) and funded through the National Lottery.

In terms of European funding, greater influence is needed to position visitor economy initiatives within the City Region's 2014 – 2020 ESIF programme that is primarily geared to SME's that have the potential for growth. Similarly, there are European inter-regional programmes including the Atlantic Area Programme and Interreg Europe Programme that support exchange of best practice and the potential for future bids based on research and joint learning where commonalities across multiple sectors and areas exist.

There is also the potential for the city region to negotiate a second growth deal with Government that could support the investment priorities set out in this plan. However, with the onset of devolution and the precise nature of the proposed Strategic Investment Fund being unknown at the time of writing, it is unclear as to how the strategic case for such an arrangement would work.

## **1.6 Implementation**

The plan proposes four investment priority areas that will be used to establish key accountabilities and are based on the most appropriate use of resources. The first two priorities are centred on establishing the detailed actions to integrate the visitor economy within the City Region's devolution proposals and development of the tourism levy. They also set out options for working with the grant funding agencies. Priorities three and four summarise those measures that have already been agreed as part of the region's Transport Plan for Growth and Skills for Growth Agreement in terms of improving transport connectivity and welcome.

## **1.7 Further Information**

The strategy includes further information on:-

- An implementation plan
- Market Assessments
- Visitor Motivations

## Section 2 - Introduction

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### 2.1 Background

Without doubt, the visitor economy is one of the Liverpool City Region's great success stories. Over the last five years, the number of staying and day visitors has grown significantly from 52m in 2009 to 59m in 2014.

Liverpool arguably now has a better mix of 'things to do' than any other UK city. It attracts over 32 million visitors per annum and as a destination brand, is strong in both domestic and overseas markets due to its unique heritage and culture. Of the six districts, Wirral and Sefton also play an important role in generating economic value through the visitor economy. The two areas attracted around 800k and 700k staying visitors respectively as well as an additional 13.5m day trips.

The emergence of visitor economy related attractions and amenities in Knowsley and St Helens will also add further diversity to the region's destination offer.

Overall the sector supports 49,000 jobs representing 8% of the employment base in the city region. Total direct and indirect visitor expenditure across the City Region in 2014 was £3.8bn. This represents 7% of the city region's total GVA (£1.52bn out of a total of £23bn)<sup>1</sup>.

In 2015, the City Region's Combined Authority agreed a Visitor Economy Strategy to 2025, which sets out ambitious targets to grow the sector by £600m by 2020 and £1.2bn by 2025. Whilst challenging, these targets are required to allow the City Region's economy to deliver its wider growth aspirations and are predicated on the continuation of strong public/private sector working partnerships being encouraged through the City Region's Visitor Economy Board.

It is also important to recognise that as the region's Combined Authority begins to take shape, the visitor economy must have clear influence over planning and policy decision-making such is its importance to the lives of local residents and businesses. As one of the region's identified growth sectors, its inclusion within the new LCR Single Economic Strategy will help establish this as well as its ability to capitalise on the transfer of power and investment funding being proposed through devolution. Specifically, this relates to the co dependencies between the key devolution themes of transport, economic development and employment and skills, and the visitor economy in terms of driving the region's overall competitiveness, economic growth and job creation.

As part of the Northern Powerhouse, the City Region is also a key gateway to the North of England. By virtue of its contribution to driving investment in infrastructure,

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<sup>1</sup> GVA is defined by ONS as: "the difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production. Within VisitEngland's guidance on understanding the value of tourism at the regional and sub-regional level, the economic contribution of the sector is measured through calculating the direct gross value added (GVA) generated by tourism. This provides an indication of the proportion of tourism activity within the sub-region that contributes to economic growth. For the purposes of this assessment, it has not been possible to undertake a bottom-up analysis of the demand and supply side of the tourism sector for the LCR. As such, a benchmark ratio has been calculated in terms of consumer expenditure and GVA, based on data produced by the Tourism Intelligence Unit.



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connectivity and enhancing profile, the sector also plays a fundamental role in ensuring the north delivers as a joined up and competitive single economic space.

## 2.2 Key Challenges – Sustaining Investment

To deliver our growth projections, investment is required in three key areas:

1. Delivering a long term and sustainable solution to core fund areas including destination marketing, conference/ events market development, cultural and heritage attractions and tourist board operations.
2. Ascertaining how product development should be prioritised and aligned with funding opportunities at local, regional and national level
3. Establishing how stakeholder time should be invested to ensure the sector and the City Region's visibility is maintained among key decision makers, influencers and opinion formers.

In that sense, it is a misconception to think that without these interventions the sector will enjoy the same rate of growth that it has experience over the last 10 years. In an increasingly competitive marketplace, national tourist boards such as Tourism Ireland are growing marketing budgets to three times the size of those allocated to Visit England. Similarly, UK cities including Edinburgh are actively pursuing alternative forms of funding such as a tourism levy to ensure they remain competitive.

Without a plan to tackle these three key areas, the visibility and competitiveness of the City Region will decline, impacting negatively on anticipated visitor numbers.

## 2.3 Purpose of the Investment Plan

In response to these challenges, the investment plan has been developed following consultation with the Visitor Economy Board and the City Region's local authorities regarding the priorities for growing tourism in **'far' domestic and international visitor markets**.

Accepting that Liverpool city's positioning and profile in these markets provides the most effective means of increasing visitor numbers, it was agreed that tactical planning for marketing and product development at a city region level should align with this thinking. In other words, the city region should continue to lead with Liverpool as the main attract brand with an increased focus on effective dispersal mechanisms to ensure that the economic benefit is spread across the City Region.

To help achieve this growth, the purpose of the investment strategy is as follows:

- Using all known evidence, to reaffirm the importance of the Visit Economy to the economic performance of the Liverpool City Region.
- To identify the sources of funding that are available to action the delivery of the sector's strategic priorities to 2025 and establish how potential funding gaps/shortages will be filled.
- To help exert influence with key decision making groups including the Combined Authority, Government Bodies, Commercial Partners and the Local Enterprise Partnership.

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- To provide guidance for sector development themes and investment based on quantifiable market opportunities and insight.

Based on its purpose, the investment strategy will be aligned with the new growth strategy for Liverpool's visitor economy which sets out the precise nature of the region's growth markets and the interventions required for reaching them. It will also support the development of new tourism strategies for Southport and Wirral, as well as emerging product in Knowsley and St Helens.

**Most importantly, this plan is focussed on justifying investment through job creation and economic growth.**

## **Section 3 - The Economic Case**

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### **3.1 Background**

Having robust evidence of the economic contribution the Visitor Economy makes to the city region is important for two reasons. Firstly, as one of the core growth sectors represented in the City Region's new Economic Growth Strategy<sup>2</sup>, the economic performance and growth potential of the sector will need to be substantiated if it is to influence how Combined Authority budgets are allocated.

Secondly, if there is to be greater emphasis placed on raising income from the private sector to help fill budget shortfalls, the implications that reduced investment in destination led activity will have on the industry's 'bottom line' performance must also be quantified.

### **3.2 National Performance**

In 2014, Liverpool was the 6<sup>th</sup> most visited destination in the UK by overseas tourists<sup>3</sup> (4<sup>th</sup> in England) behind London, Edinburgh Manchester, Birmingham and Glasgow. This includes those visiting for holidays, business, visiting friends/relatives and for other purposes. The total number of overseas tourists was estimated at 605,000 generating over 3 million bed nights, which is an increase of 32% when compared to 2009.

In terms of domestic visitors travelling for the same purposes, Liverpool is the 7<sup>th</sup> most visited destination in England behind London, Manchester, Birmingham, Scarborough, Bristol and Leeds<sup>4</sup>. Manchester attracts almost twice as many domestic staying tourists with 2,688,000 visitors compared to Liverpool's 1,427,000.

Since 2008 the total number of domestic staying tourists to Liverpool has grown by 43% with 430,000 more people staying in Liverpool in 2014. In terms of bed nights, this equates to just over 3 million as domestic visitors stay for a shorter period of time from those travelling overseas.

Combining the estimates suggests that the total number of tourists staying in Liverpool in 2014 was 2,032,000 made up of 70% domestic tourists and 30% from overseas. Combining the two sources suggests that:

- 41% of all tourists stay in Liverpool for a holiday or leisure purposes
- 17% of all tourists were staying in Liverpool for business work or conference purposes
- 35% of all tourists were staying in Liverpool to visit friends and relatives
- 7% of all tourists were staying in Liverpool to watch sports events.

This equates to a total of 6,035,000 bed nights in 2014 (although not all of these bed nights are taken in paid accommodation, many will have stayed with friends and relatives).

Overall there is a clear pattern of growth from just over 1.4m tourists staying in Liverpool in 2009 to just over 2m in 2014.

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<sup>2</sup> The new Economic Growth Strategy will align all existing growth and economic strategies for the LCR in advance of proposals for devolution in 2017.

<sup>3</sup> International Passenger Survey 2014 – VisitBritain – Liverpool survey only.

<sup>4</sup> Great Britain Tourism Survey 2014 – VisitEngland – Liverpool survey only.

### 3.3 LCR Sector Performance

The Liverpool City Region measures the volume and value of tourism across the City Region with an economic impact model called STEAM<sup>5</sup>. It measures both staying visitors and day visitors but does not distinguish between business and leisure visitors.

STEAM is an industry standard model used across the UK by local authorities and Destination Management Organisations. The model is informed by supply side information including attractions data, hotel occupancy and bed stock levels, retail and employment data. For the Liverpool City Region, data inputs are collected by the LEP and reported annually.

Through comparisons made with demand side information relating to visitors in Liverpool obtained through the International Passenger Survey (overseas staying visitors), the Great British Tourism Survey (domestic staying visitors) and Great Britain Day Visitor Survey (day visitors) in 2014, the Liverpool STEAM projections were within a 10% margin of error. As such, we are confident that the data provided by STEAM can be used with a high degree of certainty.

Overall performance of the City Region's Visitor Economy is shown below:-

#### **Volume of tourists**

58 million tourists visited the Liverpool City Region in 2014, performance shown by district and visitor type is summarised in the table below:-

	Serviced Accommodation	Non Serviced Accommodation	VFR	Day Visitors	Total (m)
Liverpool	1,345,000	173,000	772,000	30,370,000	32.6
Southport/ Sefton	273,000	76,000	333,000	7,595,000	8.27
Knowsely & Halton	-	-	-	-	-
Wirral	269,000	19,000	500,000	6,803,000	7.6
St Helens	158,000	-	250,000	4,456,000	4.8

The total days spent by all staying visitors in the City Region was 12.84 million equating to an average of 2.65 days per visitor.

#### **Value of tourists**

£3.8bn was spent by visitors to the Liverpool City Region in 2014, performance shown by district and visitor expenditure is summarised in the table below:-

	Serviced Accommodation (£bn)	Non Serviced Accommodation (£bn)	VFR (£bn)	Day Visitors (£bn)	Total (£bn)
Liverpool	0.47	0.16	0.11	1.76	2.5
Southport/ Sefton	0.082	0.036	0.050	0.300	0.468
Knowsely & Halton	-	-	-	-	-

<sup>5</sup> Scarborough Tourism Economic Impact Monitor provided by Global Tourism Solutions.

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<b>Wirral</b>	0.064	0.0093	0.037	0.244	0.354
<b>St Helens</b>	0.034	-	0.018	0.159	0.211

Average spend by staying visitors to the City Region is £93 per person per day.  
Average day visitor spend is £49 per person.

### ***Sectoral Distribution of Employment***

Indirect and direct employment in the sector is estimated at 49,006 FTE jobs. This is split 37,697 direct and 11,309 indirect. The break down by sub sector and district are summarised below:-

	<b>Accommodation</b>	<b>Food &amp; Drink</b>	<b>Recreation</b>	<b>Retail</b>	<b>Transport</b>	<b>Indirect</b>	<b>Total (£bn)</b>
<b>Liverpool</b>	1,603	9,100	3,494	8,755	1,699	7,232	31,883
<b>Southport/Sefton</b>	616	1,215	399	1,964	212	1,747	6,153
<b>Knowsely &amp; Halton</b>	-	-	-	-	-	-	3,383
<b>Wirral</b>	622	1,000	323	1,674	180	1,004	4,803
<b>St Helens</b>	228	608	194	1,039	112	603	2,784

### ***Sectoral Distribution of Economic Impact***

	<b>Accommodation (£bn)</b>	<b>Food &amp; Drink (£bn)</b>	<b>Recreation (£bn)</b>	<b>Retail (£bn)</b>	<b>Transport (£bn)</b>	<b>Indirect (£bn)</b>	<b>Total (£bn)</b>
<b>Liverpool</b>	0.164	0.620	0.196	0.654	0.259	0.635	2.528
<b>Southport/Sefton</b>	0.033	0.082	0.022	0.146	0.032	0.153	0.468
<b>Knowsely &amp; Halton</b>	-	-	-	-	-	-	0.266
<b>Wirral</b>	0.028	0.068	0.018	0.125	0.027	0.088	0.354
<b>St Helens</b>	0.012	0.041	0.010	0.077	0.017	0.053	0.21

### ***Year on Year Growth***

The following table shows the growth in visitor numbers and spend for the City Region between 2009 and 2014.

	<b>Total number of visitors (m)</b>	<b>Value (£bn)</b>
<b>2009</b>	52.3	2.73
<b>2010</b>	54.51	2.98
<b>2011</b>	54.99	3.14
<b>2012</b>	56.76	3.41
<b>2013</b>	57.65	3.64
<b>2014</b>	58.72	3.83

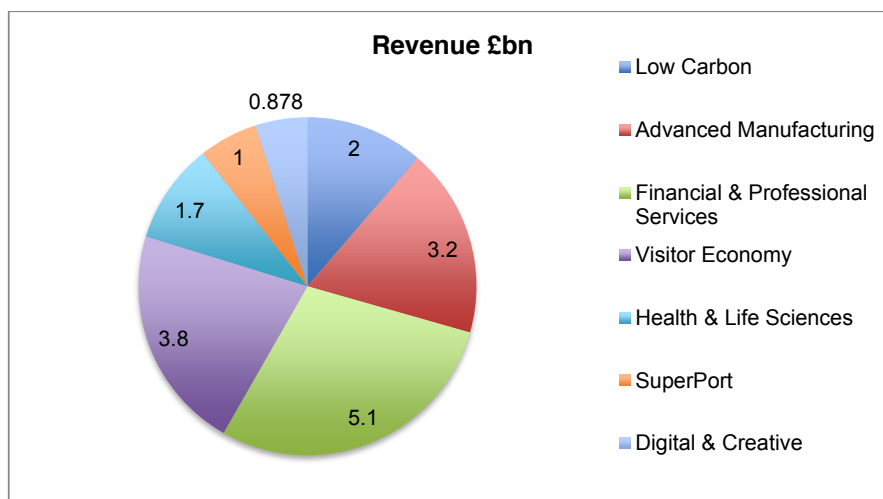
## **3.4 Contribution to the Economic Performance of the Liverpool City Region**

Overall, the visitor economy accounts for 7% of the region's GVA which is higher than the contribution of the sector at national level, which is 5%.

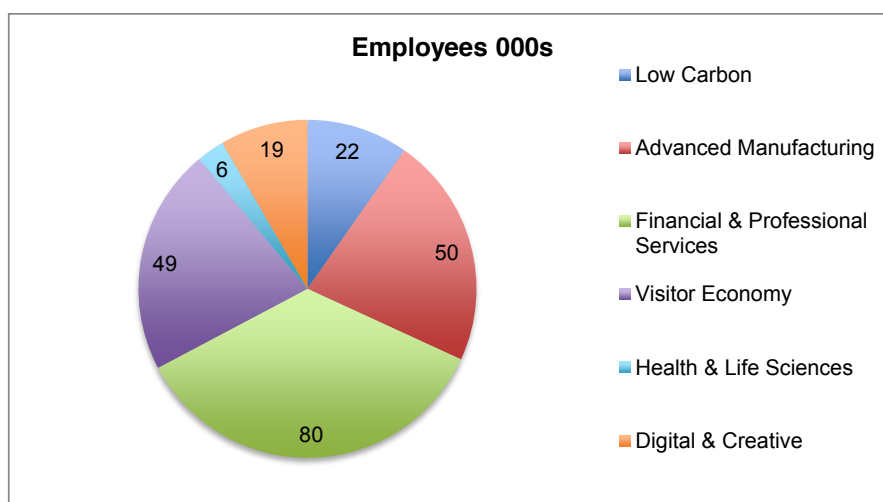
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In addition, the sector brings indirect benefits to the economic well being of the City Region. The infrastructure serving the visitor economy (retail, hotels, meeting facilities etc.), the profile it gives to the city region in domestic and overseas markets and welcome are fundamental for securing investment and making the region a credible investment proposition.

In comparison to the stated growth sectors of the City Region's new Economic Growth Strategy, revenue generated by the visitor economy is second only to Professional and Financial Services.



In terms of employment, the sector ranks 3<sup>rd</sup> behind financial and professional services and manufacturing.



### 3.5 Future Growth Scenarios

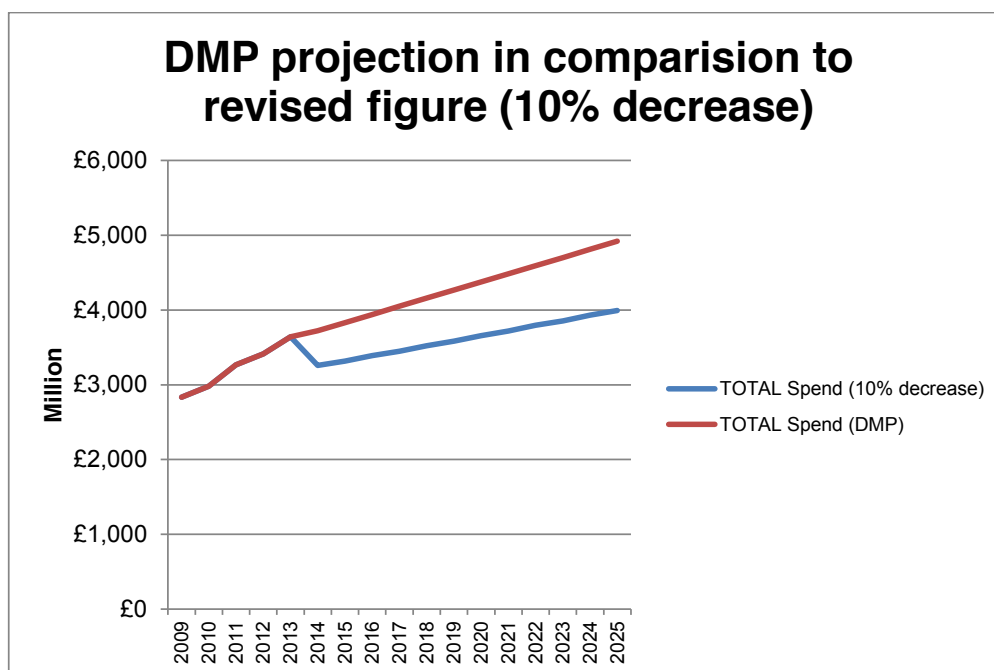
Within the Region's Visitor Economy Strategy, year on year growth forecasts have been established to 2025 with the overall value of the sector expected to be £4.9

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billion by this time<sup>6</sup>. In achieving that growth, constant interventions in things like destination marketing, conference and events subvention and product development will be needed to ensure the sector can innovate and remain visible to those it is seeking to attract.

In that sense, it is not a case of “job done” for the visitor economy, nor is it credible to expect growth targets to be achieved by relying simply on market forces alone. This is evidenced by the significant investment many UK destinations and countries, particularly Tourism Ireland<sup>7</sup>, are making in these areas and it is something the City Region must accept as being a prerequisite rather than a luxury.

The chart below plots projected growth stated in the LCR Strategy<sup>8</sup> to 2025.



To illustrate the impact of reduced growth, we have firstly applied a 10% reduction in average room occupancy per year and estimated the impact this would have on the number of visitor nights in serviced/non serviced accommodation and therefore overall staying visitor spend.

Secondly, day visitor spend projections have been revised down by reducing the planned growth of attractions and amenities in the City Region by 10%. The assumption is based on the strong correlation between day visitor numbers and the volume of attractions that are available to them. As our modelling allows us to

<sup>6</sup> These assumptions are based on the average rate of growth experienced by the City Region over the preceding 10 years and weighted to reflect the planned additions to infrastructure and services that have the potential to increase demand and visits (number of visitor attractions, increased serviced/non serviced accommodation stock, hotel occupancy rates and major infrastructure developments etc).

<sup>7</sup> Tourism Ireland marketing budget for 2013/14 - £36m compared to Visit England £11m.

<sup>8</sup> VE strategy targets will be revised in 2016 to reflect the trends within the Liverpool City Region destination survey conducted in 2015. The revisions will also include intelligence from the International Passenger Survey, Great Britain Tourism Survey and Great Britain Day Visitor Survey.

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understand these ratios, we have been able to estimate the reduction in the absolute number of day visitors and therefore the potential reduction in their overall spend.

These revisions provide a total spend projection of £3.9 billion for 2025, a decrease of £926million compared to the DMP projection for 2025 (£4.9 billion). In the event that this reduction was immediate (occurring in 2015), the cumulative total of income to the City Region lost would be in the region of £8.3 billion.

Whilst the changes modelled are extreme, they show that even small percentage deviations in the variables driving sector performance can have significant impact on jobs and economic growth.



## **Section 4 – Opportunities for Growth**

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### **4.1 Basic Principles.**

The city region's visitor economy strategy to 2025 focuses on developing the distinctive features of the Liverpool City Region as the basis for delivering competitive advantage when compared to other rival destinations.

Fuelled by the significant enhancements to Liverpool's positioning as an international destination for culture following 2008, it broadens the focus from the traditional cultural icons of the city (Beatles, Football and maritime heritage) to a wider definition that includes world heritage, sport, high profile performances, the visual arts etc.

It also creates opportunities for cultural and heritage attractions across the City Region to punch above their weight by aligning themselves with the core Liverpool offer.

The core proposition for the City Region therefore are those areas that make it distinctive including its people, its waterfront/coastline, and the assets, attractions and landmarks it is comprised of. Consequently, the approach to investment is thematic and focussed on the key themes of **culture and heritage, and conference tourism**.

#### ***Leading with our most recognised brands***

In terms of positioning, Liverpool is the lead destination brand for the City Region for attracting national and international **leisure and business markets**. Southport and Wirral are recognised destination brands, but primarily for near markets. England's Golf Coast is a 'niche' destination brand for national and international markets that encapsulates the magnitude of the City Region's international coastal golf product.

#### ***Incorporating Regional Product***

Visitors are not, of course, constrained by district boundaries and national and international visitors already travel beyond the city into other districts to visit or use venues and facilities that sit elsewhere within the City Region. Knowsley Safari Park, Another Place, Dream, Southport's Theatre and Convention Centre and the world famous Mersey Ferries are all good examples of this.

The investment plan therefore recognises the importance of significant assets across the City Region and will seek to link these more closely to the destination brands through the creation of themes and experiences (see table 3). It also recognises that in some cases regional experiences themselves will have domestic and potentially international appeal, and, where this is the case, investment to fully capitalise on these opportunities should be provided.

### **4.2 Advancing the Regional Strategy – Target Markets**

To attract additional spend over and above current levels, staying visitors from international and domestic leisure markets (those outside the 30 – 60 minute drive time) have been, and will continue to be, the priority for Liverpool and the wider City Region's tourism market. Attracting conferences and meetings will also be prioritised given the potential for generating business outside peak season, and the high levels of associated visitor spend.

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For the purposes of this plan, target segments can be divided into three main groups:

- Overseas leisure markets;
- Staying domestic leisure markets;
- The markets for conferences and meetings. □

The summary assessments shown below have been derived from local and national intelligence that relate to areas where Liverpool is either under performing in domestic and international markets when compared to the UK as whole, or where there is potential for growth.

#### **4.3 Potential growth markets**

##### ***Overseas holiday tourists***

Amongst international leisure markets, the priority, for the short term at least, are markets that will deliver growth during the autumn, winter and spring. For the city region, the greatest potential exists in short haul European markets that have direct air services from Liverpool and Manchester Airports. Backed by better tactical marketing partnerships with the low cost carriers and improved product, the current under performance in key markets such as France and Germany could be improved.

In terms of the French market, there are almost 2m tourists from France to the UK each year, however less than 1% of these stay in Liverpool whereas 3% of Spanish and Portuguese tourists to the UK stay in Liverpool. A penetration of 2% of the French market would yield an additional 25,000 tourists per annum.

Similarly, Liverpool only achieves 1% of the German market. Of the 1.5m German holiday tourists to the UK each year, only 16,000 stay in Liverpool. A 2% penetration of this market could yield an additional 13,200 visitors.

The same principle applies to the US, Italian and Belgian markets where the penetration is only 1%. A 2% penetration in these markets could yield an additional 30,000 visitors to Liverpool.

Liverpool already penetrates well into the following markets (capturing more than 2% of visits to the UK): Ireland, Spain, Norway, Australia, Denmark, Finland and Portugal.

The table below identifies 5 key markets where a greater penetration could yield an additional 70,000 visits. These additional 70,000 visits would be worth in the region £44m to the Liverpool economy per annum.

**Potential additional tourists to Liverpool by greater penetration of existing markets to the UK**

Origin	Holiday Visits to UK	Holiday Visits to Liverpool 2014	Liverpool market penetration	Target penetration	Potential additional visits to Liverpool
France	1,977,000	15,000	0.8%	2.0%	24,540
Germany	1,460,000	16,000	1.1%	2.0%	13,200
USA	1,278,000	12,000	0.9%	2.0%	13,560
Italy	890,000	8,000	0.9%	2.0%	9,800
Belgium	565,000	3,000	0.5%	2.0%	8,300
<b>Total</b>					<b>69,400</b>

Source: AMION Consulting

**National Priority Markets**

Visit Britain has also identified a number of growth markets where it expects a very significant uplift in the number of tourists. These include China, Russia, Brazil and India where growth of 157%, 75%, 63% and 38% is anticipated respectively over the next few years.

Liverpool already penetrates well into these markets suggesting that it is inherently appealing albeit from a low base. Should Britain see the projected growth from each of these markets, Liverpool could expect an additional 13,000 tourists, which would be worth an additional £8.46m to the Liverpool economy by 2020.

**Potential additional tourists to Liverpool through the development of new markets**

Origin	Holiday Visits to UK	Holiday Visits to Liverpool 2014	Liverpool market penetration	Forecast growth to UK	Potential additional visits to Liverpool
Brazil	209,000	7,000	3.3%	63%	4,410
China	181,000	4,000	2.2%	157%	6,280
India	116,000	1,000	0.9%	38%	380
Russia	106,000	3,000	2.8%	75%	2,250
<b>Total Growth</b>					<b>13,320</b>

Source: AMION Consulting

This growth would result in an additional 82,720 visits to Liverpool with additional expenditure in the economy of £52.5m per annum.

**Domestic holiday tourists**

In the domestic leisure market, growth is expected to be relatively modest over the period to 2020. For Liverpool alone growth between 2013 and 2014 was just 2% following 154% (246,000 to 624,000) growth between 2007 and 2013. It is unlikely that this pattern of exceptional growth will be repeated again.

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Priority segments are those markets that will take out-of-season short and city breaks including post/pre family groups and large groups holidaying together such as extended families, groups of families or large groups without children. In broad terms, the region's core domestic staying markets are the North of England, Scotland and London and the South East.

To assume growth of 25% in these markets to 2020 is not unreasonable. This would deliver an additional 160,000 tourists, worth in the region of an additional £38.6m per annum to the Liverpool economy.

### ***Business tourists***

Feedback from hoteliers within the City Region indicates that whilst weekend occupancy is very strong through the thriving leisure market (particularly in Liverpool), there is still much work to do in terms of bringing mid week business to the same level. The situation is further compounded by the fact that Liverpool has very low corporate base when compared to other main UK cities resulting in low levels of mid-week business from corporate travellers.

Business tourism has a critical role to play in generating demand to fill this gap with International and National corporate and association business markets being central to development. These markets are very important because:-

- They are a high yield market;
- They are subject to influence by targeted marketing and sales;
- They directly support initiatives to develop other economic sectors;
- They use various types of meeting and functions venues and a wide range of accommodation providers;
- Pre and post conference leisure activity is common;
- Delegates are often accompanied by partners. □

Interventions will almost certainly need to focus on retaining existing business by negotiating multi-year deals and identifying new business from events that rotate nationally and internationally. Liverpool in particular already has a strong track record in delivering major international events. Combined with the ambassador programme (Club Liverpool), it is very well positioned to grow the amount of conferences and meetings of associations relating to the many subjects in which the City Region's academic and commercial R&D sectors excel, such as medicine and life sciences.

Whilst the ACC Liverpool working with the Liverpool Convention Bureau, will continue to identify, bid and deliver major large-scale (500+) national and international association and corporate events, opportunities to focus on smaller (under 500 delegate) conferences also exists. This relates to improving the versatility of the ACC to serve this market, but also targeting the ambassador programme on these areas and making better use of the facilities offered by the City Region's hotels, venues, universities and mid range conference centres including the Southport Theatre Convention Centre and Floral Pavilion in New Brighton.

In terms of growth, it is fair to say that the new multi purpose exhibition centre at the Arena and Convention Centre has brought a further step change in Liverpool's ability to compete for national and international associations conference business. Matched with continued research, sales and market development investment, it is reasonable to assume that this could deliver additional growth of 50% in the number of **national**

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**and international** staying tourists - equating to an additional 34,000 staying delegates/54,400 bed nights per annum equating to £7m spend<sup>9</sup>.

For conference venues across the city and wider city region, a prudent forecast of 10% growth per annum would yield 20,000 staying delegates/32,000 bed nights per annum equating to £4m spend.

**The economic impact of this would be in the region of £7 - £11m per annum.**

A prudent forecast of 10% growth from other venues and hotels across the City Region through an expanded ambassador programme and integrated marketing and sales, would generate an additional 20,000 staying delegates, equating to £4m per annum into the local economy.

#### **4.4 The Size of Opportunity**

The forecasts and growth targets above would lead to an additional 300,000 staying national and international visitors per annum. This has the potential to generate an additional 800,000 bed nights equating to additional £100m for Liverpool and the wider visitor economy of the Liverpool City Region by 2020. This in turn would support an additional 1,300 jobs based on the STEAM economic impact model.

This is illustrated in the table below.

##### ***Summary of potential additional tourists to Liverpool***

	<i>Additional visits</i>	<i>Additional number of bednights</i>	<i>Additional visitor expenditure</i>	<i>Additional jobs supported</i>
Domestic leisure tourists	160,000	304,000	£38,608,000	494
International leisure tourists	82,720	413,600	£52,527,200	672
Business tourists	54,000	86,400	£10,972,800	140
<b>Total</b>	<b>296,720</b>	<b>804,000</b>	<b>£102,108,000</b>	<b>1,307</b>

*Source: AMION Consulting*

Growth targets were established in 2014 for the City Region as a whole. These will now be revisited in light of the revised growth targets for Liverpool.

#### **4.5 Investment Model**

Using the market research and insight gathered (see appendices 1 & 2), the themes set out below indicate the broad focus for the region's investment model, showing the distinctive elements of the region's proposition that has resonance with the priority markets described.

The distinctive themes identified are the things that make the city region different from rival destinations, present an opportunity to grow market share and therefore provide the rationale for prioritising product development and marketing investment.

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<sup>9</sup> Amion – Draft Liverpool Visitor Economy Growth Strategy

Distinctive Theme	Description
Distinctive Culture	The overarching proposition of the Liverpool City Region. Our overarching proposition. It embraces everything that is culturally distinctive about Liverpool: waterfront, architecture, the Beatles, Tate, RLPO etc. It also embraces the distinctive elements of the City Region. It includes both 'high culture' - the cluster/concentration of high quality cultural attractions (RLPO, Tate, Everyman etc) specifically within Liverpool City, and 'Liverpool Culture' that characterises the buildings, people and places that make the visitor experience unique. The connectivity between the cultural offer and the city which it reflects will be developed, emphasised and reinforced to present an offer which is always 'culturally Liverpool'.
Birth Place of the Beatles	One of the defining international brands of the City and Liverpool City Region. Investment in positioning, marketing, experience and product development are central to leveraging greater returns from existing markets such as the US and younger visitors (16 – 25yrs) particularly originating from the UK/Western Europe.
Sporting Legends	Capitalising on the big/ iconic sporting brands and infrastructure of the Liverpool City Region to enhance profile with emerging markets (tourism and investment), encourage repeat visits and increase length of stay. Specifically these brands are the Grand National, Open Golf/Golf Coast and Liverpool FC.
A Place to do business	Using the city's cultural and waterfront collateral and its recognised brand to differentiate the city in the international conference market place, recognising Liverpool as the hub for the City Region.
Events Region	Programming transformational events and exhibitions that play to the unique strengths of the Liverpool City Region (Waterfront, Beatles, sport, arts etc) and offer the potential to be sub regionally focused in conception and delivery.

#### 4.6 Bringing it all Together

In combining the market analysis and the distinctive themes, the table below brings together the audiences, themes, products and marketing opportunities into an integrated investment model. It shows the markets where there is the greatest potential for growth and the experiences that are unique to Liverpool and the city region in appealing to them.

The development of this model is central for delivering the sector economic targets for 2020 and 2025, and therefore provides the focus for the remainder of the investment strategy.

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*Development Model – Influencing Investment Decision through Distinctive Themes*

Distinctive Themes						
Marketing Thematics	Distinctive Culture		Beatles - Birthplace etc	Sport Legends	A Place to do business	Events Region
	High Culture – Critical Mass of Performance & Visual Arts	Liverpool Culture – People & Places				
<i>International Markets Profiles</i>	US Germany France*	US Germany France*	Ireland Spain US	Spain Norway*	International association conferences	Various
<i>Domestic Markets Profiles</i>	North West	London/ South East	Scotland South West	South West	National/international associations and corporates	North West Various
Primary Product	<ul style="list-style-type: none"> <li>• Tate Liverpool</li> <li>• RLPO</li> <li>• Everyman</li> <li>• Fact</li> <li>• Biennial</li> <li>• 5* hotel</li> </ul>	<ul style="list-style-type: none"> <li>• People</li> <li>• Museum of Liverpool</li> <li>• Maritime Museum</li> <li>• River Mersey</li> <li>• Mersey Ferries</li> <li>• Built Heritage inc. waterfront.</li> </ul>	<ul style="list-style-type: none"> <li>• NT properties</li> <li>• Cavern</li> <li>• Magical Mystery Tours</li> <li>• Beatles Story</li> <li>• Beatles</li> <li>• Mathew Street</li> </ul>	<ul style="list-style-type: none"> <li>• Liverpool Football Club</li> <li>• England's Golf Coast</li> <li>• Open Golf</li> <li>• Grand National</li> </ul>	<ul style="list-style-type: none"> <li>• ACCL/ Exhibition Centre Liverpool</li> </ul>	<ul style="list-style-type: none"> <li>• Biennial</li> <li>• IFB 2016</li> <li>• Other major events</li> <li>• Block Buster Events – 3 Queens, National/International sporting events - World/National Gymnastics</li> </ul>

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Secondary Product	<ul style="list-style-type: none"> <li>• Lady Lever Gallery/Port Sunlight</li> <li>• Another Place (supporting facilities and links)</li> </ul>	<ul style="list-style-type: none"> <li>• Animation of river/ waterfront</li> <li>• Liverpool One/Retail</li> <li>• Lord Street, Southport</li> <li>• Port Sunlight Village</li> <li>• Knowsley Safari Park</li> <li>• National Wild Flower Centre</li> </ul>	<ul style="list-style-type: none"> <li>• Strawberry Fields</li> <li>• Casbah</li> <li>• Coffee Club</li> <li>• Penny Lane</li> <li>• New tours across City Region</li> </ul>	<ul style="list-style-type: none"> <li>• Championship links golf courses</li> <li>• Haydock Race Course</li> <li>• St Helens Rugby League</li> </ul>	<ul style="list-style-type: none"> <li>• Southport Theatre and Convention Centre</li> </ul>	<ul style="list-style-type: none"> <li>• River Festival</li> <li>• International Music Festival</li> </ul>
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## **Section 5 - Approach to Investment**

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### **5.1 Background**

In reality, delivering against the investment model will include a multitude of interventions that will need funding from a variety of different sources including grant allocations, private contributions and contributions from the public sector/combined authority. They are likely to straddle initiatives that will impact on demand directly including destination marketing and product development, as well as those activities that are fundamental for delivering the quality of welcome and improve the connectivity to, and the dispersal of visitors across the City Region.

It is fair to say that no one strategy will be able to pull all of these detailed strands together in a concise and coherent format. Instead they are likely to be developed on a project-by-project, destination-by-destination basis. Justifying activity against the themes/markets that have been agreed will target investment where it is likely to have the greatest impact on increasing domestic and overseas visitor numbers.

As there is now agreement at City Region level as to what these investment priorities should be, the purpose of this plan is to align the range of investment opportunities with the individual strategies of the region's tourism stakeholders.

It also seeks to exert greater influence over investment in transport planning and skills in terms of welcome and work force development, improving physical access to markets and visitor dispersal.

### **5.2 Investment Priorities/Implications for marketing and product development**

As with any major destination or region that is reliant on visitors to sustain its competitiveness and economic performance, there are four main areas in which continual investment is required:-

- Destination marketing and intelligence.
- Subvention/events development.
- Destination welcome & Connectivity
- Product/infrastructure development.

The diagram shows how these areas combine to deliver the destination experience that will increase the length of time visitors stay, encourage word of mouth recommendations, enhance profile and achieve repeat business etc.



### 5.2.1 Destination Marketing & Intelligence

#### ***Destination Marketing***

Since the end of EU funding in June 2015 (£600K per annum), the City Region is facing a real challenge to remain visible in an increasingly competitive market place. Further reductions in public spending from 2017/18, coupled with the increasing marketing power of the other home countries in reaching domestic and international markets, means that reducing destination marketing budgets will almost certainly cause the City Region's visitor economy to stagnate.

It is also unrealistic to expect the private sector to fill this gap. Destination campaigns are needed to deliver long-term visibility and economic benefits. Understandably however, the private sector will nearly always expect to see a direct short term return for their business for any investment they make in marketing. They rarely if ever fully fund marketing campaigns which seek to generate visitors to a destination as a whole.

Instead a combination of core funding will be needed to pump prime activity that in turn will encourage greater private sector contributions. Through Marketing Liverpool (the City Region's destination marketing agency for the VE), the intention would be to build on the existing annual programme of seasonal and thematic marketing activities so the penetration rates in the priority domestic and overseas markets described in section 3 can be achieved.

Leading with Liverpool as the attract brand, activity will be split between leisure based activity (travel trade, events, culture, specialist/niche etc) and business/events marketing targeting association and corporate conference buyers.

To work at a city region level, investment would also be increased to support visitor dispersal activity across the city region by a) ensuring the design of campaign activity is representative of the themes and products we have identified and b) destination based activity – visitor guides, apps, information and promotions etc. were significantly enhanced.

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It is not for this plan to detail the specific marketing interventions (this is a job for Marketing Liverpool and the various destination stakeholders with marketing responsibilities), however for clarity the broad areas of destination activity would be likely to include:-

- Travel trade initiatives
- National/International Press and PR activity.
- Consumer & Trade Exhibitions – Confex, Explore GB, World Travel Market etc.
- Thematic and Seasonal Campaigns – Major events, short breaks, Golf, Waterfront/Coastline, Heritage, Sport etc
- Destination collateral including leisure guides, maps, conference literature and visitor welcome materials.
- Digital marketing – Social media channels and advertising, web site development, CRM and email marketing etc.
- Trade missions and collaborative marketing with regional and national partners including VisitEngland and VisitBritain.

Based on these activity areas, and for the purposes of developing an **indicative budget** for targeting investment, the following table describes the required expenditure (including staff and overheads) and sources of income to 2020.

<b>Expenditure</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Leisure Marketing	£231K	£500K	£500K	£700K
Conference Marketing	£212K	£500K	£500K	£700K
Research/ Intelligence	£25K	£80K	£25K	£100K
Staff	£300K	£310K	£317K	£322K
Overhead	£115K	£208K	£201K	£273K
<b>Total</b>	<b>£883K</b>	<b>£1600K</b>	<b>£1543K</b>	<b>£2095K</b>
<b>Income</b>				
Public Funding	£141K	£100K	-	-
Membership	£240K	£288K	£288K	£317K
Commercial	£502K	£602K	£602K	£722K
<b>Other</b>	<b>-</b>	<b>£610K</b>	<b>£653K</b>	<b>£1056K</b>
<b>Total</b>	<b>£883K</b>	<b>£1600K</b>	<b>£1543K</b>	<b>£2095K</b>

Expenditure in 2016/17 is based on the allocations agreed between the LEP DMO and Marketing Liverpool within the 2015 Succession Plan<sup>10</sup>. The increases to activity costs have been benchmarked against other comparable destinations and increased from 2017/18 as current financial year budgets have been set.

Membership and commercial income assume a 20% increase in 2017/18 and 2019/20 to reflect the suggested increase destination marketing funds. Staff costs assume an inflationary rise year on year and overheads have been calculated as 15% of the combined staff and activity costs.

The projections assume that there will be no public sector support for premises, campaign activity or staff from 2018/19. **The options for generating 'other' income are set out in section 6.**

<sup>10</sup> The Succession Plan was agreed in 2015 and sets out the broad responsibilities of the LEP DMO and Marketing Liverpool in delivering the City Region's Tourist Board activity.

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### **National Activity**

Whilst some activity would be delivered directly by Marketing Liverpool, activity aimed at some international markets would be linked to campaigns delivered by VisitBritain.

Marketing partnerships, such as the Northern Tourism Growth Initiative, also present opportunities for Liverpool to take a lead or to participate in campaigns that can achieve greater reach than working in isolation.

### ***Intelligence***

The table also allocates funding for the City Region's annual programme of visitor economy research and monitoring, including destination research, hotel occupancy monitoring/reporting, visitor economy volume and value analysis and economic impact analysis.

Its purpose is to provide an on going source of intelligence for the region's visitor economy to inform investment decisions, measure performance, marketing and to support grant applications. For these reasons, its importance to the sector cannot be understated as future investment is likely to come from many different sources, therefore robust data sets and sources of intelligence to justify decision-making will be a necessity.

## **5.2.2 Conference Market Development and Events**

### ***Conference Market Development***

It is common practice for destinations and venues, when bidding for larger conferences and events, to offer 'support' to the event organiser. The level and nature of the support offered is part of the appeal of the destination and can be a critical factor when event organisers are choosing where to place an event.

Support or Conference Market Development (CMD) takes many forms including: direct subsidy to the organiser; discounts on venue hire fees; discounts on hotel bookings; free transport provision; contribution to marketing activity; civic receptions; city dressing/ welcome; loans to event organisers (to assist with cash flow whilst delegates pay for their event attendance).

From the perspective of the events organiser, the benefits of CMD funds are obvious. Where a number of destinations are able to offer broadly comparable facilities and services (venues, accommodation, access, destination facilities etc.) the extent to which event costs are reduced or offset becomes a deciding factor.

From the destination's perspective, the market development incentive offered has to be justified in terms of direct or indirect economic impact of hosting the event. Most destinations have a formula for assessing the potential benefits and from this, the level of subvention that can be justified.

CMD is funded in different ways in the UK. In many destinations, particularly those which place significant emphasis on attracting major national or international events, the CMD is funded directly by the Local Authority. A CMD budget is used to offer payment or other benefits to event organisers in order to secure a major booking. In some cases, the CMD is directly offset by commission, which is paid by hotels and other businesses that benefit directly from the event.

Since CMD is all about gaining competitive advantage, the whole process is generally considered to be commercially sensitive. Few destinations are open about the levels of CMD they offer. Research undertaken on behalf of the Business Visits and Events Partnership in 2011<sup>11</sup> however, found that other European destinations had CMD budgets which were over ten times higher than those of comparable UK destinations and as a result UK destinations were almost certainly losing out when competing for international events. In particular, the study found that 50% of overseas destinations were able to provide direct subsidy to attract international events, compared to just 23% of UK destinations. Destinations such as Barcelona, Cape Town and Copenhagen were recognised as having significant CMD budgets with which to attract major international events.

In the case of ACC Liverpool, the business model supporting the £300m worth of investment was predicated on the on-going availability of CMD support funding. Whilst it is unlikely that support will be available post 2018/19, alternative ways of securing CMD investment must be considered if the competitiveness and current level of business secured by the ACCL (£80 million economic impact per annum) is to be maintained, and so it can compete on a level playing field.

Given the dependencies on business tourism for filling mid week bed spaces and generating high value tourism in destinations such as Southport, there is an obvious need to increase CMD funds to secure additional business from national/international political, corporate and association conferences. This will include locking in multi year deals and strengthening the Club Liverpool ambassador programme (particularly through the City Region's universities) that is currently helping Liverpool win 1 in 4 international conference bids (as apposed to 1 in 12 two years ago).

Similarly, whilst major sporting events such as World Championships, exhibitions and national consumer shows are within the city region's grasp, the ambition to compete and bid competitively in the international market is constrained only by the initial subsidy required to win the business in the first place, following which a longer term and more sustainable financial relationship can often be achieved.

Based on the current level of business as well as anticipated growth, an appropriate CMD budget would be needed for the City Region as a whole.

## **Events**

Since 2008, major events have played a substantial role in supporting the positioning of Liverpool's international and national profile. Research shows that as an events destination, Liverpool has a broad appeal and is able to attract people of most ages and, if the event is high profile enough, draw visitors from across the UK and internationally.

Events such as Three Queens, La Machine, Tall Ships, Biennial and the Royal De Luxe Giants have been extremely successful in showing casing the city's rich cultural, heritage, artistic and maritime attributes and have subsequently developed its reputation for staging internationally renowned set piece events. Moving forward, the ambition of the city region is to consolidate this position by continuing to use culture as the main differentiator for set piece events and to establish an annual event (or events) that is of international prestige. The Edinburgh Festival City

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<sup>11</sup> Subvention & Bid Support Practices: report provided for the Business Visits & Events Partnership by The Right Solution & Tony Rogers

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approach is possibly a good comparator and it is understood that a new events strategy for the city region will shortly be developed setting out these aspirations.

It is unrealistic to expect events of this magnitude to ever be delivered on a commercial basis and at zero cost. As such, the value judgement is based on the indirect return on investment they provide in terms of increased visitor spend, hotel occupancy and their ability to maintain the city region's profile in target markets through media coverage. The contribution of Liverpool's major events in 2015 was valued at £41.2 million<sup>12</sup> in direct and indirect spend with the associated media value running into hundreds of thousands of pounds. Clearly, they form an integral part of the destination marketing and product mix for the City Region.

As is the case with destination marketing and conference market development, sources of funding are unclear for events to be delivered on the scale of the last 10 years post 2018. Whilst Liverpool City Council/Culture Liverpool in particular has successfully generated commercial income to reduce the burden on central resources, removing sources of core funding will almost certainly jeopardise the City and City Region's product mix and its ability to compete effectively in the leisure markets already identified.

### **5.2.3 Transformational Product Development – Destination Product**

The products/brands that make the City Region special, attractive and distinctive to the priority markets must be the focus for investment. In taking this forward, the new Liverpool Visitor Economy Strategy for growth identifies 7 priority development areas that will help it, and the wider city region, capitalise on the identified growth markets. In terms of product development, this includes improving infrastructure/amenities associated with its key brands such as the Beatles, diversifying the City's major events programme and preserving/ maintaining its key heritage and cultural infrastructure.

Southport is also consulting on a new development plan intended to build on the destination's positioning as England's Classic Resort. A new tourism strategy will be forthcoming in 2017 with emphasis being placed on the rejuvenation of Lord Street (the jewel in the resort's crown), its major events and unlocking the potential of Marine Park to galvanise the ongoing regeneration of the resort's seafront.

Wirral will also agree a new tourism strategy in 2017. From a national and international perspective the focus will be on enhancing the profile of Birkenhead Park and Port Sunlight Village and seeking greater association with Liverpool. Similarly, Wirral Waters will bring critical mass to the borough's waterfront, linking the historic heart of Birkenhead with New Brighton and capitalising on its historic link with Liverpool via the world famous Mersey Ferries.

In terms of Knowsley, the development of the Safari Park as an attraction of national significance and the development of the area's association with Shakespeare (Shakespeare of the North project) will add to the region's attractiveness.

St Helens' new visitor economy plan intends to leverage the national significance of Dream as the basis for the creation of a national sculpture trail and rejuvenation of Bold Forest Park. It also seeks to establish the potential opportunities for St Helens town centre to increase its share of regional visitor markets and identifies those

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<sup>12</sup> North West Research Economic Impact Assessment Surveys conducted during Three Queens, Mersey River Festival, Transatlantic 175, International Music Festival.

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attractions that can provide critical mass and offer experiences that support the city region's national/international ambitions. St Helens Rugby League Club, Haydock Race Course World of Glass and Darkstar Laser are all good examples of this.

Establishing the specific projects and investment required, the table below summarises the investment required and timescales for delivery.

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<b>Liverpool</b>				
<b>Project</b>	<b>Description</b>	<b>Indicative Cost</b>	<b>Fully Funded/Part Funded</b>	<b>Status/Time Scale for Delivery</b>
Cruise Liner Terminal	Enhanced cruise liner terminal facilities at Princes Dock to support increased trade from inbound cruise markets trade and grow turn around business.	TBC	TBC	TBC
City Lighting & Signage Strategy	Working through Liverpool City Quarter Groups, implement a co ordinated lighting and signage project to help support the distinctiveness of the city and help direct and dissipate visitors. To include lighting up central axis, drawing attention to the waterfront offer during the shorter days.	£5 million	TBC	TBC
Beatles Infrastructure Development.	Working with the Mayors office and utilising the recent report to leverage the economic impact of the Beatles to attract international and national visitors.	TBC	TBC	TBC
Cultural Infrastructure	Establish sustainable sources of funding to invest and maintain Liverpool's cultural infrastructure including the cities museums and galleries.	TBC	TBC	TBC
International Welcome	Advances in new technology to improve access to product, payment, signage and directional services.	TBC	TBC	TBC
<b>Sefton/Southport</b>				
<b>Project</b>	<b>Description</b>	<b>Indicative Cost</b>	<b>Fully Funded/Part Funded</b>	<b>Status/Time Scale for Delivery</b>
Lord Street	Comprehensive public realm that will see the centre of Lord Street tuned into a high quality public space. The space will allow large-scale events while at the same time improving the linkages through the Town and creating more dwell time for visitors.	£7-10m	TBC	TBC
Marine Park	Anchor leisure attraction, of national significance, including a range of other complementary family based activities and	TBC	TBC	TBC



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	accommodation to add to Southport's critical mass of attractions and on going regeneration of the seafront area.			
Fairways	Development of the existing park and ride site to build one or two 4* hotels linked into the golf offer, this will also see substantial improvements to the existing golf course and facilities.	TBC	TBC	TBC
Southport Theatre & Convention Centre Refurbishments	Programme of refurbishment to upgrade conference and exhibition facilities to sustain regional and national conference demand as well as attracting national touring shows. Specific interventions include refurbishing the main auditorium and ancillary facilities in terms of heating, delegate amenities, theatre seating, lighting, digital and presentation facilities etc.	£500K - £1m	TBC	TBC
<b>Wirral Project</b>	<b>Description</b>	<b>Indicative Cost</b>	<b>Fully Funded/Part Funded</b>	<b>Status/Time Scale for Delivery</b>
Port Sunlight Museum	Establish a new, larger museum in one of village's iconic public buildings, telling the broader story of Port Sunlight and its significance. This includes the creation of events, retail and conferencing space and a destination restaurant.  Visitor Numbers: c400K Jobs created: 20 FTE	£2.5m	TBC	TBC
Birkenhead Park	To recognise the international significance of Birkenhead Park, as the first publicly funded park in the world in 1847, and achieve World Heritage Site status. The status will help to attract more visitors and investment to sustain and maintain the facility for future generations.	?	TBC	TBC
Wirral Waters			TBC	

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o Egerton Square	A pop-up dockside amenity village using shipping containers, creating retail and food opportunities for visitors, workers and students in the Four Bridges area.	£0.5m		End of 2017
o Wirral Beacon	A viewing tower located in the Four Bridges area and visible from Liverpool, creating a commercially viable attraction that attracts visitors including those from via Mersey Ferries, and dispersing the same via the Wirral Streetcar.	£10m		End of 2020.
o Maritime Knowledge Hub	An education, R&D, innovation and commercial hub subject to a Heritage Lottery Fund bid.	£20m		End of 2018
o Wirral Streetcar	A unique, low cost, light rail feeder system, developed in partnership with Merseytravel and Wirral Council, which will act as a delivery catalyst for Wirral Waters.	?		?
Golf Resort Hoylake	Development of a championship golf course, by Jack Nicklaus Design, including a quality hotel & spa, clubhouse and the only Links Academy in the UK outside of the home of golf St Andrews.	£70m	TBC	TBC
Move Ahead Birkenhead	Revitalising Hamilton Square; exploiting the potential of the Woodside waterfront as a destination; improving and strengthening the town's distinctive shopping offer including Birkenhead Market; developing Hind Street as a major gateway site to the town centre, and improving connections and access to the town centre.	£150m	TBC	End of 2021
Seacombe Ferry Terminal - Spaceport	Potential to include the proposed refurbishment by Eureka as part of building the critical mass of attractions along the Wirral Waterfront.	TBC	TBC	End of 2018
<b>St Helens</b>				
<b>Project</b>	<b>Description</b>	<b>Indicative Cost</b>	<b>Fully Funded/Part Funded</b>	<b>Status/Time Scale for Delivery</b>

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Bold Forest Park Area Action Plan	Capitalising on DREAM and the creation of visitor amenities including caravan park, new visitor centre and recreation hubs. Projects will also focus on developing the accommodation offer, event venues and upgrading infrastructure such as walking routes, cycling networks, bridleways, signage, access routes and car parks.	TBC	TBC	Submitted to Government for independent examination.
St Helens Town Centre Regeneration Plan	Series of interconnected improvements and redevelopments across the town centre which will drive the town's visitor economy, including potential major new leisure, cultural and retail developments, upgraded access routes and signage, and upgraded public realm.	TBC	TBC	TBC
<b>Knowsley</b>				
<b>Project</b>	<b>Description</b>	<b>Indicative Cost</b>	<b>Fully Funded/Part Funded</b>	<b>Status/Time Scale for Delivery</b>
BioInspire at Knowsley Safari Park	A new science discovery centre & visitor centre, learning from the Natural World and illustrating how Man has been inspired by Nature.	£15m	TBC	2020
Shakespeare of the North	A 350-seat Elizabethan theatre and study centre linked to the town's theatrical heritage, to the Earls of Derby and hence Shakespeare.	£26m	Part Funded	2019
Prescot Town	The regeneration of the historic town including leisure and culture, residential and commercial uses, as well as reinforcing the existing retail core.	TBC	TBC	To 2028
<b>Halton</b>				
<b>Project</b>	<b>Description</b>	<b>Indicative Cost</b>	<b>Fully Funded/Part Funded</b>	<b>Status/Time Scale for Delivery</b>
Sankey Canal Linking the Locks	Working with Warrington BC and SCARS the vision is to make the stretch of the Canal from Spike Island to Fiddlers	£20m; but can be broken	£650,000 received already from Coastal	Over next 5 years

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	Ferry navigable again; to reinvigorate/introduce business, leisure and heritage opportunities along the Canal.  Visitor Numbers: c 90,000 p.a. Job Creation: 20 apprentices p.a., up to 5 FTE posts	down into phases for funding purposes	Communities Find Round 1; possible submission for Round 4. Possible HLF submission.	
Bridgewater/ Manchester Ship Canal  Unlock Runcorn	Led by Runcorn Locks Restoration Society, the vision is to re-open a flight of canal locks in Runcorn Old Town; this would increase passing trade from boats and create two new canal cruising rings, one small, taking in the River Weaver plus the historic Anderton Boat Lift and a larger one involving the Shropshire Union Canal.	TBC	TBC	TBC
Catalyst Science Discovery Centre and Museum	To re-fit gallery and theatre space to provide a more versatile offer to customers and to broaden the customer base (scope for national/international visitors); some of the galleries need updating with new exhibits; new exhibition space; solar panels/air conditioning etc.  Visitor Numbers: c 30,000 p.a at present Job Creation: 2 – 3 part time posts	C £2 million; but can be broken down into phases for funding purposes	Funding received from HLF, WREN, Foyle, Biffa (for small scale improvements).	Over next 5 years
Halton Castle	Restoration, maintenance and events centred around the Castle.	TBC	TBC	TBC

#### **5.2.4 Destination Welcome & Connectivity**

The Liverpool City Region visitor economy strategy states the importance of transport, digital connectivity and skills development as being central to the sense of welcome, visitor dispersal and in providing access to growth markets.

While these areas do not fall under the direct control of the sector itself, it is important for stakeholders to exert the correct level of influence so that the needs of the visitor economy are reflected within the broader schemes and initiatives being developed through the region's Combined Authority.

#### **Transport & Connectivity**

For Liverpool in particular, a significant proportion of visitors arrive by plane or train (8% and 39.5% respectively<sup>13</sup>). The City Region's ability to continue to grow visitor numbers will be dependent on improving its services and accessibility by rail and air. This is particularly the case for short break and business markets where direct connectivity offers significant competitive advantage.

Future air passenger market development will be a combination of increasing frequency and capacity of existing services and developing new routes. For long term growth, opening up new markets, is clearly important, so it will be an ongoing priority for the city region to work closely with Liverpool Airport and Manchester Airport to secure new routes in the those growth markets identified in section 3. It will also be important to ensure there is collaboration between the airports, airlines and the destination marketing agencies to ensure the promotion of these routes within the overseas markets they serve.

Liverpool Airport's plan for continuing long term development and enhancement is of fundamental importance to facilitate growth and to provide a first class point of arrival and welcome to the city. The visitor's experience of arrival will be further strengthened by better bus provision to Liverpool South Parkway Station and directly into the City Centre/Liverpool One. □ Similarly, better and more frequent road and rail connections to Manchester Airport will also be highly advantageous for those markets currently not being served directly by Liverpool.

Rail access is particularly important for the City Region's domestic visitors and for long haul visitors, many of whom arrive in London or Manchester and travel to Liverpool by train. It is highly likely that rail will increase in importance over the next 20 years as environmental factors lead to a switch in UK travel from air to rail. For Liverpool and the city region to remain competitive with other UK cities for connectivity to core UK markets (the North West, the North in general, Scotland and South East of England), the advent of the proposed new high speed two railway (and feeder lines into Lime Street Station) will be highly important, as will the range of services being provided as part of the new northern franchise agreements. □

Within the city region itself, the priority is to improve ease of access for visitors around our emerging destinations that sit outside Liverpool - perhaps most importantly to Southport and Wirral, as well as serving the region's distinctive coastline and key visitor attractions such as Knowsley Safari Park.

Similarly, those towns and rural locations situated in the east of the City Region such as St Helens have significant potential for tourism development. The importance of

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<sup>13</sup> Liverpool Destination Survey 2015

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good access to support these emerging destinations cannot be understated, particularly in terms of capitalising on their close proximity to the key tourism centres of Liverpool and Manchester.

Ultimately good local connectivity is about making the city region easier to explore through improved information, signage, branding of routes (walking and bus) highlighting places of interest. □ Given that many of our international and domestic visitors will not have access to a car, or want to drive a car during their stay, the continued promotion of the opportunity and desirability of using public transport to travel around the city region, supported by excellent information on bus, taxi and bike hire services will be essential.

### **Skills, Welcome and Training**

The growth of the visitor economy is heavily dependent on attracting the right talent and on ensuring businesses have access to appropriately skilled staff. It is widely recognised as an issue of national importance. □

For the city region, the employment and skills board sets out the area's skills priorities that are currently being delivered through a series of sector specific skills for growth agreements (SfGA). The visitor economy SfGA is being taken forward in conjunction with the city region's 7 further education colleges, Merseytravel, the Skills Funding Agency, People 1<sup>st</sup>, industry representatives and the Local Enterprise Partnership.

Collectively these stakeholders have developed an implementation plan linked to the SfGA that is centred on four priority areas:

- Improving the appeal and attracting talent – improve the perceptions of hospitality and tourism as a career choice;
- Improve Skills – raise skills levels across the whole sector and address specific skills shortages;
- Welcome & Customer Service – improve customer service standards and quality of welcome across the whole sector;
- Management and Leadership – encourage businesses to support and develop supervisors and managers through continuous professional development.

### **Improving Digital Services and Connectivity**

New technology has a key role to play in ensuring Liverpool and the city region's future competitiveness. This largely relates to the use of new technology-based products and services to enhance the quality of the visitor experience, and to support the city region's tourism businesses to achieve efficiencies and exploit opportunities through integrated booking and ticketing systems, online access and dynamic packaging.

The City Region's visitor economy strategy establishes digital connectivity as a key theme and it is anticipated that through the local EU funding programmes and VisitEngland's Discover England fund there is the opportunity to progress this agenda. Of particular importance is the need to use digital solutions to improve navigation and interpretation, as well as generating content and delivering new tourism experiences through leading edge technologies.

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Similarly, investment to help the integration of local, regional and even national destination web platforms will help the ease in which visitors can access product as well as providing better online services including high quality mapping and booking platforms etc. This could also include more effective and efficient real time online accommodation booking services as a means of generating commissions income and countering competition from discounting third party providers such as LateRooms.com.

### **Current Funding**

The allocation of £232.3 million to transport and skills as part of the growth deal settlement with Central Government is set to deliver a range of infrastructure and training programmes over the next 5 years. This presents opportunities for the visitor economy to benefit directly by developing projects that fit the investment frameworks or by attracting other sources of dedicated tourism funding to bring added 'sectoral value' to existing schemes.

### **Initial Planning**

In relation, but not limited to these opportunities, implementation planning around sector skills development and transportation has been developed through the Visitor Economy Board reflecting the priorities of the visitor economy strategy. The plans have been aligned with the Local Transport Plan (Transport Plan for Growth) and the sector's Skills for Growth agreement (see above).

The priority areas for investment are summarised in section 7.

## **Section 6 - Rationalising Investment Opportunities – Challenges and Opportunities**

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The funding scenarios for each of these areas are complex and a multi pronged approach will be required to ensure the investment areas/priorities align with the potential sources of investment when they present themselves. This requires a solid understanding of the funding landscape and the areas where influence will be needed to enhance the visibility of the initiatives identified given the economic impact they are likely to make.

Detailed assessments are provided in the following section, however stakeholders will need to think very differently in terms of the approach to securing investment.

### **6.1 Core funding**

As explored above, external sources of funding to support core activity (destination marketing, intelligence, conferences, events etc.) are limited at best. Based on the estimates we have outlined above, an appropriate level of **core-funding** for the City Region as a whole is in the region of **£5.35 million per annum by 2019/20**.

When further reductions in public sector spending planned for 2018 are added to the cuts that have already impacted the sector (in particular, reductions in spend on marketing activity and cultural programming), it is inevitable that the ability of the sector to sustain its growth and remain competitive will be compromised.

New methods of securing core funding to support this essential activity need to be found in order to protect the visitor economy for the future. These options are detailed in the following section.

### **6.2 A better understanding of grant funding**

Section 6 below sets out a range of grant funding opportunities that have the potential to support product development directly through initiatives such as the newly created Discover England Fund or indirectly via grants relating to heritage, energy and transport for example.

Whilst the Discover England fund (£40 million) presents a good opportunity for investment, it is open to all English destinations and is likely to be subject to fierce competition over its three year duration period. This places far greater emphasis on securing investment through alternative means where traditional visitor economy outputs (visitor numbers, GVA, FTE's created) are not the priority, but instead provide a secondary benefit.

In achieving this, the challenge for the sector is to have a clear idea of its priorities in terms of product development and where there is potential fit across a the range of different grant funds that are available. These will range from the European Funding that has been dedicated to Merseyside/City Region administered through DCLG (European Structural Investment Framework), transnational EU funding programmes administered through Brussels and the range of National grant funding programmes that are administered through DCMS, DEFRA etc.

Once understood, the challenge is to design the processes, systems and resources that will establish where strategic opportunities lie so that a pipeline of projects can be established to deliver continuous investment – this is current a key risk for the sector.



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### **6.3 The ability to influence**

To make the sector more effective in leveraging investment opportunities, the need to be effective in influencing across key strategic areas will be paramount. There is a range of areas where relationships will need to be developed and at a number of different levels.

The table below sets out where the key areas of influence currently lie.

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Area of Influence	Rationale	Suggested Lead Responsibility
<b>Liverpool City Region Devolution Agreement</b>	<p><b>Culture</b> - At city region level, the cultural partnerships theme of the devolution proposals has the potential to be a key driver for securing revenue funding from the combined authority (proposed Single Investment Fund) and/or supporting legislative change to assist local revenue generation (via taxation or levy etc).</p> <p>Given the interdependencies between the cultural and visitor economy sectors in terms of audience development, infrastructure, events and marketing for example, it would be missed opportunity if a fully integrated proposal were not achieved. It would also make the sector better placed to develop broader relations with key strategic partners including the Arts Council and integrate local service delivery with district partners.</p> <p><b>Business Growth &amp; Support</b> – The visitor economy has a high density of SMEs ranging from those operating in the retail, attractions and hospitality sectors, to transport services providers and those involved in supply chain activity. As such the diversity of the sector is in no small part due to the strength of its SME base.</p> <p>Devolution offers the opportunity to devolve national business support services to the City Region through the Growth Hub. This will include the centralising existing business support services to ensure they are reflective of local need rather national policy agendas. In terms of the visitor economy, ensuring the availability of sector specific advice and guidance will be a prerequisite for continued SME growth and resilience. In that sense the mapping and definition of the sector as set out in this investment plan will need due consideration in providing business support services that are focussed on driving:-</p> <ul style="list-style-type: none"> <li>○ Innovation - ensuring improved business performance and sustainability through increasing business efficiencies and informing new product development;</li> <li>○ Collaboration – facilitating collaboration and co-ordinated action across the sector;</li> <li>○ Market Intelligence – driving sector development through visitor and competitor intelligence, and through international best practice.</li> </ul>	<p>Chair of VEB ML LEP DMO</p>

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	<p><b>Transport</b> – The visitor economy is included in the City Region's Transport Plan for Growth as a development priority. The proposals with the devolution agreement associated with greater legislative control over local bus provision, rail connectivity and smart ticketing (within the City Region and facilitating cross boundary travel across the North of England) are of direct relevance in terms of local visitor dispersal, product development and establishing greater access to key ports of entry (including Manchester &amp; London etc).</p> <p><b>Skills &amp; Employment</b> – The visitor economy Skills for Growth Agreement was agreed in 2013, following consultation and development with the LCRs 7 FE colleges an implementation plan has been agreed to take forward these priorities. Focused on course design, employer engagement, IAG, sector image and retention of people within the industry, the plan will need to work along side the Area Based Reviews of post 16 education providers and resulting skills strategy proposed as part of the devolution agreement.</p>	
<b>Economic Growth Strategy</b>	<p>The new single Economic Growth Strategic is being developed by the LEP on behalf of the Combined Authority. The strategy is framed by the City Region's devolution proposals and will prioritise investment against the performance and contribution the area's growth sectors make to GVA, job creation and productivity. The visitor economy is acknowledged as such, however investment priorities need to be explicit, the economic contribution of the sector validated and the wider alignments with place and the other economic growth sectors established.</p> <p>This investment strategy will provide much of this detail, however sector representation on key boards such as the LEP and Combine Authority (who will have ultimate responsibility for the delivery of the strategy) will need to be either established, or maintained. Specifically, this will relate to the visibility the sector has in contributing to the outcomes of the growth strategy, and in its ability to influence decision making in related areas such as transport, skills, place marketing and inward investment.</p>	LEP DMO
<b>LCR European Structural</b>	The LCR ESIF committee oversees the City Region's European Funding programme to 2020 and the need for representation in the ESIF committee. At present, the sector has no representation on the committee and therefore has no credible way of inputting into project	LEP DMO

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<b>Investment Framework</b>	<p>proposals before they are formally approved by DCLG. Significantly more influence is needed in terms the sectors visibility in future LCR EU funding programmes given its over all economic importance to the City Region.</p> <p>Sub regionally, this also extends to the initiatives being taken forward by the Northern Powerhouse agenda and how better collaboration with the Northern Core cities can be used to champion better transport and digital connectivity and funding for strategic marketing.</p>	
<b>DCMS</b>	<p>At national level, the investment strategy also needs to act as the key engagement mechanism for discussion with Visit Britain, Visit England and DCMS. Not least to establish how the City Region will help deliver the new tourism strategy for England and the subsequent implications for the continuation of the Northern Tourism Growth Fund, the creation of an Event England body and influence over local priorities against which the Discover England Fund could be allocated.</p> <p>The case should also be made for the Chair of the VEB to sit on the Tourism Council as a route influence national policy decisions given the council's advisory capacity to the Government's inter ministerial group.</p>	LEP DMO, ML, Chair of VEB
<b>Commercial Partnerships</b>	<p>The importance of buy-in from stakeholders across the sector will be an absolute requirement if alternative revenue generation schemes are to be progressed effectively. Engagement must begin at the earliest opportunity to ensure proposals are fit for purpose and are commercially sound.</p> <p>In that sense, endorsement and advocacy through key influencing groups and bodies such as the Chambers of Commerce, the city Region's Visitor Economy Networks and key industry decision makers and influencers will likely be the difference between success and failure.</p>	ML VEB Chair

## **Section 7 - Investment Framework**

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The investment framework sets out an integrated package of proposals and measures that identify the most likely sources of core funding and National/European grant funding that have the potential to sustain on-going investment. Combined with better influencing, co ordination and an agreed understanding of the region's investment priorities, it provides a clear assessment of the areas where resources need to be focused and decisions made.

### **7.1 A Solution for Core Funding**

There are various ways core funding could be raised, however the balance needs to be struck between generating income from commercial partners on an ad hoc basis and the need to guarantee revenue streams to support forward planning and strategic development etc.

#### ***Devolution***

The LCR's devolution proposals present a range of opportunities for securing revenue and capital funds including the Single Investment Fund (SIF) to which Central Government will allocate £30m per annum for 30 years (75% capital/25% revenue). There is also the potential for business rate reforms including options to place a supplement on business rates to fund infrastructure and the retention of business rates within the City Region's Enterprise Zones.

Finally, the proposal also seeks greater power and control over the allocation of European Regional Development Funds (ERDF) and European Social Funds (ESF) so they are more closely aligned with the priorities of the new single Economic Growth Strategy.

For the visitor economy, accessing these funds is likely to be challenging over the short and medium term. The demands on the SIF are likely to be significant given the statutory priorities the CA will be required to fulfil in terms of housing and education for example. Similarly, the significant pressure on Local Authority budgets, not to mention local resistance to any proposals for business rate increases, means a wider acceptance of the contribution the sector brings in terms of economic growth and jobs will need significant political backing before this options is deemed credible.

In terms of ERDF, there is significant resistance from DCLG in terms of revenue budgets for conference and destination marketing activity described in section 5. However, integration of the sector with the LCR single Economic Growth Strategy (which itself is aligned with the devolution agreement), may support strategic alignment with future calls under the European Strategic Investment Framework (ESIF) to 2020 and the potential for inclusion in second LCR Growth Deal.

#### ***Commercial Contributions***

Whilst commercial partnerships are important, investments will usually be made by individual businesses to increase bottom line returns, rather than for the benefit of wider destination. To generate investment in destination-based activity, a commitment is usually reliant in some form of financial match from the public sector or grant-funding organisation.

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### ***TBIDs***

There are also options around the introduction of a City Region wide Tourism Business Improvement District (TBID). The initiative was established in the UK in 2011 following success in the US and in response to the emerging budget cuts that are now upon us. They are broadly similar to a BID but are designed to directly and specifically support the development of the tourism sector within a destination rather than a cluster of businesses that share a common trading environment.

As yet there have been no successful TBIDs introduced in the UK and they have faced resistance from industry groups such as the British Hospitality Association. Given the potential duplication with existing BIDs set up in Liverpool City and Southport, plus the localised nature of the area covered by TBIDs, it is difficult to see how the arrangement would work and be governed at a City Region level.

### ***Other Options***

Voluntary levy schemes work in some instances where there is a common interest in maximising business for a specific sector.

In the case of business tourism for example, destinations are looking at new ways of generating subvention funds by working with those stakeholders that benefit most from conference/exhibition business. Initial thinking is around establishing the proximity of a business to the conference venue and developing a scalable charging model linked to the size, strategic relevance and financial impact of the conference.

In sustaining conference market development funding over the next 5 years, it would make sense to establish how this model would work for key venues such as the ACCL/ECL.

Other options which could be considered include a passenger tax charged against inbound airline passengers to the City Region. As with some of the other options however, this has significant implications for the competitiveness of the region's airports and would need careful analysis.

### ***Mandatory Levy***

For the purposes of core funding, the option of introducing a mandatory levy across the City Region is likely to be most effective, but arguably most contentious. Whilst this would be perceived as a bed tax, the levy is charged on the length of time visitors stay at a destination and reflects the benefit they derive from using its amenities.

As with other European and US cities who successfully use this model, accommodation occupancy provides the best and most accurate way of measuring the length of stay. Hotels also offer a practical way for collecting the levy charge as it is usually paid when visitor settle their accommodation bill at the end of their stay.

Whilst detailed modelling would need to be undertaken for the City Region as part of any feasibility assessment, working from current occupancy levels, **a £1 levy charged on each staying visitor per room per night, would generate in the region of £3m (gross) annually.**

Clearly implementation will offer many challenges and systems for revenue collection and expenditure priorities will need to be developed carefully.

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In taking this forward the questions relate to whether both the public and private sector see core funding as being important to the on-going growth, and whether they are prepared to take some measured risks in delivering it. On the basis that such funding would be ring fenced for reinvestment back into the sector and would potentially work to attract further commercial investment, the real question is actually why this option hasn't been considered before now?

## 7.2 What would it fund?

Subject to detailed consultation and business planning, the focus of expenditure would be on the growth of international markets to the City Region and building effective partnerships with key sectors such as culture, sport and transport. It would also work to complement the work being undertaken at local level by the BID districts and the new destination management arrangements being put into place for places like Southport.

Using the investment areas set out above, the categories for activity are most likely to comprise:-

1. **Destination Marketing** - Sales and marketing campaigns such as advertising, PR, travel trade, online marketing and visitor dispersal.
2. **Business Meetings & Events** - Conference market development across the city region.
3. **Quality Standards & Excellence** - Such as those organisations that have a visitor impact museums/galleries/events
4. **Research & Intelligence** – Key volume/value metrics, customer research, business trends, and brand mapping etc.□
5. **DMO Services** - Business support, training and networking.
6. **Destination Development** - Such as visitor services, conference development, festivals and events, guiding and information.
7. **Challenge Fund** – Capital investment to fund infrastructure projects and product development.

The challenge fund would also be used to improve access/connectivity and further enhance relations with organisations such as the Arts Council, Sport England, Visit England and National Lottery etc. It would also support the ability of the City Region to take forward the priorities of the National Business Visits and Events Strategy and integration wider place marketing/FDI initiatives.

## 7.3 How devolution can help?

The City Region devolution deal is due to be approved in the Autumn statement. The proposed cultural partnerships theme will provide the basis on which a range of cultural initiatives and infrastructure will be sustained through new funding arrangements with DCMS and via the Combined Authority's devolution settlement.

Given the interdependencies between the visitor economy and cultural sector, it makes strategic sense to use this opportunity as the vehicle to secure the legislative powers to apply a mandatory levy. It also provides the opportunity to secure the transitional funding that will be needed while the detailed modelling of the levy is developed and consultation undertaken.

In taking these proposals forward, it is anticipated that a report to the Combined Authority will be submitted in spring or summer 2016 to confirm the scope and

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development of the themes before formal approval by Government in the Autumn statement. As part of this process, the City Region's Visitor Economy Board (and some local authorities), in conjunction with the cultural partnership have agreed that we pursue:-

1. Devolved powers from Central Government to introduce a scalable levy/bed tax to support new commercial revenue model for the Cultural and Visitor Economy sectors.
2. A commitment from Treasury to provide transitional funding over a 2-year period whilst detailed modelling, consultation and implementation arrangements are set in place. The new commercial model will be developed and become fiscally neutral by the end of this period.
3. Using the model as a pilot to be replicated by the other DMOs operating in the Northern Powerhouse (and UK as a whole).
4. Approval from Government to proceed with the detailed modelling of the scheme and a commitment (via the Combined Authority) to fund the development costs.

#### 7.4 Next Steps

The immediate priority is to begin the detailed modelling around how the mandatory levy would operate, and if not successful, what alternative arrangements might be considered including progressing the TBID option.

Irrespective of what option fits best, stakeholders agree that this method of revenue generation for the sector is a necessity and therefore specialist expertise will be needed to advise on areas such as pricing strategy, operating costs, terms and conditions, revenue management, revenue risk and governance etc. There also needs to be a clear process for industry consultation and timescales that may be enforced by Government and the Combined Authority as part of the devolution agreement.

Given the progress made by the region's Visitor Economy Board over the last 12 – 14 months in developing as the private sector led strategic body for the sector, it would be appropriate for the board should steer this process. Whilst representation from the Combined Authority and Cultural Partnership would be required, the broad representation and expertise that sits on this board makes it an ideal delivery vehicle.

It is also more likely that the proposals would have more credibility with the industry if they were to be developed through this group.

The following case studies provide some potentially useful lessons:

##### **Case Study 1: South Africa**

*A 1% levy is paid by tourists, collected by tourism businesses, with the aim of contributing to the promotion of South Africa as a tourism destination.*

*Since the inception of the levy, over R800 million has been generated, paving the way for South African Tourism to promote the country in 15 core markets around the world.*

*The levy is charged against the following tourism services:-*



- *Accommodation sector: 1% charged on the room rate*
- *Tour operators: specific rate per person, per tour – R3.00*
- *Car rental: 1% charged per car rental*
- *Travel agency sector: 1% charged on service fee locally and internationally*

*Collection of the levy is made by tourism businesses as the main conduit between visitors and the administrators of the tourism levy. On a monthly basis, they consolidate all levies collected and pay the funds over to the levy administrators at the Tourism Business Council of South Africa (TBCSA).*

### **Status**

*The tourism levy does not constitute a tax. Levy collectors have made a conscious decision to support the industry as a collective to raise the profile of the destination and contribute to the industry's growth and development through the tourism levy.*

### **TBCSA**

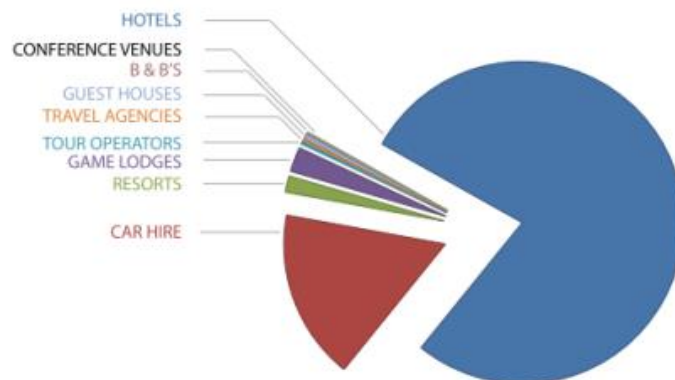
*The Tourism Business Council of South Africa (TBCSA) is an umbrella organisation which represents organised businesses in the local travel and tourism industry. It is the collecting agent for all levies collected by businesses from the various sectors and ensures that levies collected are further distributed to the relevant initiatives.*

*The relationship between the TBCSA and South African Tourism, with respect to the collection of levies, is regulated by a three year Memorandum of Understanding (MOU). Through this MOU, there is a commitment from both parties as to the collection, management and usage of levies collected.*

*The levy has been existence since 1999 and has 470 levy contributors currently participating in the scheme. The breakdown of revenues per sector is set out below.*

### LEVY COLLECTIONS PER SECTOR

	2012		2013		2014	
HOTELS	75,485,491.10	73,407%	88,545,834.52	76,402%	94,526,790.08	77,706%
CAR HIRE	22,900,689.37	22,270%	21,528,378.60	18,576%	20,746,425.18	17,055%
RESORTS	1,452,978.83	1,413%	1,661,651.62	1,434%	1,965,970.27	1,616%
GAME LODGES	1,793,757.59	1,744%	2,905,392.54	2,507%	2,995,285.32	2,462%
TOUR OPERATORS	609,270.65	0,592%	393,926.36	0,340%	406,693.32	0,334%
TRAVEL AGENCIES	83,706.09	0,081%	316,093.62	0,273%	323,224.88	0,266%
GUEST HOUSES	455,186.46	0,443%	462,239.45	0,399%	552,329.62	0,454%
B & B'S	50,590.43	0,049%	80,257.15	0,069%	127,146.22	0,105%
CONFERENCE VENUES	-	0,000%	1,073.69	0,001%	3,134.20	0,003%
	102,831,670.52	506	115,894,847.55	473	121,646,999.09	524



### Case Study 2: Paris

*Tourist tax in Paris 'Taxe de séjour', or tourist tax, was introduced in France by the law of 24 September 1919.*

*In 2015 Paris changed from a flat rate tax to a tourist tax charged per guest per night. In so doing, local authorities in Paris have the ability to decide whether to collect tourist tax at a flat rate from the accommodation provider or to charge each visitor per night.*

*As of 1 March 2015, the different categories of accommodation and their upper limits are as follows (to which a departmentale – administrative district – tax of 10% is added):*

Categories of accommodation	Prices	Additional departementale tax	Prices per person per night
Tourist hotels with the 'Palace' distinction and all other establishments with equivalent tourism classification characteristics	4,00€	10%	4,40€
5* tourist hotels, apartment hotels, furnished accommodation and all other establishments with equivalent tourism classification characteristics	3,00€	10%	3,30€
4* tourist hotels, apartment hotels, furnished accommodation and all other establishments with equivalent tourism classification characteristics	2,25€	10%	2,48€
3* tourist hotels, apartment hotels, furnished accommodation and all other establishments with equivalent tourism classification characteristics	1,50€	10%	1,65€
2* tourist hotels, apartment hotels, furnished accommodation, 4 and 5* holiday resorts and all other establishments with equivalent tourism classification characteristics	0,90€	10%	0,99€
1* tourist hotels, apartment hotels, furnished accommodation, 1, 2 and 3* holiday resorts, B&Bs, caravan and campervan parking per 24 hour period and all other establishments with equivalent tourism classification characteristics	0,75€	10%	0,83€
Tourist hotels, apartment hotels, furnished accommodation, holiday resorts awaiting rating or unrated	0,75€	10%	0,83€
3, 4 and 5* campsites, caravan parks and any similar accommodation	0,55€	10%	0,60€
1 and 2* campsites, caravan parks and any similar accommodation, marinas	0,20€	10%	0,22€

*In terms of collection, the visitor must pay the tax, which is added to their bill. The amount of tourist tax charged must be displayed by the landlord, hotel or accommodation owner and must appear on the bill given to the customer.*

*The list of obligatory exemptions is limited to the 4 following cases:*

- All minors are exempted from tourist tax;
- Those with a temporary contract to work in the area;
- Those in emergency housing or temporary rehousing;
- Those living in premises with rent below an amount determined by the local council.

## 7.5 Product Development

The Government's current strategy for tourism (Backing the Tourism Sector – Five Point Plan, July 2015) emphasises the importance to the economy of the sector, which supports almost 1 in 10 jobs in the UK, with international tourism arrivals passing 1 billion for the first time in 2012. In the strategy, the Government reaffirmed its commitment to the further growth of the industry, and spreading the benefits of its growth across the country by encouraging more visitors to travel beyond the capital.

In terms of funding and coordination, it identified that a fragmented tourism landscape and a variety of funding sources can hamper effective coordination of the tourism offers and their promotion, and set out ways to revise departmental coordination and the roles of Visit Britain and the national tourism organisations. The current funding landscape relates particularly to the 2014 – 2020 period, reflecting the span of the current UK and European programmes.

At the UK level, support to the industry is focussed on coordination of the sector through Visit Britain, with funding support through the £40m **Discover England Fund** [1] that was announced in the Autumn 2015 Statement (which is aligned with the commitment of £40m to the GREAT Campaign in overseas markets and the £1.6

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billion investment in cultural projects, museums, and galleries) that has followed on from the £10m **Northern Tourism Growth Fund** [2] announced in November 2014.

In addition, the UK focus is on support to UK businesses through the **Business Support Helpline** in relation to grants, finance and loans, business support, and funding for SMEs and start-ups. This strategic support is mirrored to some extent at the European level, with access through the **Tourism Business Portal** [3] to the Digital Tourism Network, the EU Jobs Mobility Portal (providing access to skilled labour), and the Enterprise Europe Network for tourism and cultural heritage.

In terms of access to public and other funding, the 2014 – 2020 period is much more challenging than in the recent past, especially since 2000. The sector will need to be creative in accessing opportunities that exist (perhaps focussed on developing and supporting SMEs with the potential for growth).

**UK funding** related to the Liverpool City Region is likely to focus on the identification of the application of funds with opportunities arising from specific programmes:

- Local and sub-regional funds - including the **Liverpool City Region Growth Deal** with total funds to 2020/21 (see below); the **Liverpool City Region Devolution Agreement**, including provision for employment, skills, and business development, as well as the RGF Single Investment Fund; and the limited support that **local authorities** may have through the use of reserves, Prudential borrowing, and Section 106.
- Specific programmes – which are likely to focus on the **Coastal Communities Fund** [4] supporting sustainable economic growth and jobs in coastal communities which is due to reopen and extend to 2020/21 with funds of at least £90m; any special programmes that **DCMS** may launch in support of the sector such as the previous People 1st scheme to promote apprenticeships in the tourism industry; and possible opportunities through **agencies** such as the Arts Council, HLF, and Sports England (although these are expected to be limited).

In addition, there are particular potential opportunities for the sector in terms of European funds. In the first instance, there is an opportunity to maximise the potential from the 2014 – 2020 **European and Structural Investment Funds (ESIF)** programme based on the support available towards assisting the development of SMEs that have the potential for growth. This would include:

- **European Regional Development Fund (ERDF)** [5] – which has the potential to support tourism R&D&I, innovative tourism, niche markets clustering, energy efficiency, natural and cultural tourism, small-scale infrastructure, and training and skills;
- **European Social Fund (ESF)** [6] – through Skills for Growth, there is the potential to support workforce training, assisting people in difficulty and disadvantaged groups, and develop networks and good practice;
- **Leader/Rural Development Programme for England (RDPE)** [7] – focussed on the rural part of the LCR and potentially offering support for training, advisory services, tourism information, and clusters and networks.

In terms of wider European funds, there is potential to support the tourism sector under the European inter-regional collaboration programmes and Europe-wide programmes.

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The **European inter-regional programmes** particularly include:

- the **North West Europe** (NWE) programme [8] – focussed on innovation, low carbon, and resource efficiency requiring collaboration within other regions, and for which applications are invited twice a year;
- the **Atlantic Area programme** [9] – also focussed on innovation, competitiveness, and resource efficiency, together with developing cultural and natural identity, requiring collaboration and which is expected to open for applications in 2016;
- the **Interreg Europe** programme [10] – which is focussed on the exchange of information and good practice between public authorities, a call for which is currently open.

The **Europe-wide programmes** are based on individual 'Calls' for proposals and involve collaboration. Of particular relevance may be:

- **LIFE** [11] – focussed on environmental, nature conservation, and climate action, it has potential to support 'traditional' pilot, demonstration, and best practice projects;
- **HORIZON 2020** [12] – is the EU's flagship research programme which may have potential in association with the universities in relation for example to innovative ICT products and promoting cultural diversity;
- **Urban Innovative Actions** (UIA) [13] – which has been set up to test new solutions to urban problems;
- **COSME** [14] – which is focussed on support to SMEs through access to finance, improving competitiveness, and promoting entrepreneurship, but also in particular supporting the Tourism Action Plan;
- **ERASMUS** [15] – which may potentially have relevance in support of student exchanges and alliances with other regions;
- **EaSI** [16] – supports employment and social innovation, for example through analytical work in relation to social innovation and policy.

In addition to 'core' UK funds and the structural funds and wider European funds, the funding landscape also include **loan funds** supported by the public sector through ERDF. At present these comprise:

- the **Chrysalis Fund** [17], a dedicated Merseyside fund to support property development and regeneration which is still currently open; and
- the **North West Fund** [18] providing debt and equity funding to SMEs (although less than £5m currently remains in the fund).

It is understood that discussion are still on-going with regard to new successor funds under the 2014 – 2020 programme (financial instruments) including one to provide finance to SMEs.

Finally, the potential exists to lever **private sector** resources through donations or levies on a voluntary partnership basis to support, for example, tourism infrastructure and promotion. This is likely to be an increasingly important source of funding to the sector over the next few years.

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## **7.6 LCR Growth Deal**

The Liverpool City Region Growth Deal was announced on July 7th 2014 and allocated over £232.3 m of resources to the City Region largely for transport projects and skills capital investments.

Key projects within this relate to the improvements of connectivity to the City Region and the upgrades to the transport infrastructure serving Liverpool. The investment priorities described in section 7 indicate where there are potential overlaps with Visitor Economy related projects and, therefore where influence should be exerted.

This is also true of the funding that has been allocated to address skills development across the key growth sectors in the Liverpool City Region. Along with the region's seven FE colleges, the interventions to advance the sector's Skills for Growth agreement are being progressed through the Employment and Skills Board and local Growth Hub.

In terms of future growth deals, the Government made a commitment to discuss the next round of Growth Deals in 2015/16 and the development of projects. It is not clear how the devolution proposals will impact on these discussions, however it is expected that through this investment plan and its inclusion in the City Region's new single growth strategy, an effective platform will have been created for these discussions.

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## Section 8 - Implementation Framework

Investment Priority 1 - Core funding – sustaining funding streams for destination marketing, conference bidding and events.				
Specific Objectives to be achieved	Actions Required Actions for Achievement	Resources Requirement for Actions	Timeframes Delivery Times	Lead Responsible Lead
Establish options for accessing national budgets and increase commercial contributions to support the conference and destination marketing activity of the Liverpool City Region	<ul style="list-style-type: none"> <li>Begin dialogue with VisitBritain regarding the devolution of national campaign budgets to Marketing Liverpool in order to support overseas marketing activity to capitalise on the profile of the Liverpool in key growth markets not being targeted nationally.</li> <li>Continue to lobby Visit England/ VisitBritain regarding the creation of the Events England model using a biddable pot to attract international and national events to the City Region. It would also provide additional support for conference and events bidding including finding creative ways of addressing requests for subvention.</li> <li>Assess options for centralising core budgets within the Liverpool City Region that are dedicated to national and international leisure and conference marketing (this does not apply to budgets held locally for regional marketing).</li> <li>Establish options for consolidating commercial revenue generation used for national and international marketing and events initiatives within one agency.</li> </ul>	Creation of annual funding for marketing, events and CMD of £5.35m per annum.	Mid 2016	ML
Establish clear integration with the Culture Partnerships devolution proposals, ensuring that legislative frameworks, funding and governance arrangements are reflective of the needs of the Visitor	<ul style="list-style-type: none"> <li>Assess the relationship between the LCR Visitor Economy Board and the proposed Cultural Partnership. To include the remit, governance, accountability, representation and decision making powers of each body.</li> </ul>	-	April – Sept 2016	ML, LCR LEP Local Authorities

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Economy and are supported by DCMS.	<ul style="list-style-type: none"> <li>Evaluate options for the creation of a Destination and Place board to rationalise/streamline relationships cultural and visitor economy sectors once devolution proposals have been agreed.</li> <li>Ensure core funding 'asks' for the Visitor Economy have been accounted for within the business planning for the Cultural Partnership theme and are being considered as part of the devolution settlement between Central Government and the Combined Authority.</li> <li>Maintain and build strategic linkages to external grant funding agencies through the Cultural Partnership devolution proposals particularly Arts Council England.</li> </ul>			
Assess options for direct revenue generation from the Liverpool City Region's visitor economy to support destination marketing & intelligence, subvention and product development.	<ul style="list-style-type: none"> <li>Commission modelling to assess the options for a mandatory and/or voluntary levy across the Liverpool City Region. Deliverables to include scheme design, governance proposals, pricing strategy, legislative framework, cost/benefit analysis, scheme management, stakeholder consultation, impact on existing locally based contribution schemes and apportionment between activities including the creation of a challenge fund.</li> <li>As part of the above commission modelling to assess option for local revenue generation schemes capable of supporting conference and events bidding.</li> <li>Establish joint approach with other Northern and Core Cities to benefit from shared expertise and influence over Central Government Departments including DCMS.</li> <li>Through the Cultural Partnership devolution proposals, establish the potential of securing transition funding whilst detailed modelling and consultations are undertaken.</li> </ul>	Budget requirement circa £50 - £100K?	September 2016	LCR LEP, ML and Local Authorities



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Exerting influence at National, regional and local level to build support for the required legislative changes and generating core funding through sustainable means.	<ul style="list-style-type: none"> <li>• Increase and consolidate the representation of LCR VE stakeholders on key boards including the Tourism Council, Combined Authority and LCR LEP Board.</li> <li>• Develop structured programme of consultation with commercial partners, local authorities and DCMS to ensure buy in to the principles of the investment strategy and advocacy among key stakeholders and decision makers.</li> <li>• Engage senior Local Authority officers to establish the options for centralised working within the sector and the ability to maximise the use of scarce resources.</li> </ul>	-	December 2016	LCR LEP/Chair of VEB
<b>Investment Priority 2 - Product Development – identifying grant funding opportunities and establishing pipeline projects that will increase national and international visitors to the Liverpool City Region.</b>				
Specific Objectives to be achieved	Actions Required Actions for Achievement	Resources Requirement for Actions	Timeframes Delivery Times	Lead Responsible Lead
Establish the appropriate resources and prioritisation mechanism for VE grant funding opportunities.	<ul style="list-style-type: none"> <li>• Work with senior representatives of the CA and LEP to establish a centralised approach to bid development and prioritisation. As a minimum this should include strengthening resource for bid writing that is focussed on the integration of VE investment priorities with UK, ERDF and Interregional funding programmes.</li> <li>• Through the LCR Single Economic Growth Strategy determine the process for building some/all VE investment priorities into a second Growth Deal for LCR.</li> </ul>	Assessment of opportunities to secure resources through programme management income associated with successful grant applications	December 2016	LCR LEP/CA
Ensure the Liverpool City Region is well positioned to benefit from the Discover England Fund.	<ul style="list-style-type: none"> <li>• Establish development sessions with City Region partners to scope/shape products/itineraries that fit with broad criteria of the Discover England Fund – based on LCR distinctive thematic.</li> </ul>	TBC	Year 1 Expressions of interest	LCR LEP, ML LA Partners and VE members

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	<ul style="list-style-type: none"> <li>Establish central project co ordination and delivery/resource costs of such within the DMO.</li> <li>Establish options for including other local delivery partners within/outside the Liverpool City Region including West Lancashire Council, England's Golf Coast Partnership and Merseytravel.</li> <li>Assess options for 'quick win' projects for year 1 submission, potentially relating to activity where regional/sub regional partnerships already exist e.g. - Business Tourism, golf, museums, transport and integrated ticketing etc.</li> <li>Engage wider partnerships including the existing Northern Tourism Growth Fund Partnership and National Golf Alliance etc.</li> </ul>		due in May – July 2016	
Develop opportunities to for the Visitor Economy to secure funding from the City Region ESIF funding programmes.	<ul style="list-style-type: none"> <li>Establish fit with priority VE project with portfolio areas of the LCR ESIF EU funding programme. Whilst no dedicated VE stream exists, there is potential to include VE projects with low carbon, digital, innovation, place, business support and inward investment. As per the DCLG National Operating programme, outputs are specifically linked to job creation through SME growth.</li> <li>Monitor future call for ESIF programme opportunities and build consortium groups with like-minded partners.</li> <li>Maintain relationships with the Arts Council England with regards to future opportunities to match ESIF funds with Creative Growth Fund (subject to ACE review in April 2016).</li> <li>Establish representation of Visitor Economy on key decision making groups associated with the allocation of LCR EU funding including the LCR ESIF committee and within the ESIF strategy framework.</li> </ul>	TBC	New project call dates have not been confirmed	LCR LEP

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Based on strategic funding review set out in the investment strategy, align funding opportunities with priority projects and establish project pipeline based on existing and emerging funding opportunities.	<ul style="list-style-type: none"> <li>• Establish detailed product development interventions within LCR district tourism strategies and development plans that are of national/international significance (including attractions, accommodation, facilities and experiences).</li> <li>• Confirmation of capital grant funding that may be available through Central Government as a result of devolution. Specifically to focus on large-scale capital and infrastructure projects that develop attractions that are world class and of national/international significance.</li> <li>• Rationalise identified priorities against grant funding opportunities with a particular focus on: <ul style="list-style-type: none"> <li>○ Coastal Communities – e.g. Wirral &amp; Sefton programmes including Lord Street in Southport, Liverpool Waterfront and coastal development.</li> <li>○ Transnational funding – Identify European Partners to support coastal regeneration/tourism initiatives in the Atlantic coastal area, to support integrated marketing, research and best practice for example.</li> <li>○ Heritage Lottery Fund – e.g. future development/expansion of heritage centre in Port Sunlight Village, lighting strategy across world heritage sites within Liverpool, Birkenhead Park, Lord Street etc.</li> <li>○ Arts Council – e.g. cultural development programmes across the City and City Region including DREAM, Another Place and wider integration with LCR devolution programme etc.</li> </ul> </li> <li>• Establish position with Rural Grant funding initiatives within the Liverpool City Region including Rural Leader and the Rural Development Programme. Establish options for developing projects based on underspend in other regions.</li> <li>• Agree framework with partners for bid development, project ranking and ensuring there is an effective pipeline of projects in place to</li> </ul>	TBC	August 2016	LCR LEP & LA Partners
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	<p>respond to new funding calls or opportunities as and when they arise. The framework to deliver outcomes that address jobs created and retained through reinvestment and increased domestic/overseas staying visitors.</p> <ul style="list-style-type: none"> <li>• Maintain relations with DCMS regarding the on going development of priority projects and potential fit with future funding initiatives.</li> </ul>			
Create a 'biddable' £10m capital development pot based on the revenue provided through challenge fund and matched by CA devolved budgets and LA capital programmes.	<ul style="list-style-type: none"> <li>• Based on outcomes of revenue generation modelling (see above) develop a framework to prioritise investment in product development meeting thematic priorities and contributing towards economic growth.</li> <li>• Identify areas of match funding within LA capital programmes and the opportunities through Liverpool's Strategic Investment Framework.</li> <li>• Along with other VE priorities for increasing the economic competitiveness of the Liverpool City Region, ensure capital funding for product development has been identified in the new Single Economic Strategy.</li> <li>• Through scoping and consultancy work, develop governance and executive management arrangements through the VEB and DMO in terms of eligibility and allocation of funding against stated priorities and outputs.</li> </ul>	TBC	September 2016	LCR LEP, ML, Local Authorities
<b>Investment Priority 3 – Place – identifying other sources of investment capable of supporting LCR VE strategy priorities for transport and connectivity.</b>				
Specific Objectives to be achieved	Actions Required Actions for Achievement	Resources Requirement for Actions	Timeframes Delivery Times	Lead Responsible Lead
Improve access to the City Region and connectivity	<ul style="list-style-type: none"> <li>• Air -</li> </ul>	Implementation arrangement to	TBC	Merseytravel & LCR LAs

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<p>between key destinations and attractions; ensure infrastructure is integrated, accessible and efficient to support the visitor experience.</p>	<ul style="list-style-type: none"> <li>○ Supporting LJLA to improve access to growth markets via direct routes – Europe, Ireland, London Scotland etc. Indirect routes include US and Asia.</li> <li>○ Upgrade links and passenger transport connectivity between Manchester Airport and Liverpool in order to growth leisure and conference markets not currently served by LJLA.</li> <li>• Bus - Examine with bus operators if there are any opportunities to adjust the current transport offering to consider service enhancements or offering and the investment required to deliver this. Key areas include:- <ul style="list-style-type: none"> <li>○ City Region tourism amenities and attractions not within easy reach of the rail network.</li> <li>○ Improving bus connectivity from/to key gateways including LJLA, Liverpool South Parkway Station and the City Centre.</li> <li>○ Developing commercial markets capable of servicing seasonal demand.</li> </ul> </li> <li>• Rail - Establish rail investment programme focusing on wider development of the network including:- <ul style="list-style-type: none"> <li>○ Gateway arrival points – Lime Street Station, Liverpool South Parkway, Southport and Wirral Station (via Wales).</li> <li>○ East/West connectivity to Liverpool and Southport.</li> <li>○ Upgrades to Merseyrail station infrastructure linked to priority amenities/attractions – Southport, Birkenhead Park, Port Sunlight etc.</li> <li>○ Service enhancements to provide high frequency, reliable connections to tourism destinations and amenities – Wirral, Southport, LJLA including support for the evening economy.</li> </ul> </li> </ul>	<p>be confirmed with Merseytravel as part of the Local Transport Plan and access to funds through LCR Transport growth deal funding.</p> <p>Assessment of strategic fit with Discover England Fund Priorities.</p>		
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	<ul style="list-style-type: none"> <li>• Sea – Support investment case for new cruise terminal at Cunard Building/Princes Dock and to sustain Mersey Ferries services to Woodside and Seacombe.</li> <li>• Coach – Develop permanent solution for coach parking within Liverpool Centre centre.</li> <li>• Ticketing – Establish short/medium term proposals for the integration of visitor related ticketing products within the roll out of Merseytravel's smart ticketing programme:-               <ul style="list-style-type: none"> <li>○ Short term - Development of all day/multi day smart Saveaway ticket.</li> <li>○ Medium development - multi day, multi operator smart ticket (or equivalent) that can be purchased /topped up on line.</li> </ul> </li> <li>• Information - Enhanced public transport information for visitors at key ports of entry and Liverpool City Centre and further development of digital services including real time information, journey planner and travel apps.</li> <li>• Influence – Visitor Economy representation to be included on the Transport Advisory Group regarding the development of these through the use in part of transport growth deal funding.</li> </ul>			
To ensure that all visitor economy businesses in the City Region have access to and can benefit from superfast broad band	<ul style="list-style-type: none"> <li>• Ensure that Broadband roll out programme considers tourism business needs and fully seeks to address cost effective solutions for the remaining areas uncovered after current phase of investment.</li> <li>• Ensure any demand stimulation business support programmes (Growth Hub, New Markets 2 etc) cover the specific needs of rural tourism businesses in areas such as Trip Advisor, online booking and online marketing.</li> </ul>	Future Government Super Fast Programme extensions; Growth fund supplemented by City, District and LEP Resources.	By 2018	TBC
<b>Investment Priority 4 – People – identifying investment required for developing the quality of welcome across the Liverpool City Region, enhancing the perception of the sector as a viable career choice and enhancing rates of retention.</b>				

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Specific Objectives to be achieved	Actions Required Actions for Achievement	Resources Requirement for Actions	Timeframes Delivery Times	Lead Responsible Lead
Address local sector challenges of recruitment and retention, given the aspiration for the sector to support over 51,000 FTE jobs by 2025	<p>This is a national issue that has proved difficult to address. Following development work undertaken with skills providers, People 1<sup>st</sup> and City Region's 7 Further Education Colleges, the following interventions have been developed as part of the areas VE Skills for Growth Agreement:-</p> <ol style="list-style-type: none"> <li>1. Better collaboration between businesses and providers regarding curriculum design – specifically relating to new legislation regarding apprenticeships.</li> <li>2. Improve language skills across the sector.</li> <li>3. Improve customer care and welcome by developing destination awareness.</li> <li>4. Promote the Visitor Economy as a viable career choice.</li> <li>5. Create the next generation of world-class chefs.</li> </ol> <p><i>* Full implementation plan and detailed interventions are available on request from the LCR LEP.</i></p>	ESF, Regional Growth Deal for Skills	On-going	LEP/FE Colleges/ Skills providers.

## **Appendix 1 - Market Assessment**

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This section sets out the relevant intelligence about national, regional and local markets for Liverpool and the wider City Region. It builds on the information presented and discussed at the development session and is intended to establish a loose direction in terms of key markets and where potential opportunities lie.

### **Inbound Market Characteristics/Trends**

- Holidays to the UK have increased year on year since 2003. Nearly 13m inbound visitors came to the UK for a holiday in 2013.
- The top 5 countries of origin for inbound visitors were: France, USA, Germany, Ireland and Spain.
- Business trips to UK are circa 7.5 million, and although there has been some growth in recent years, numbers are still a long way short of their pre recession peak of 9 million in 2006.
- Trips to the UK to visit friends and relatives (VFR) have also suffered during the recession, although trips made in 2013 were almost at pre recession levels of just over 9 million.
- Key motivations for visiting Britain are its historic buildings, famous places, art galleries and museums. London is the primary destination for inbound visitors.
- Britain is not recognised for its variety of offer or strength of welcome.
- The top three markets for culture are France, Germany and the USA. The main needs of these markets relate to the product variety, friendliness of welcome, historic buildings and seeing famous places.
- There is significant growth potential from the emerging markets such as the BRIC countries, although these markets are likely to favour capital cities including London, Paris, Madrid, New York etc. for the foreseeable future.

### ***Implications for Liverpool City Region***

- The ongoing growth in overseas holiday trips presents a good opportunity for the city region which performs strongly as a leisure destination. It has all of the ingredients which overseas visitors seek from their trips.
- The region is already attractive to a number of the markets which are coming to Britain for culture including Germany and the USA (see below) although there could be scope for the region to attract a greater percentage of US and French visits. More work is needed to understand the barriers to attracting these markets and whether through interventions such as air travel route development, the City Region could be marketed effectively to them.
- The opportunities presented by the BRIC countries represent a longer term prospect but are unlikely to be a realistic prospect in the short to medium term. Working with other northern destinations as part of the Northern Futures could however provide a cost effective way of exploring the propensity of emerging markets to try other UK city destinations.

### **Domestic Market Characteristics/Trends**

- The staycation market has boomed since the onset of the recession in 2008 with 55 million people now taking holidays at home.
- Over the same period, holidays abroad have reduced significantly from 45 million in 2008 to 37 million in 2013. Whilst the number of these outbound



holidays are showing marginal signs of recovery, there are still significantly more British people holidaying in the UK than overseas (c 20 million).

- The middle classes are fuelling the growth in domestic tourism, particularly families and empty nesters. ABC1 groups make up over 65% of the market.
- Urban tourism is most appealing to these groups, although seaside and countryside experiences are also rated strongly.
- Urban tourism tends to be seasonal (peaking in July to September). These types of trips appeal most to the post family market and proximity is important with people tending to choose destinations within a short travel time of their home.
- European city breaks provide the main competition for UK destinations. Individuality and distinctiveness of the destination is a key deciding factor – a generic city break is not seen as compelling.

### ***Implications for Liverpool City Region***

- *The city region has a distinctive urban proposition which appeals to the domestic growth markets i.e. older visitors and those from higher socio-economic groups.*
- *The large population living within a 90 minute drive time of the city presents a significant market opportunity.*

### **Local Market Characteristics – Liverpool City Region**

- The city region was visited by 58 million people in 2013, generating £3.6bn for the local economy and supporting 49,000 jobs.
- Liverpool accounted for 30 million day visitors and 2.2 million staying visitors (1.2 million in serviced accommodation). Sefton and Wirral jointly accounted for 14 million day visitors and 1.4 million staying visitors.
- 90% of overseas visitors to the city region stay in Liverpool. The majority of these do not explore the wider city region.
- The top 5 overseas markets for Liverpool are Ireland, Spain, Germany, Norway and Poland. The USA is 6<sup>th</sup>.
- 40% of inbound and domestic visitors come to Liverpool for a holiday, 32% to visit friends and relatives and 19% visit for business.
- The top 5 domestic markets for Liverpool City are London and the Southeast, the Northwest, Scotland, Yorkshire and the South West.
- A significant percentage of day visitors to Liverpool and the City Region come in family groups. Staying visitors are more likely to be adults only.

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## **Appendix 2 - Visitor Motivations for Liverpool**

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### **Leisure Markets**

The Liverpool Destination Survey was completed in 2014 and surveyed 600 day and staying visitors to the city. It provides the most recent picture of the characteristics, profiles and trends of visitors to the City Region.

37% of all visitors came from Merseyside or the North West with another 40% coming from elsewhere in the UK;

Although there was a spread of ages and genders, there were fairly significantly more women visitors than men in the 16 to 24 age group and the 65 to 74 age group; Staying visitors stayed for an average of 4.6 nights. 57% stayed in a hotel. Around a quarter stayed with friends or relatives;

Around two thirds had visited the city before.

Analysis of the survey provides some insights into the motivations of the top inbound and domestic leisure markets visiting the city (see table 1). Given the relatively small sample size, this should not be seen as statistically robust but it does however offer some insight into the characteristics, preferences and motivations of those currently visiting the city.

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Table 1: International Leisure Markets

Country/ Value*	Primary Motivation	Profile	Length of Stay	Marketing Influence	Secondary Motivation
Ireland – 98,000 visits £20.5m	Football	Primarily employed aged 25 – 44years.	2.5 nights.	Visitliverpool.com Newspaper Feature Word of mouth	Range of attractions
	Beatles	Primarily employed aged 35 – 54years. Circa 25% are retired.	3.4 nights.		
Spain – 47,000 visits £10m	Beatles	Primarily student market - Circa 75% are aged 16-24 years.	3.7 nights.	Visitliverpool.com The Internet Word of mouth	Football
	World Heritage	Primarily employed aged 25 – 54years.	4 nights.		
Germany – 40,000 visits £8.5m	World Heritage	Primarily student aged 16 – 24 years, employed aged 45 – 54years and retired 75 plus.	3 nights.	Visitliverpool.com The Internet LCR Visitor Guide	Beatles
US – 32,000 visits £6.7m	World Heritage/Architecture	Primarily employed aged 45 – 64 years or retired 65 – 74 years.	7 nights	LCR Visitor Guide Word of mouth	Arts and culture
	Beatles	Primarily retired 65 – 74 years. Circa 15%	9.9 nights	LCR Visitor Guide Word of mouth	

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		employed 45 – 64 years.			
Norway – 38,000 visits £7.9m					
Poland – 37,000 visits £7.7m	Football	16 – 34 student or employed	3.5 nights	Word of mouth	Arts and culture

\* based on £210 spend per person per trip.

**Table 2: Domestic Leisure Markets**

Region/ Value*	Primary Motivation	Profile	Length of Stay	Marketing Influence	Secondary Motivation
London/S. East 496,000 visits £51m	World heritage	Middle aged or retired.	2.7 nights	VisitLiverpool.com	Architecture
North West 572,000 visits £29m	Shopping	16 - 34 or 55 - 64 In employment	Day visit	Previous visit	Arts and culture
	Events	Over 55. In employment or retired	Day visit	Previous visit; word of mouth	
	Architecture	Over 55, retired.	Day visit	Previous visit	
Scotland 237,000 visits £34m	Beatles	N/K	N/K	N/K	Events

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Yorkshire 434,000 visits £29m	Beatles  Shopping	Under 44, in employment	2.5	Word of mouth	Architecture
Southwest 169,000 visits £16m	Football	25 – 34 or over 55. Employed	3.0	Word of mouth; visitor guide	Beatles

*\* based on expenditure levels from GBT*

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## **Events Markets**

Steam figures show that 2.1m people attended an event in the City Region in 2014, up from 1.3m in 2013.

Since the number of people attending events and the profile of these visitors varies according to the programme, it is not possible to paint a definitive picture of the City Region's 'event visitors'.

Some events, such as the Three Queens and the 2013 International Music Festival, were the primary reason that the vast majority (over 85%) of attendees came to the city. For others such as the River Festivals however, just visiting the city was the primary motivation for around a quarter of the people who attended the event.

For all major events however, the largest percentage of visitors come from within Merseyside and the North West. Visitors from within the North West accounted for around two thirds of all people who attended the Battle of the Atlantic 2013 and the 2013 River Festival. Although these near markets were also important for the Three Queens in 2015, the high profile event this summer drew a much larger percentage of its audience from elsewhere in the UK (42%) than the other events for which research is available. Relative to some other events, overseas visitors were less important than domestic visitors, accounting for just 6% compared to c11% for the Battle of the Atlantic and 2015 River Festival. In terms of visitor numbers however, the Three Queens drew a bigger international audience than the other two smaller river events.

Unsurprisingly, the Three Queens event also attracted the highest average overnight stay at 3.4 nights. Perhaps more surprisingly, the average stay for visitors to the 2015 River Festival was 3.1 nights, significantly longer than the 1 to 1.6 nights seen at the 2013 International Music Festival and the 2013 River Festival.

The age profile of event visitors also changes according to the nature of the event. The International Music Festival drew the youngest crowd of events researched whilst the Three Queens and the Battle of the Atlantic attracted significantly more of its visitors from the over 55 age groups. The River Festivals appear to appeal most to the middle aged!

What is apparent from the research is that as an events destination, Liverpool has a broad appeal. It is able to attract people of most ages and, if the event is high profile enough, draw visitors from across the UK and internationally. This is clearly not the case for many destinations which, for different reasons, appeal almost exclusively to people of a particular age or socioeconomic profile.

A theme which was discussed in some detail throughout the development of this paper was how the city region should capitalise most effectively on its event profile. In particular, consultees felt that whilst culture was a strong differentiator for Liverpool's set piece events, the city region lacked an event (or events) for which it is famous and that could fully capitalise on this position. It was agreed that an events strategy or plan is needed which defines the number and range of events which the city region will invest in, looking in particular at balance between major one off set piece events and those which could become a regular feature.