House of Commons
North East Regional Committee

Tourism in the North East

Third Report of Session 2009–10

Report, together with formal minutes, and written evidence

Ordered by the House of Commons to be printed 18 March 2010

HC 498
Published on 25 March 2010
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

North East Regional Committee

The North East Regional Committee is appointed by the House of Commons to examine regional strategies and the work of regional bodies.

Current membership

Ms Dari Taylor MP *(Labour, Stockton South) (Chair)*
Mr David Anderson MP *(Labour, Blaydon)*
Mrs Sharon Hodgson MP *(Labour, Gateshead East & Washington West)*
Mr Denis Murphy MP *(Labour, Wansbeck)*
Phil Wilson MP (*Labour, Sedgefield)*

Powers

The North East Committee is one of the Regional Committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No.152F. These are available on the Internet via www.parliament.uk

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/ne/ne_reports_and_publications.cfm

Committee staff

The current staff of the Committee are: David Weir (Clerk); Ian Thomson (Inquiry Manager); Emma Sawyer (Senior Committee Assistant); Ian Blair (Committee Assistant); Anna Browning (Committee Assistant); and Sian Jones (NAO).

Contacts

All correspondence should be addressed to the Clerk of the North East Regional Committee, Committee Office, 7 Millbank, London SW1P 3JA. The telephone number for general inquiries is: 020 7219 0654; the Committee's e-mail address is: regionalcommittees@parliament.uk.

Contents

Tourism in the North East of England

Why an interim Report?

1. The North East Committee announced on 20 July 2009 that it would follow its inquiry into Industry and Innovation in the North East of England with an inquiry into Tourism. The Committee sought evidence on: the region's tourism strategy; the role and responsibilities of One North East, the regional development agency (RDA); the national and international marketing of the North East; and the long-term potential for tourism in the region. We had intended to take evidence in the region and visit significant visitor attractions during January and February 2010 with a view to our producing a Report before the general election.

2. It became necessary for us to alter this plan in December 2009 when Corus announced that 1,600 jobs would be lost in the region and Teesside Cast Products facilities mothballed at Redcar. We accordingly announced on 11 December that we would instead inquire into the steel industry in the early part of 2010 and would have to postpone our inquiry into tourism. That short inquiry has now been completed.

3. The imminence of the general election makes it unlikely that we shall complete our planned tourism inquiry within the term of the present Parliament. The usual practice of a Select Committee in such circumstances is to report the evidence it has received to the House of Commons so that a future Committee might decide whether to continue the inquiry. The North East Committee, like the other eight Regional Committees, was, however, created under a temporary Standing Order of the House of Commons, meaning that there is at present no guarantee that there will be a successor Committee to undertake any such work. For that reason, we felt it appropriate to produce a brief interim Report on the basis of the written submissions received from organisations within the region in response to our call for evidence. **We regret that we will be unable to complete our inquiry into Tourism in the North East before the 2010 general election. We make this Report to highlight some significant issues facing an industry that employs more than 5% of the region's working population.**

The importance of tourism to the North East

4. Tourism was worth £3.9 billion to the regional economy of the North East in 2007.[1] It contributed 4.5% to the region's gross value added (GVA), which compares with the 6% contributed by construction and the 4% by primary industries such as agriculture and mineral extraction.[2] It was also responsible for 5.2% of the region's jobs, with more than 60,000 people employed in the sector.[3] Indeed, the wider hospitality, leisure, travel and tourism sector is responsible for about 89,000 jobs in the region, making this sector the fourth biggest in the region and employing more people than coal mining, forestry,

[1] Ev 3

[2] Ev 21

[3] Ev 3

agriculture and fishing combined.[4] Around 7,300 businesses are tourism-based.[5] The region receives about 2% of the total share of international visitors to the United Kingdom, and about 4% of domestic visits.[6] There were 8.9 million overnight stays in the region in 2007.[7] **The fact that the North East tourism industry is built around 7,300 businesses, most small or medium-sized, can make it easy to forget how economically important tourism is to the region both in providing employment and income to more than 60,000 people and in bringing £3.9 billion into the regional economy.**

One North East

5. In 2003, England's nine RDAs were made responsible for tourism within their regions. The task of developing and implementing a tourism strategy therefore fell to One North East (ONE), which now invests more than £10 million a year in tourism activity.[8] Submissions to our inquiry have been positive about the role ONE has played in promoting tourism, citing in particular the increased investment it has brought about, the creation of the Tourism Network North East (TNNE) to unite four regional tourism partnerships—County Durham, Northumberland, Tees Valley and Tyne and Wear—and the introduction of the Desti.ne database to improve information about and marketing of attractions, accommodation, and food and drink outlets within the North East.[9] In the five years since 2004–05, ONE has invested £43.7 million in specific tourism development and promotion.[10] In the three financial years from 2005–06 to 2007–08, ONE invested more in tourism than any other RDA outside London, reaching £10.6 million investment in the final year.[11]

Visitor Tourism Strategy

6. A new Visitor Tourism Strategy is currently being developed by ONE to follow the existing five-year strategy which concludes in 2010. There is some concern that the time and resources being put into developing the strategy may be misplaced, particularly given uncertainty about whether RDAs will continue to exist after the 2010 general election. The British Hospitality Association asks "whether this is a valid exercise, particularly with the uncertainty about how tourism will be shaped after the next election".[12] **We note the high level of praise attained by One North East since it assumed responsibility for tourism strategy in the region and the fact that it has raised investment levels substantially over the past five years. The future of regional development agencies is not at present entirely certain, but it is clear that an innovative body with strong local connections and**

[4] Ev 8, Ev 13

[5] Ev 17

[6] Ev 4, Ev 32

[7] Ev 21

[8] Ev 1, Ev 3

[9] Ev 2, Ev 6, Ev 8–9, Ev 33–34

[10] Ev 24

[11] Ev 3

[12] Ev 9

knowledge can bring an energy and effectiveness to the delivery of tourism objectives which it would be folly to cast aside.

Attracting visitors to the North East

7. The North East is home to two world heritage sites—Durham Cathedral and Castle and Hadrian's Wall. Northumberland also contains a national park and two Areas of Outstanding Natural Beauty.

Specific attractions

8. Hadrian's Wall is a significant draw for the region, with an estimated 1 million to 1.5 million visitors annually.[13] There are significant local economic benefits from this: some 80% of businesses along the Wall are cited as saying that the Hadrian's Wall Country Brand is essential to their sustainability.[14] Perhaps as a sign of the recent recession and the "staycation" culture much reported over the summer, occupancy in the area improved significantly in the past year, with figures 25% higher than those for 2008. Hadrian's Wall Heritage Ltd is, unsurprisingly, among those who believe that a brand-led marketing campaign is the best way in which to bring visitors in to an area, saying "We would welcome greater overt support for the key regional brands recognised by ONE […] Creating a more competitive set of destinations within the region through stronger direct investment by ONE would lead to much greater overall returns for the region".[15]

9. Kielder Water is a further significant, and growing, attraction. Investment of £5.3 million by the Kielder Water Partnership over the past three years has seen a 26% rise (26,000 more) in visitor days and a 31% rise in visitor spend.[16]

Arts and culture

10. The North East has some 67 accredited museums—30 run by local authorities, 11 by volunteers, 10 by independent trusts, eight by the National Trust, four by English Heritage, and three by universities, in addition to the National Railway Museum at Shildon—which received 3.87 million visits in 2007.[17] Within them, there are designated collections of national and international significance at the Bowes Museum, Beamish, Durham University and Tyne and Wear Archives and Museum. Hadrian's Wall and Durham—particularly the Cathedral and Castle—also have world-class collections.[18] Museums, Libraries and Archives (MLA) estimates that such heritage assets attract more than 6 million visitors a year with about £180 million in visitor spending. The unsung value of museums may be gauged from the fact that some 174,994 visitors passed through the doors

---

13 Ev 30

14 Ev 36

15 Ev 36

16 Ev 15

17 Ev 37–38

18 Ev 38

of the Great North Museum during its first five weeks of business after opening in May 2009.[19]

11. In 2009–10, Arts Council England will invest £16.2 million in North East arts infrastructure, some £14.3 million of which will go into venues including BALTIC, Sage in Gateshead, Dance City, Northern Stage, the Middlesbrough Institute of Modern Arts (MIMA), the Theatre Royal in Newcastle, and regional events such as Stockton international riverside festival.[20] The Arts Council is putting £8.7 million in revenue support into the arts organisations that make up the Gateshead and Newcastle Arts Forum (GNAF) in 2009–10.[21] Over the last financial year those organisations attracted more than 4.5 million visits, generating about £8.3 million in additional visitor spend.[22]

International visitors

12. The international marketing focus has been on countries which have transport links with the region. Target destinations include Australia, New Zealand, Dubai, Holland, German and Norway, and the North East has also been marketed in the USA, India and Italy. Overall, international visitor numbers have grown from 505,000 in 2003 to 659,000 in 2007.[23] Newcastle International Airport has been one beneficiary, with inbound visitor numbers rising from an estimated 208,000 in 2003 to 523,000 in 2008.[24] The development of ferry routes from Newcastle/Port of Tyne has also resulted in increasing traffic from the Netherlands and wider European Union in recent years, although the loss of ferry routes to Norway was a setback.[25]

Accommodation for visitors to the region

13. The region contains 113 hotels, 46 budget hotels and 498 A-rated guest houses, making 657 serviced accommodation sites in total.[26] Indeed, there has been a 42% growth in hotel accommodation in Newcastle/Gateshead since 2002, and Gateshead notes that hotels there continue to perform well in spite of the economic downturn, with the highest occupancy rates outside London according to analysis conducted last year.[27]

Food and drink

14. Northumberland Tourism notes that visitor surveys reveal some dissatisfaction with the quality and choice of places to eat and drink in that part of the region. Given that food and drink represent the highest sector of visitor spending, this is an area in which

---

19 Ev 45–46

20 Ev 10

21 Ev 11

22 Ev 10

23 Ev 25

24 Ev 46

25 Ev 8, Ev 46

26 Ev 32

27 Ev 44

significant improvement would bring equally substantial economic benefit, and Northumberland Tourism cites recent initiatives to raise standards in this area.[28]

Marketing the region and its attractions

Passionate People, Passionate Places

15. ONE's "Passionate People, Passionate Places" campaign has won general praise for raising the region's overall profile as a visitor destination. Indeed, the television advertising-based campaign has won leading travel industry awards for its success. VisitEngland, the national tourism body for England, says the campaign has been a "demonstrable" success, with tourism growth in the North East "exceptional" as a result.[29] Gateshead cited the large number of local businesses that had adopted the campaign's identifiers as evidence of its success.[30]

Generic versus brand marketing

16. While campaigns such as "Passionate People, Passionate Places" have raised the general profile of the region, debate continues over whether the North East should be marketed as a unit or whether the best approach is to promote particular attractions, such as Durham or Kielder Water. Certainly Hadrian's Wall Heritage take the latter view: "it is heritage product and landscape brands which mostly provide the reason for travel by international visitors to different parts of Britain in many markets".[31] Gateshead, too, suggested that focusing on specific destinations—Newcastle/Gateshead, Durham and Northumberland, for example—might be the key to future marketing.[32]

Desti.ne

17. ONE also won praise for introducing Desti.ne, a regional online business platform allowing local tourism and related businesses to bring their services together in a single place. The system creates a database of every accommodation option, attraction, event, eating out option, leisure facility and activity in the region, feeding all tourist websites and information centres. It also provides an online booking tool for every business that wants it.

18. North East England is the only region currently to operate such a system, and the North East Tourism Advisory Board comments that it "is a true example of the RDA being innovative and giving the smallest business the power only normally found by the largest".[33] Hadrian's Wall Heritage also says Desti.ne is becoming "a major tool helping local businesses to develop business and thrive".[34] Some 11,500 businesses have their

28 Ev 31

29 Ev 33

30 Ev 45

31 Ev 36

32 Ev 45

33 Ev 12

34 Ev 35

products registered on the platform, and more than 46,000 bookings had been made through it by October 2009, with a value of around £6 million.[35] Gateshead praised the savings the system has made in time and funding for all businesses involved, particularly the many small or medium-sized accommodation businesses in its area.[36] **The unique and innovative Desti.ne database provides a strong example to other English regions and the rest of the United Kingdom of how clever investment can aid businesses large, small and medium-sized across the tourism and hospitality sectors.**

Future marketing funding

19. The North East Tourism Advisory Board warns that the marketing spend currently achieved by ONE is unsustainable in a tighter economic climate, suggesting that spending cuts are inevitable.[37]

Workforce issues

20. Close to 90,000 people in the North East rely on tourism or tourism-related activity for employment and income, making the sector one of the most economically significant in the region. Despite the size of the work force, however, concerns about the quality of jobs, pay, job security and training persist around tourism. The TUC notes that turnover in the industry is high, with the Sector Skills Council suggesting that around 50% of jobs are replaced every year.[38] The TUC also estimates that about 20,000 workers in the North East as a whole are paid below the national minimum wage, with the tourism and hospitality sectors among the low-paid sectors where such abuses are believed to occur.[39] Certainly, the industry is characterised by small and medium-sized enterprises and, in its larger businesses, by employment patterns substantially dependent on a comparatively young, mobile, flexible work force.

[35] Ev 25

[36] Ev 43

[37] Ev 13

[38] Ev 17

[39] Ev 18

Conclusions and recommendations

1. We regret that we will be unable to complete our inquiry into Tourism in the North East before the 2010 general election. We make this Report to highlight some significant issues facing an industry that employs more than 5% of the region's working population. (Paragraph 3)

2. The fact that the North East tourism industry is built around 7,300 businesses, most small or medium-sized, can make it easy to forget how economically important tourism is to the region both in providing employment and income to more than 60,000 people and in bringing £3.9 billion into the regional economy. (Paragraph 4)

3. We note the high level of praise attained by One North East since it assumed responsibility for tourism strategy in the region and the fact that it has raised investment levels substantially over the past five years. The future of regional development agencies is not at present entirely certain, but it is clear that an innovative body with strong local connections and knowledge can bring an energy and effectiveness to the delivery of tourism objectives which it would be folly to cast aside. (Paragraph 6)

4. The unique and innovative Desti.ne database provides a strong example to other English regions and the rest of the United Kingdom of how clever investment can aid businesses large, small and medium-sized across the tourism and hospitality sectors. (Paragraph 18)

Formal Minutes

Wednesday 17 March 2010

Members present:

Ms Dari Taylor, in the Chair

Mr David Anderson
Mr Denis Murphy
Phil Wilson

Draft Report (*Tourism in the North East*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 20 read and agreed to.

Resolved, That the Report be the Third Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report, together with written evidence reported and ordered to be published on 3 November 2009.

[Adjourned to a date and time to be fixed by the Chair.

List of written evidence

List of Reports from the Committee during the current Parliament

Session 2009–10

First Report	Industry and Innovation in the North East of England	HC 169
Second Report	Teesside Cast Products	HC 279

Written evidence

Memorandum submitted by the Government Office for the North East (NE2-01)

1. Executive Summary

1.1 This memorandum is submitted by the Government Office for the North East on behalf of HM Government. It sets out the national and regional delivery structures and strategies for tourism, regional funding arrangements and the Government's view on the long term potential for the tourism industry in the North East.

1.2 Key points in the submission are:

- Responsibility for tourism in the region is delegated to the Regional Development Agency which invests over £10 million a year in tourism activity.
- Tourism was worth nearly £4 billion to the regional economy in 2007, contributing 4.5 per cent to the region's GVA and employing over 60,000 people—5.2 per cent of the region's jobs.
- The Government and the Regional Minister strongly support the development of the tourism sector in the region—ensuring that it can meet its full potential and contributes to the sustainable economic growth of the region.
- Future tourism activity and investment in the region should concentrate on:
  - improving and expanding existing cultural facilities, tourist attractions and accommodation;
  - raising skills levels and improving the quality of service;
  - development of new culture and tourist facilities and tourism-related services;
  - increasing the international and national profile and attractiveness of the region.

2. National Structures and Strategy

2.1 Tourism is supported by a range of organisations at national, regional and local levels. The Department for Culture, Media and Sport (DCMS) is the lead government department, but other departments have an interest in tourism. For example, Business, Innovation and Skills (BIS) has an interest in the role that tourism plays in the UK economy and Communities and Local Government (CLG) has an interest in tourism and planning issues.

2.2 DCMS invests grant-in-aid in VisitBritain and VisitEngland as its key sponsored bodies for tourism and promotion support. VisitBritain is responsible for marketing Britain overseas and VisitEngland is responsible for marketing England to the British and to European short haul markets.

2.3 DCMS works with its tourism partners in the public and private sectors across the UK to support the industry, shaping and guiding the Government's role in key areas to encourage growth and productivity, and acting as an advocate for the sector across Whitehall.

2.4 The primary strategic document for tourism is "Winning: A tourism strategy for 2012 and beyond",[1] published by the DCMS in 2007. The strategy is aimed at using the London 2012 Olympic Games and Paralympic Games as a catalyst for:

- developing the longer term growth, productivity and sustainability of the industry;
- maximising the economic benefits in the years up to 2012 and beyond;
- focusing on skills, quality and accessibility, to improve the welcome visitors receive and their experience generally;
- gaining international exposure and improving perceptions of UK destinations and products;
- spreading the benefits across the country.

2.5 DCMS's approach is also informed by the British Tourism Framework Review[2]—comprehensive strategic review published by VisitBritain published in February 2009. This report led to the establishment of VisitEngland as a strengthened and more independent body to drive and coordinate more effective support for the industry by working with sub-national tourism partners.

3. Regional Structures and Strategy

3.1 In 2003, regional development agencies (RDAs) were given responsibility for tourism in the English regions as part of their wider role in promoting economic development. Each RDA has developed a regional tourism strategy and budget in line with its wider regional economic strategies and also developed appropriate regional tourism delivery structures.

1 http://www.culture.gov.uk/images/publications/tourismstrategyfor2012 – fullreport.pdf
2 http://www.visitbritain.com/en/campaigns/tourism-review/index.aspx

3.2 The DCMS, VisitBritain, VisitEngland and the RDAs work together to ensure that regional priorities inform, and are informed by, national tourism priorities and policies and take account of the potential contribution of the visitor economy. These bodies also work together on the delivery of regional strategies and business support, including programmes covering marketing, skills, quality and sustainability.

3.3 One North East has worked with regional partners to develop:

— closer alignment between tourism promotion and the regional image

— more private sector involvement in decision making

— a greater focus on attracting international visitors.

3.4 In 2004–05, One North East significantly increased the resources devoted to tourism and refocused activity on economically driven activities. The North East Tourism Advisory Board was established to oversee the delivery and development of a tourism strategy for the region, by:

— acting as a champion for the visitor economy in the region

— providing an informed opinion on, and responding to, European, national and regional policy and or legislative changes, including consultations, that impact on the region's visitor economy

— reviewing the activities of One North East and giving strategic advice.

3.5 One North East has also established Tourism Network North East (TNNE) to provide a regional framework and focused core of services, aimed at:

— maximising the impact of collective investment

— avoiding duplication

— working with local authorities

— providing for more focused engagement with the private sector.

3.6 TNNE has brought together businesses and public agencies working on tourism with the aim of ensuring that public funds are directed towards projects that will really make a difference. The Network aims to make it easier for tourism businesses to access research, training, business advice and marketing opportunities. It also provides tourism businesses with the chance to influence tourism development and marketing both regionally and locally.

3.7 Four Area Tourism Partnerships (ATPs) were also established in the region so that the sub-regions could develop on a trajectory appropriate to their wider economic goals and targets and where they were on the "scale" of tourism development. The ATPs coordinate local authority, private sector and sub-regional economic partners to develop and implement a prioritised series of actions into an agreed Area Tourism Management Plan (ATMaP) which sits within the framework of the Regional Tourism Strategy.

3.8 The core activities of the ATPs are to:

— coordinate activity with stakeholders

— provide the main point of contact for business

— represent the sub-region regionally and nationally

— agree and monitor the Area Tourism Management Plan.

3.9 Tourism is a priority sector in the North East Regional Economic Strategy (RES), which is underpinned by a Regional Tourism Strategy (2005–10) that details the strategic approach to tourism development. This is led by One North East and guided by the North East Tourism Advisory Board. Delivery of the strategy is through a range of public and private sector stakeholders. The strategy set out ten key objectives:

— attract more domestic and overseas tourists to the region

— increase visitors' average spend and increase day visitor spend

— increase visits throughout the year, not solely in the main holiday season

— increase employment in tourism, and tourism related businesses

— improve the productivity of the regional tourism economy

— accelerate the rate of investment in the tourism product

— improve the quality of the tourism product

— improve the skills of the tourism workforce

— improve levels of visitor satisfaction in the North East

— enhance and conserve the region's natural, heritage and cultural assets.

3.10 The North East Tourism Advisory Board's 2007–08 Annual Report concluded that overall, the region has made good progress towards these objectives. A full review of progress will form part of a consultation on a new Visitor Economy Strategy being prepared by One North East, building on the progress made in the last five years. Consultation will take place later in 2009.

4. Regional Funding

4.1 Aside from funding VisitBritain and VisitEngland and the tourism support provided through its wider culture and heritage programmes, the DCMS contributes to the RDA Single Budget administered by BIS.

4.2 DCMS contributed £3.5 million, £3.4 million and £3.3 million for 2008–09, 2009–10 and 2010–11 respectively to the Single Budget. The Single Budget is allocated between the eight non-London RDAs according to a funding formula developed and agreed between BIS and the RDAs. It is then up to each RDA to invest its allocation, according to its own regional corporate plan and economic strategy.
4.3 In the three years from 2005–06 to 2007–08 One North East has invested the most of all the RDAs (except London) in tourism. Total RDA investment in tourism has been as follows.

RDA	*03/04*	*04/05*	*05/06*	*06/07*	*07/08*
ONE	0.75	3.3	7.1	10.8	10.6
NWDA	2.7	4.0	5.0	6.1	8.9
YF	0.6	1.7	2.3	3.9	6.0
AWM	0.0	2.2	2.3	3.8	3.3
EMDA	1.9	3.0	4.5	5.3	4.7
EEDA	0.6	0.6	0.8	1.5	1.8
LDA	13.3	23.7	23.8	23.9	29.4
SEEDA	1.2	1.8	2.4	2.2	2.2
SWRDA	0.8	1.5	3.0	3.2	2.6
TOTAL (£millions)	21.85	41.8	51.2	57.5	69.5

5. The Long Term potential for Tourism Industry in the North East

5.1 The North East has a varied tourism offer:

— vibrant cities

— two World Heritage Sites (Hadrian's Wall and Durham Cathedral and Castle)

— visitor attractions such as Alnwick Garden and Castle

— a castle-studded coastline

— recognised museums, galleries and venues—for example, the Great North Museum, Middlesbrough Institute of Modern Art (MIMA), Beamish, the Bowes Museum, the Baltic Centre for Contemporary Art and the Sage Gateshead.

5.2 Particular places have developed particular niches, for example Tynemouth around surfing and Hartlepool around maritime heritage, having secured Tall Ships 2010. Other areas of interest in the North East include:

— Bede and early English Christianity

— Hadrian and Roman England

— the natural environment, such as Kielder Water and Forest,

— city breaks

— built heritage, especially medieval castles in the region.

5.3 Heritage is also a major draw in the region, including:

— urban heritage such as Grainger Town in Newcastle

— iconic Roman and Anglo-Saxon heritage—Wearmouth and Jarrow are bidding for World Heritage Site status

— early ecclesiastical heritage—Lindisfarne and Bede's World

— industrial heritage, such as the shipbuilding history of Hartlepool, the Kilhope North of England Lead Mining Museum, and the houses built by North East industrialists (such as Cragside).

5.4 The region has initiated a programme of work around the London 2012 opportunity. Over thirty events were planned for the launch of the Cultural Olympiad, and the region has secured nineteen Olympic Games and eight Paralympic Games training camps.

5.5 In 2007, tourism was worth £3.9 billion to the regional economy. This is an increase of 30 per cent on 2003 levels (when the RDA was given responsibility for tourism). Tourism currently provides 5.2 per cent of the region's jobs, employing 60,775 people and contributes 4.5 per cent to North East England's GVA. This is comparable to other industries, for example the construction industry which contributes approximately 6 per cent, or the primary industries such as agriculture and mineral extraction that contribute 4 per cent.

5.6 The North East has seen significant domestic tourism growth, with particularly positive results in 2008. According to the UK Tourism Survey,[3] in 2008, domestic overnight trips to the North East increased by 10.4 per cent (the highest of all the English regions except London) and visitor spend increased by 7.1 per cent (along with London, the highest increase), compared to 2007.

Region Visited	*Trips (millions)* 2007	2008	*per cent change*	*Nights (millions)* 2007	2008	*per cent change*	*Spend (£ millions)* 2007	2008	*per cent change*
North East	3.64	4.02	10	12.35	12.22	−1	651	697	7
West Midlands	8.4	7.76	−8	20.12	20.74	3	1184	1149	−3
East of England	10.57	9.22	−13	32.78	29.12	−11	1474	1362	−8
East Midlands	7.37	7.28	−1	20.17	22.29	11	1055	1060	0
London	10.14	11.32	12	23.35	27.43	17	2204	2356	7
North West	13.03	12.97	0	37.61	36.56	−3	2282	2338	2
South East	17.86	16.3	−9	49.95	47.52	−5	2353	2350	0
South West	20.46	18.93	−7	79.33	71.73	−10	3802	3639	−4
Yorkshire & Humberside	10.35	9.55	−8	30.12	26.53	−12	1427	1397	−2

5.7 In terms of overseas visitors, the North East accounts for around 2 per cent of total UK share. Overseas tourism visits to the region experienced four years of growth from 2003 to 2007, but fell by 16 per cent in 2008, to 550,000 visits, compared to 2007. Visitor spend was also down, by 23 per cent, to £196 million. This reflects the impact of the global economic downturn and the effect on international travel and tourism.

5.8 Along with the rest of the country, the North East has been affected by the economic downturn, witnessing a decline of 2 per cent in domestic overnight trips, and a decline of 17.7 per cent in spend in the first five months of 2009, compared to the same period in 2008. However, the region has seen significant overall growth in, and added value from, the visitor economy and the current economic circumstances do present an opportunity to attract more domestic visitors. To harness this opportunity, the region is undertaking additional regional marketing activity and businesses are being provided with information on how they can adapt their activity to offer value for money.

5.9 VisitBritain have identified key opportunities and challenges facing tourism stakeholders as:

- the events industry and the potential to attract new visitors, before and after London 2012, not just through major events, but regular sporting and cultural events
- the increasing significance of environmental issues and climate change and how this will influence government policy and consumer and visitor behaviour
- the role of technology in shaping the way consumers make destination choices, make bookings, experience their visits and disseminate information
- international perceptions – although Britain is ranked third overall in terms of a holistic nation brand (2008 Anholt-GfK Nations Brand Index), it is ranked less highly on perceptions of "responsibility toward the environment" (12th out of 50) and "welcome" and "friendliness" (14th out of 50)
- education is rated as a particular strength, with UK universities attracting some 50,000 overseas students a year
- perceived weaknesses remain around "value for money" concerns, and (until recently) the relatively high value of sterling and the variable quality of accommodation stock in the UK
- cultural heritage, built heritage, contemporary culture and, to a lesser extent, the countryside are significant strengths.

5.10 The Government agrees that tourism has an important role to play in the North East economy and supports the development of the tourism sector in the region to its full potential. The Minister for the North East of England has supported this by holding two meetings with the tourism and hospitality sector as part of a series of meetings with private and public stakeholders to discuss their ideas and concerns, particularly in the context of the recession. These meetings have enabled the minister to feed back these concerns and ideas to colleagues in Government, ensuring that Whitehall departments can address them. Some key issues raised at those meetings have been:

- the importance of regeneration to the tourism industry in the region
- the lack of a convention centre in the region
- 2012 activities and opportunities
- the importance of building a wider regional partnership for the Cultural Olympiad offer
- the presence of the Lindisfarne Gospels in the region

[3] *Source:* United Kingdom Tourism Survey.

— access to services in rural areas

— the skills needs of the industry.

5.11 The North East of England Plan Regional Spatial Strategy to 2021[4] published by the Government in July 2008 notes the importance of culture and tourism to our region—the intrinsic quality of the countryside, coast, wildlife, geology, the built environment, heritage resources and urban and rural facilities all play a part in the unique tourism offer of the North East. It states that future investment needs to be directed towards improving and expanding existing cultural facilities, tourist attractions and accommodation and improving the quality of service. New culture and tourist facilities and tourism-related services need to be supported and developed, particularly those that will increase the international and national profile and attractiveness of the region.

5.12 The new Visitor Economy Strategy being prepared by One North East will need to take account of these issues to ensure the North East maximises the opportunities that the tourism industry has to offer in the region. The region must also ensure that the priorities that will be set out in the new Regional Strategy support the contribution of the tourism industry to sustainable economic growth in the North East.

2 October 2009

Memorandum submitted by Tourism Tyne & Wear (NE2-02)

Tourism Tyne and Wear have pulled together/documented the following evidence to be used as part of the submission to the North East Regional Committee.

The Committee is interested in receiving evidence on:

1. tourism strategy for the North East Region
2. role and responsibilities of One North East
3. marketing of North East nationally and internationally
4. the long term potential for tourism industry in the North East

Tourism Tyne & Wear was formed in November 2006 as Tyne and Wear's response to deliver an Area Tourism Partnership (ATP) which joined three other sub regional ATPs and the regional tourism team to form Tourism Network North East. This structure replaced the Northumbria Tourist Board. The following identifies documents/written evidence that is available for the committee to call upon and examples of activity that may illustrate this.

1. Tourism Strategy for North East Region

Written evidence includes:

— Regional Tourism Strategy 2006

— Tourism Tyne & Wear Board responses and minutes on the development of the new 2010 Visitor Economy Strategy that will replace 2006 Regional Tourism Strategy

— Regional Economic Strategy

— Tyne and Wear Area Tourism Management Plan

The current Tourism Strategy set a number of ambitious targets, all of which are on target:

— Attracting more domestic visitors:

  — 2003 Baseline: 8 million

  — 2010 Target: 10 million

  — 2007 Progress: 9 million (on target)

— Increase employment

  — 2003 Baseline: 53,184

  — 2010 Target: 69,106

  — 2007 Progress: 60,775 (on target)

— Accelerate investment in the tourism product

  — 2003 Baseline: £43 million

  — Target: £258 million between 2005–2010

  — £139 million between 2005–07 (on target)

[4] The North East of England Plan, Regional Spatial Strategy to 2021.

The 2006 strategy has created a highly professional and well-connected Network. The new Visitor Economy strategy will build on this base and will be closely linked to the Area Tourism Management Plan. There is a commitment to take greater account of sustainability issues and new focus on working with those businesses that offer the greatest growth potential. There are now clear relationships between the region and VisitEngland/VisitBritain.

Place Shaping—There is still much work to be done to fully understand the role of Local Authorities and other agencies in Place Shaping. This is sometimes overlooked as public spending is cut and other more statutory services take priority. Although partners are aware of this responsibility, delivery of a fully integrated place shaping agenda still requires some significant work.

2. Role and Responsibilities of One North East

Evidence includes:

- Regional Framework
- Network Operating Plan
- Network Marketing Framework
- Desti.ne Framework
- Independent Network Evaluation
- Network Working Group Minutes (Marketing, Product Development, Network Management, Desti.ne Operations, Business and Skills, Research, Information Collection, Press and PR, Digital Marketing)

Desti.ne—One North East have developed and resourced the Destination Management System for North East England. This is the foundation of the network and provides one point of entry for business information that is then fed up and into a variety of websites including the national site. There are very few areas across the country that have taken this strategic approach that means all of the regions data can operate together. The development of a single system has saved funding, time and resource and made a real difference to the region's small to medium accommodation businesses.
Desti.ne has four core functions:

- A database of every accommodation, attraction, event, eating out, leisure facility and activity in the region feeding all tourist websites and TICs. Every business able to amend their own details via Desti.ne Extranet. This has resulted an increase in the ability to communicate and engage with Businesses within the sector on issues within the industry and update on training opportunities that they may benefit from. The ability of businesses to edit their own details makes the system incredibly efficient and provides a flexibility and empowerment that gives the business a sense of ownership and belonging to the network.
- A customer database that will allow CRM campaigns
- Software to produce high-quality, multi-function websites and e-newsletters. This has enabled ATP's to produce bespoke campaign sites and targeted newsletters in-house; reducing the reliance on external consultants and service providers and increasing the control and flexibility to design bespoke materials for markets.
- An on-line booking system for every business that wants it via Desti.ne Frontdesk. This has opened up the market place to smaller businesses who can opt to sell there rooms through some big distribution channels such as Expedia where as previously they would not have had a space in the market place. To date this system has generated over 8,000 accommodation bookings to the value of 880,000 in Tyne & Wear alone.

Business Support—The network led by One North East has made some huge steps in integrating tourism and hospitality businesses into the main stream business link and business support activity. Specific projects with Business Link have identified and trained BL staff to work with the tourism sector and link into the network whilst the network is currently trialling packages of business support to develop tourism businesses and providing a clear route to funding for that support. Profit through Productivity saw nearly 150 tourism businesses benefit from over £3,000 worth of high quality business coaching.

3. Marketing of North East England nationally and internationally
Evidence includes:

- Network Marketing Plan
- Network Working Group Minutes (Marketing, Press and PR, Digital Marketing, Desti.ne Operations and Information Collection)
- NewcastleGateshead Destination Marketing Plan
- Market materials available on request.
- www.visitnortheastengland.com

Within Tyne and Wear, the NewcastleGateshead Initiative have spent over 10 years developing a strong city brand with the cultural regeneration of the area providing some iconic product to attract a growing city break market. The profile of the city has improved dramatically over this period and with this has come many accolades including favourite city break, friendliest city, awards for architecture and design etc.

On a regional level, the image campaign has been hugely successful in not only raising profile of the region but also in engaging local pride among residents and businesses. The large number of businesses that have adopted the Passionate People, Passionate Places identifiers as part of their promotion and branding emphasises the resonance of the campaign.

Like many areas of the country, the North East' market led approach is hampered by regional politics. Marketing messages can be watered down by political boundaries and the promotion of key product to an untargeted audience rather than being market led/focussed. The development of the Marketing Framework has clarified the roles and responsibilities of the marketers amongst regional partners and the network and Local Authorities need to work to ensure the markets and lead brands identified are allowed to work together to bring more visitors to North East England. The framework has identified that it is lead destinations (NewcastleGateshead, Durham and Northumberland) within the North East that should be promoted to attract domestic and international visitors.

4. The Long Term Potential for Tourism Industry in the North East

Tourism Tyne & Wear monitors trends and evaluates relevant tourism figures that help express the potential for long term potential for the Tourism Industry. We have also commissioned research to help us to better understand this. Evidence includes:

Hotel Growth Studies

Accommodation Futures Studies have been carried out within each of the key visitor markets within Tyne & Wear to assess potential of, and requirements for, growth in accommodation Markets. The reports produced many positive findings for potential growth within the sector including:

— Within NerwcastleGateshead, despite having nationally competitive occupancy and revenue rates there is still market potential for new hotel development in the city centre. There is potential for new four star, boutique, three star, upper-tier budget and budget hotels. There may also be potential for 5 star and luxury hotel offers to develop in the city centre

— Potential corporate and leisure demand for $\frac{3}{4}$ Star accommodation as the City grows its business and retail offer through development of key sites in Sunderland ARC sites.

— The development of Upper budget/3 star accommodation in line with the developments on the South Shields Riverside site.

— Development of Boutique Hotel Accommodation in Tynemouth

— Demand for touring and Static caravan camping is currently exceeding supply across the Tyne & Wear coast

STEAM research identifies consistent growth.

Despite the recession of the last 18 months the value of tourism has risen consistently over the last six years. Since 2003 Revenue generated by the sector has risen by 9.2 per cent and is worth around 1.9 billion towards the local economy. We now attract an estimated 720,000 leisure visits a year and employment has grown by 19 per cent, be over 37,000 FTE jobs

Growth of Business Tourism

Business Tourism is a key contributor to the revenue generated by visitors into Tyne & Wear. Work is currently taking place to understand the true value of this but an initial study by KPMG has indicated that there is demand for the development of a regional convention centre to be housed in NewcastleGateshead.

Tourism Attractions visitor figures are growing

The sub regions attractions offer has developed significantly over the last decade wit the Baltic Centre for Contemporary Art attracting around 350,000 visitors annually and the Sage Gateshead 600,000. The newest addition to the regions offer, the Great North Museum, opened in May 2009 and received 174,994 visitors in its first five weeks of business. Our established attractions are also continuing to grow attract visitors, Newcastle's Discovery Museum saw a 5 per cent increase in visitors in 2008 and in the first half of 2009 has grown a further 2 per cent. In Sunderland the Empire Theatre has seen great success since its refurbishment and now hosts many West End productions, in the first half of 2009 saw a 55 per cent increase in visitor numbers.

Numbers of inbound ferry passengers are increasing

The development of the ferry route between Newcastle/Port of Tyne and the Netherlands has made big progress in recent years with the route going from strength to strength. The recent strength of the euro against the pound has raised awareness of the route with the Dutch Market and the numbers of visitors are continuing to grow. Visitors on the route in the first half of 2009 were up by 27 per cent on 2008 and sales taken for October, November and December in 2009 were up on 2008 by 213 per cent, 145 per cent and 202 per cent respectively.

New ferry route

Work is currently being undertaken to reinstate a Norwegian ferry route. A feasibility study by Price Waterhouse Coopers commissioned by NewcastleGateshead Initiative, the Port of Tyne and the Bergen Tourist Board identifies enough potential in this route to commence negotiations with some major ferry operators.

Growth of cruise tourism—economic impact study

Developments to the Northumbria Quay at the Port of Tyne have opened up a new market for Tourism Development within the Sub Region in recent years. In 2009 the Port welcomed 23 Cruise ships into the port. An economic impact assessment of Cruise Tourism on the North East's economy suggested that cruise was worth £2.9 million of direct net expenditure in the Regions economy.

Growth of Newcastle International airport

While rising fuel process, the doubling of air passenger duty and the effects of the recession upon business and leisure spending has had an undeniable effect upon the aviation industry in terms of passenger numbers, Newcastle International Airport has shown considerable growth in recent years and has ambitious plans for future growth. It is estimated that in 2003, 208,000 inbound visitors used the airport and in 2008 this number was 523,000, and increase of 151 per cent.

25 September 2009

Memorandum submitted by The British Hospitality Association (NE2-03)

Summary

The four Area Tourism Partnerships (ATPs) in the One North East region have worked well, but the Regional Development Agency has failed to step back sufficiently on delivery and direct much needed additional funding to the sub-regions, which would have allowed the ATPs to develop further.

Introduction and Basic Numbers

1. The British Hospitality Association is the national association for the hotel, restaurant and catering industry. Our members operate over 40,000 establishments, employ over 500,000 people and turnover in excess of £20 billion a year. The BHA Northern Committee covers the areas of three RDAs: the North West, Yorkshire and the North East, with Committee members representing each region.

2. Around five per cent of all hospitality, leisure, travel and tourism (HLTT) establishments in England (7400 out of 160,600, as measured by the 2007 Annual Business Inquiry) are in the North East region. The 2007–08 Labour Force Survey indicates that, of the 1,642,500 employed in HLTT in England, some 89,900 work in the North East. The North East is the smallest English region in terms of tourism and related activity.

From Tourist Board to RDA

3. Originally, there was a Regional Tourist Board, Northumbria Tourist Board which was a membership organisation, but was also funded with public sector intervention. The RDA replaced this organisation with its own in house tourism team and then set about creating four Area Tourism Partnerships (ATPs) for Co Durham, Northumberland, Tees Valley and Tyne and Wear, all under the central RDA tourism team called Tourism Network North East (TNNE).

4. This was a useful development because it is unlikely that, for example, someone in Surrey would have thought to log onto a website with the name Northumbria when visiting, for example, Durham. The Northumbria Tourist Board was a wholly inappropriate name for an organisation for the whole of the North East. However, Northumberland lost a little ground as many assumed it to be identical with Northumbria.

Developments in the Sub-Regions

5. The RDA has invested a significantly greater sum of money in tourism than the old Tourist Board ever received and the concept of ATPs in the sub–regions has broadly been successful. It has enabled the sub-regions to develop their own identities and, in all the sub-regions, there has been a significant increase in the awareness and importance of tourism that never existed under the old structures. This has been a very big gain for the region. Under the new Unitary Authority arrangements, Durham County Council Cabinet was persuaded to adopt its own ATP as the lead organisation for the County for destination management.

6. In Northumberland, however, the ATP has faced a number of competitive pressures: the substantial regeneration funding for the former coalfields in South East Northumberland has led to the creation of a number of tourism-based associations and forums, while the Hadrian's Wall Corridor is separately funded, creating a more confused picture. The creation of "Market Town Welcome" schemes has created further separate websites and publicity arrangements.

Strategy and Delivery

7. An unsatisfactory position has arisen over "strategy" versus "delivery." One North East has attached great importance to strategies and the ATPs have spent a great deal of time inputting into these strategic documents. There is currently a new Visitor Tourism Strategy in progress, designed around how the region should address the visitor economy over the next few years.

8. However, there is concern, both within the ATPs and the wider industry, with only eighteen months left of the current Single Programme funding stream, whether this is a valid exercise, particularly with the uncertainty about how tourism will be shaped after the next election. While the RDA has been extremely active in the formulation of strategic policy, it has also held on to a considerable amount of the delivery which has caused some frustrations within the sub-regions.

9. Tourism and marketing have always been divided between two separate teams within TNNE which might not always have led to "joined up" thinking. Furthermore, there is an apparent reluctance on the part of TNNE to devolve more freedom and responsibility to the ATPs to develop their own marketing opportunities with businesses. As a result, businesses are confused when they receive solicitations not only from their own ATP, but also from the marketing team at TNNE.

10. In the final year (2010–11) of this current three year funding round, the ATPs are all facing planned reductions in funding. For example, Co Durham and Northumberland are each facing cuts of around £75,000 and are being requested to generate income. All ATPs have looked at various income generating options, including business consultancy, membership, affinity schemes and "Made In" projects, but these have failed to offer the security of the private sector income generation that had been hoped for.

11. Following a review and some cutbacks, the TNNE Tourism team at One North East is still substantial and there remains a top down approach to the ATPs, which causes frustrations at the sub-regional level. The RDA has not, as has been suggested, become more strategic and less involved in delivery.

An Uncertain Future

12. For the future, everything is very uncertain. If the RDAs are abolished as a result of a change of government, the North East will surely need some other, smaller body to coordinate economic regeneration and this may impact on how tourism is funded in future within the region.

1 October 2009

Memorandum submitted by Arts Council England, North East (NE2-04)

1. Executive Summary

1.1. This evidence is submitted by Arts Council England North East. It sets out Arts Council England's national and regional contribution to the cultural infrastructure in the North East of England, which continues to contribute substantial investment into the tourism offer in the North East region via its arts infrastructure.

1.2. Key points in the submission are:

1.3 Investment in the new capital cultural infrastructure in the region 1996–2006 was over £250 million.

1.4 Arts Council England's capital investment in BALTIC centre for contemporary arts and The Sage Gateshead alone was £70 million.

1.5 Visitor numbers at cultural venues contributes significantly to the overall regional tourism visitor numbers. Over the last financial accounting year, collectively, the arts organisations which make up the Gateshead and Newcastle Arts Forum (GNAF) of venues attracted over 4.5 million visits. The estimated economic impact in visitor spend is £5.55 million from day visits from the wider North East and an additional £2.84 million from overnight visits. In total, the GNAF constituent organisations generate £8.3 million additional leisure tourism spend.

1.6 Future tourism activity and investment in the region should concentrate on

- Improving and expanding arts and cultural facilities
- Investing in skills of cultural organisations to enhance the quality of service to visitors
- A joined up approach to the tourism offer between tourism agencies and cultural agencies
- Support for an increased international and national profile for cultural attractions in the North East
- A commitment to public investment in culture as a main attraction for tourism.

2. Arts Council England Overview

2.1 Arts Council England is the national development agency for the arts in England, distributing public money from Government and the National Lottery.

2.2 Arts Council England works to get great art to everyone by championing, developing and investing in artistic experiences that enrich people's lives.

As the national development agency for the arts, we support a range of artistic activities from theatre to music, literature to dance, photography to digital art, carnival to crafts.

Great art inspires us, brings us together and teaches us about ourselves and the world around us. In short, it makes life better.

Between 2008 and 2011 we'll invest in excess of £1.6 billion of public money from the government and the National Lottery to create these experiences for as many people as possible across the country.

2.3 Our mission for the next three years, ten years and beyond is clear and unequivocal. It is about great art for everyone

2.4 Our priorities for 2008–11 are:

- Digital opportunity
- Visual Arts
- Children and young people
- Cultural Olympiad 2012

2.5 We have agreed a set of national objectives with the Department for Culture, Media and Sport, against which the outcome of our programmes can be judged. These are:

Excellence—high quality arts and high-quality arts experience

reach—more people attending and taking part in the arts

engagement—more people feel that there are opportunities to enjoy and get actively involved in, arts activities that are personally relevant to them

diversity—arts that reflect the diversity of contemporary England

innovation—artists have the freedom and are challenged to innovate

3. Annual Investment of Arts Council England North East in Arts Infrastructure in the Region

In 2009–10 Arts Council England, North East will invest £16.2 million into the arts infrastructure of the North East region. Of this £14.3 million will be invested in arts venues and organisations within Arts Council's regularly funded clients, including BALTIC, The Sage Gateshead, Live Theatre, Dance City, Northern Stage, Middlesbrough Institute of Modern Arts (MIMA), Theatre Royal Newcastle and significant regional festivals such as Stockton International Riverside Festival. Through Grants for the arts, National Lottery funded programme, we will also invest £400,000 in culture[10], a regional, all year round programme of festivals and events marketed through the NewcastleGateshead Initiative, and many one-off events and activities that provide an ongoing cultural tourism offer in the region.

4. Impact of Cultural Provision on Tourism in the North East

In 2008–09 Arts Council England, North East invested £3.6 million in The Sage Gateshead (North Music Trust). The company's turnover for that year was £15 million, with visitor numbers approximately 600,000.

Culture[10] (part of NewcastleGateshead Initiative) have contributed significantly to the cultural and tourism offer of the North East. In 2008–09 they invested £6.5 million in their programme, providing £4.4 million additional leverage with a total attendance of 592,226. Estimated visitors from outside of the region was 16 per cent.

Over the last financial accounting year, collectively the arts organisations which make up the GNAF of venues attracted over 4.5 million visits. The estimated economic impact in visitor spend is £5.55 million from day visits from the wider North East and an additional £2.84 million from overnight visits. In total the GNAF constituent organisations generate £8.3 million additional leisure tourism spend.

The Sage Gateshead and Centre for Life also provide a significant economic contribution as conferencing venues. The two facilities in the past financial year played host to 56,459 delegates. This equatesThe Sage Gateshead and Centre for Life activities of £3.89 million, resulting in total economic visitor spend of £12.27 million (*Taken from GNAF Economic Impact Assessment report 14/09/09*).

Ongoing revenue support for the cultural infrastructure is key to the continued cultural and tourism offer in the North East region. Public subsidy for the GNAF group in last financial year was £21 million. Annual Arts Council England, North East revenue support into the members of GNAF in 2009–2010 is £8,757,537.

5. Importance of continued Public Funding for Arts and Culture in the North East

Arts Council England, North East believes that tourism has an important role to play in the North East economy and supports the development of the tourism sector in the region.

Investment and improvement in the arts and cultural offer in the North East over the past 12 years have made a significant contribution to the tourism offer. The arts and cultural sector currently rely on public subsidy to provide this regional offer.

Arts Council England, North East considers that continued investment in the arts and culture in the region is necessary if the tourism offer through culture is to grow and improve.

2 October 2009

Memorandum submitted by Geoff Hodgson, Chair of the North East Tourism Advisory Board (NE2-05)

Key Points

- The 2005 North East Tourism strategy was the first ever for the region.
- Tourism is now seen by all as a mainstream activity.
- Enjoying significant success, second only to London.
- Marketing, E platform, Area Tourism Partnerships and Evaluation are the success factors.
- Recent changes to national structures will have a great and welcome influence.
- Private/Public partnerships key.
- Consequences of future public spending cuts could be catastrophic
- Industry too London centric, but Olympics could provide a fantastic opportunity to develop integrated product.

1. Introduction

(i) The current structure of tourism in the North East of England was brought about by the handing over of responsibility to the Regional Development Agency in 2003. Following this, a thorough review was carried out, using tourism professionals and a new structure introduced in 2004. This saw the creation of four area tourism partnerships operating at a local level. These partnerships being made up of crossovers between the public and the private sector and representing the four key geographical areas of the region. In addition to this, the NETA Board was created as a strategic vehicle to give advice to the RDA. This Board consists of both practitioners and also operators. The NETA Board was reviewed in 2008 and its membership refreshed.

(ii) It is very important to remember what this structure replaced. It was the Northumbria Tourist Board. This was a membership organisation, which dealt with predominantly the smaller, private operators based in the North of the territory. As a result of the new structure, for the first time an integrated strategy for the whole region providing joined up thinking but also demonstrable targets in terms of interventions was established. This roadmap, which was published in 2005, has been reviewed continually during its life. At the time of writing, the next strategy to take us through to 2020 is in the process of being drafted.

2. Strategy

(i) The current 2005–10 strategy addressed the key objectives for the fragmented tourism industry in the North East. These included attracting more domestic and international business, increasing the spend, increasing visitors, increasing investment and improving productivity, accelerating the growth through investments and improving the quality of tourism product and also of the workforce. All of this was overarched with a sense of improving the sense of place within the North East by adding to heritage and cultural assets. This strategy has proved to be a roadmap that has given not only the RDA and the ATPs a focus, but also the private sector. The results to date against the strategy will have been addressed by other correspondence, I am sure. Having said that, it is quite clear that these targets, whilst drawn up in haste, during the transition from Northumbria Tourist Board, have proved to be the right ones.

(ii) There are four factors behind the success against the strategic objectives. Firstly, the Regional Image Strategy, the "Passionate People, Passionate Places" campaign has had an undoubted commercial impact upon raising the profile of the region as a visitor destination, especially through national television advertising. This has then been backed up by highly effective tactical activity including such things as visit North East England website and targeted consumer e-mail campaigns, press supplements and specific campaigns targeted at such people as walkers and cyclists.

(iii) The second factor is that of the creation of the regional e-business platform Destine. The whole of the travel industry now driven by the web and figures reflect the growing dependence, not only of the consumer on the web, but more to the point, businesses. What the RDA platform presented as a result of the strategy has allowed to happen, is small businesses have had access to the most professional platform possible. This is a single database that feeds increasing number of major websites at national region and sub-regional level. North East England is the only region to operate a single destination management system of this nature. This is a true example of the RDA being innovative, and giving the smallest business the power only normally found by the largest.

In only three years, the area tourism partnerships have established themselves as highly effective delivery partners for One North East. Particularly of late with transition to unitary Councils in Northumberland and Durham, a single point for people to engage with, within the sub-region has proved to be a winning formula. In addition to these, obviously, one must highlight the importance of the Hadrian's Wall Company, a true partnership between two RDAs to develop one of our greatest assets. Of growing importance in delivering the strategy is also the enhanced role of business link, now known as Business and Enterprise North East. With the combination of the four old Business Links into one large organisation, its importance to the tourism sector has grown both in terms of business development but also funding for businesses.

(iv) The fourth part of the strategy which has been vital is the fact that every activity has been thoroughly researched and evaluated. From its very beginning in 2003, One North East has given total commitment towards all decisions being evidence based and all actions being fully evaluated. This allows them, every year, to get better at what they do, and not only to bring more visitors to the region, but also to prove to the industry what works and what does not work.

3. Roles and Responsibilities of ONE

(i) There is a clear distinction between the role of One North East Tourism and the area Tourism Partnerships. One North East has operated, wherever possible at a strategic level in terms of setting strategies, and plans carrying out research and evaluation. Against this, the area tourism partnerships have produced their own plans based upon the global strategy and have been provided with core funding to carry out these plans. As ever, in any relationship, there are tensions, this is particularly true around some of the big ticket items that the RDA has the responsibility for carrying out. Clearly, much of the North East's recent success has been driven by the approach of having a strategic marketing function, providing national marketing and international marketing for the region. This has inevitably caused tension as by its very nature, media focuses in on certain assets within the region. The assets chosen were done so on the basis of research, but this has not stopped the inevitable criticism as to why certain physical objects are in marketing and others are not.

(ii) The other areas in which One North East has taken a regional role are clearly quality and in terms of raising the visitor experience whereby they have been able to work with the national providers providing regional advice. This is then interpreted on the ground by the area tourism partnerships and is clearly, reflected in such things as the Regional Tourism Awards.

(iii) What is probably of importance, in terms of roles and responsibilities at the current time, is the changing nature of the landscape within national tourism. The very recent creation of the new body for England, "Enjoy England" is creating another platform of engagement that is essential to be carried out on a regional basis. For the first time in many years, England has effectively its own voice, whereas Scotland, Wales and Northern Ireland have enjoyed their own platforms for a number of years. In the coming months, clearly, Visit England will produce the Strategy for Tourism in England for all partners and stakeholders, which they are already working on in consultation and this will inevitably impact upon the regional agenda. Within the region, the other political force that will drive change in terms of roles and responsibilities is that of the creation of the two new unitary Councils, in Northumberland and Durham. Early indications would suggest that both these Councils understand the importance of tourism to their local economies and are very keen to work not only with the area tourism partnership but also with One North East.

4. Marketing Nationally and Internationally

(i) As has been stated previously, the marketing of the region has been one of the key factors in its recent success. The "Passionate People, Passionate Places" campaign, whilst not originally designed as a tourism campaign, has proved to be the catalyst for significant increase in business. his has been recognised internationally on two occasions as the best regional advertising campaign in the world by a leading travel award. Beneath this overarching media campaign, there has been a series of tactical campaigns which have delivered results within specific areas. These have included attracting specific target markets such as gardeners, cyclists and hikers to the region via targeted direct mailing campaigns. In addition to this, there has been a recognition that working with key partners can provide results. For example, the work that has been carried out with Emirates, not only in terms of Dubai but also in terms of the far markets of New Zealand and Australia. Also, working closely with other carriers such as GNER and National Express in order to target people travelling into the region, showing them where they can go. Much success has been gained working with the port of Tyne to grow both cruise tourism, and exploitation of the ferries.

(ii) However, in terms of international marketing, the landscape again is in the process of evolution. There are now clear demarcation lines being drawn up between the role place by Visit Britain and Enjoy England. Clearly, and this will be covered in more detail later, the amounts of money available to market is diminishing. The current level of marketing of the region by One North East is clearly unsustainable and a new reality of spending cuts. Therefore, clearly the work the Agency is carrying out on the marketing via more cost effective methods such as the web will grow in its importance. As will the need to work in close harmony with partners, be they carriers, providers or training bodies.

(iii) What is becoming clear from conversations with Visit England is that they are reviewing the assets available within England. There appears to be a desire to market it to the strengths of the country be they physical or emotional and this will have an impact on which parts of the country are marketed on an international basis. Clearly, if this is the case, there are a number of attributes that the North East enjoys:

— Durham Cathedral;

— Northumberland Coast;

— Hadrian's Wall;

— Newcastle Gateshead;

— Tees Barrage;

— Any number of sporting icons.

5. The Long Term Potential of North East Tourism

(i) Currently tourism is the fourth biggest industry in the region. This makes it larger than coal mining, forestry, and agriculture and fishing. Combined. Tourism's importance is now being reflected by the fact that it is a key part of the regional economic strategy and is also recognised by the local authorities as being an essential part of the economy of the North East. The other recognition is that tourism is a cross cutting activity, it addresses a number of agendas be they skills, environmental, regeneration, rural issues or improvement of the built environment. Within the life of the current strategy, it is quite clear that significant amounts of private sector money has been attracted to the North East following on from the investment of the private sector. It would appear that in excess of £200 million has already been invested by the private sector in the lifetime of the current strategy. The target of £258 million will be exceeded by the end of this year with such projects as Rockcliff Hall Hotel coming on stream before Christmas, at a value of £50 million. This is where the long term potential of tourism must be recognised. This is one of the few industries in which the North East, due to its environmental assets and the recognition of its importance can thrive in the future. Across the last 5–10 years, a whole series of building blocks have been put in place, both physically and emotionally. Newcastle Gateshead Quayside and the building of the Tees Barrage are examples of the product.

(ii) The great fear has to be that due to the current economic climate, particularly with regards to public sector spending, this platform of growth will not fulfil its full potential. The region has been incredibly fortunate with the support it has had both in terms of revenue funding but particularly capital funding. Examples of public sector spending combined with lottery funding are legion, the latest example perhaps being the Great North Museum. The missing piece of the jigsaw in the physical environment is that of a regional convention centre. It is not worth debating its location under this remit but suffice to say, it is the one physical asset above all others the region could do with. Currently, we do enjoy a level of conference and convention business being attracted to the Sage or to one of the large hotels in the region. Having said that, an international convention centre would open the North East up to a greater level of business tourism than is currently being enjoyed. Clearly the Newcastle Gateshead development company have this as one of their prime objectives but it is clearly the most important physical attribute we are lacking.

(iii) The other area of concern for fulfilling the long term potential is that of inevitably tourism as a London centric industry. This is where the decisions are made and where policy on a national basis is written. Currently, the North East is the only region in England showing significant tourism growth apart from London and the South East. There is a need for the region to continue to "punch above its weight" but this can only be done with proper representation on a national level and the funding to carry this out.

(iv) Beyond the ongoing issue with the availability of the public purse, there is the specific issue created by the Olympics in 2012. Clearly, the hosting of the Olympics in London is good for Great Britain plc but, it will inevitably lead to consequences. The first of these is that spending will be diverted from all regions in England, to London for a period of time. Secondly, it is highly likely there will be a knock-on effect of visitors who would have come to the country in 2012, delaying their travel to avoid the congestion generated by the Olympics in London. Clearly, there is no easy solution to these problems but it is important that wherever possible, they can be mitigated.

(v) Overall, the potential for tourism in the region is great. The last five years have seen a vast improvement in terms of not only the marketing and structures of tourism, but also the availability and quality of the produce offered. Last year in the National Tourist Awards, the region had its greatest number of finalists ever—a reflection of the increase in quality of our products. All this can be built upon by the continuation of the very strong public/private sector partnerships that have been developed in the lifetime of the North East Tourism Network. All parts of the economy will have tough times going forward but we are in a position to increase the amount of employment, within the sector and the regeneration of money for the region as a whole.

4 October 2009

Memorandum submitted by The Kielder Partnership (NE2-06)

1. Summary

- The Kielder Partnership is delivering a long term vision to make Kielder Water & Forest Park one of the UK's top outdoor activity destinations.
- After three years of planned investment in infrastructure and growth in the visitor economy, Kielder Water & Forest Park is on the tipping point of successful significant growth.
- As such Kielder Partnership has close working relationships with One North East (ONE) and Northumberland Tourism (Area Tourism Partnership/destination management company for Northumberland) and plays a distinct role within the tourism strategy for the Northumberland and the North East especially in terms of marketing and the long term potential of the industry.
- Tourism Strategy
  - Kielder Partnership has been a keen contributor to the current strategy and will seek to be a significant partner in the development and delivery of the revised Strategy which is due out by the end of the financial year for consultation.
  - The current strategy has been valuable guiding the roles and responsibilities of various parties and the formation of the Area Tourism Partnerships.
  - The future strategy needs to maximise the opportunities presented by the sub –regional areas as they have different assets and target markets and skills.
- Roles and Responsibilities of One North East
  - These are much clearer but naturally there is room for improvement which should be reflected in the new tourism strategy.
- Marketing of North East nationally and internationally
  - There has been a journey of discovery over the last few years which has begun to make the most of the different marketing opportunities presented by the sub-regional areas due to their different assets and target markets.
  - The flexibility and cooperative working currently established with Area Tourism Partnerships (ATPs) such as Northumberland Tourism around marketing should continue and develop.
- Long term Potential for tourism industry in the North East
  - There is definitely long term potential for the tourism industry in the North East and indeed it is a vital part of the North East's economy.
  - It is particularly critical for Northumberland to develop its visitor economy and the recession has presented an opportunity.
  - Kielder Partnership is progressing its 25 year plan to maximise the tourism asset Kielder Water & Forest Park presents in developing the visitor economy in the North East
  - The significant threat to securing this long term potential across the North East is the diminishing public sector capacity for investment from all angles.

2. Kielder Partnership and Kielder Water & Forest Park

2.1. The Kielder Partnership, established in 1994, is the public, voluntary and private sector collaboration working to develop Kielder Water & Forest Park (KWFP) into one of the UK's top outdoor activity destinations. The Partnership takes a holistic approach to this development of the visitor economy by working with its communities to achieve strategic objectives including sustainable development, skills, business development, healthy activity and increased access to culture.

2.2. The Partnership is consistently praised for its dynamism and strength as a partnership and currently consists of:

Voting Organisations:	*Non Voting Organisations:*
Calvert Trust, Kielder	Northumberland Wildlife Trust
Environment Agency	Kielder Community Enterprise Ltd
Forestry Commission	North Tyne and Redesdale Committee of Parish Councils
Northumberland County Council	
Northumbrian Water	

It is a regularly funded organisation through the Arts Council and has close working relationships with local businesses, Hadrian's Wall, Northumberland National Park and Northumberland Tourism (the Area Tourism Partnership/destination management company for Northumberland). It has a good working relationship with ONE as an investor and in relation to the tourism strategy.

2.3. There is a 25 year vision for the development of KWFP*. Over the last 3 years, Kielder Partnership has begun to implement the vision. The £5.3million invested by partners together with other funders including ONE and European Regional Development Fund into capital development has resulted in a 26 per cent increase in visitor days (up by 62,000), and a 31 per cent increase in visitor spend (up by £3.1 million).

2.4. An Investment Planning exercise just completed** shows KWFP is on the tipping point of successful significant growth providing the right investment is secured to develop the destination. Key Points from that plan are:

- Three phases (five, 10 and 25 year windows) can stand in their own right while contributing to a progressive plan.
- Detailed plans over 10 years to add to the annual local visitor economy:
  - 700,000 visitor days
  - 60 per cent from outside the North East
  - 150,000 bed nights
  - £22 million spend
- Annual additional outputs for the North East
  - 908,000 new visit days from outside the region
  - 790 jobs
  - Total additional spend of £30.8 million
  - 40 new enterprises created plus business development for existing companies
- Tapping into a high-volume market

The clear target markets identified in this plan combine the following components:

- Activity holidays, identified by both Mintel and Keynote as high-growth sectors
- The increasingly important short-break market
- The family day-out and holiday market

Taken together, these represent a mass market for quality activity-based day visits, short breaks and holidays. KWFP will attract day visitors from urban areas as well as short-break visitors from much of the UK.

- Due to the size and scale of the destination and its unusual flexibility in terms of future development, KWFP has virtually unlimited potential for attraction of this market.
- KWFP will be known as
  - One of the UK's top water-activity resorts
  - A major UK forest activity zone
  - The UK's leading night-sky interpretation centre
  - A model for "car-free" transportation over a large-scale visitor area.

KWFP will be seen as an attractive and varied activity destination. For some, it will remain, as today, a place "to get away from it all". However, for many, it will be a resort or leisure centre—mixing outdoor activities with high quality facilities and indoor relaxation.

* Kielder Big Picture—White Young Green October 2007

** KWFP Investment Plan—JDD Consulting/Whetstone August 2009

3. Tourism Strategy

3.1. Kielder Partnership has been a keen contributor to the current strategy—North East Tourism Strategy 2005–10. The establishment of Northumberland Tourism has been a particularly successful development in this time.

3.2. This two level approach has enabled regional strategic thinking whilst delivery in a manner which is appropriate and successful for the Northumberland thus yielding greater impact for the region. The regional and county strategies dovetail well due to excellent consultation.

3.3. Cooperation between Area Tourism Partnerships on some initiatives has also been encouraged and successful—again maximising the use of resources.

3.4. Kielder Partnership has been a keen contributor to the development and delivery of Northumberland's Area Tourism Management Plan 2009–12 (county tourism strategy). We are an active participator in all the activities of Northumberland Tourism and find this company provides excellent support whilst achieving great partnership working in achieving county and regional objectives.

3.5. These are not just warm words, tourism has grown strongly in Northumberland since 2005, as evidenced in point 6.

3.6. Kielder Partnership is keen to contribute to the revision of the North East Tourism Strategy which is due out by the end of the financial year for consultation. With the establishment and proving of Northumberland Tourism, we would like to see the continued strategic approach to maximising opportunities presented by the sub-regional areas as they have different assets and target markets and skills.

4. Roles and Responsibilities of One North East

4.1. The structure of tourism in ONE together with the Area Tourism Partnerships, forming the Tourism Network North East (TNNE) is working well and we would want to see its continuation.

4.2. The recession has presented the North East with tourism opportunities and we need minimal change in structures and continued investment to secure these opportunities and ensure their development in the future. KWFP is an example of such an opportunity where we have experience sustained growth over the last three years and additional 30 per cent growth this financial year possibly partly due to the holidaying in the UK trend this year. We know that once visitors come to Northumberland and KWFP they have a high propensity to revisit. 62.5 per cent of visitors to KWFP in 2008 said they would definitely revisit and another 22.1 per cent said they would quite likely visit again*. We need continuity of resource in the region and county to secure this opportunity to develop the visitor economy.

KWFP Visitor Survey 2008—Bradley Research and Consulting

4.3. Kielder Partnership would assume that there is naturally there is room for improvement in the allocation of roles and responsibilities within the Tourism Network North East. As the Area Tourism Partnerships have become established, there may be more room for more responsibility passing to them, for recognising and using the skills they have within their organisations and for their ability to take the lead on initiatives for the region where they have greatest knowledge. ONE has taken a great leadership role in this respect and it should continue. It will be important to ensure that the Area Tourism Partnerships are adequately funded to undertake their vital role.

5. Marketing of North East nationally and Internationally

5.1. KWFP has been a key partner in the national and international marketing of the North East. Kielder Partnership has a very close working relationship with Northumberland Tourism regarding marketing and over the last year has provided many of the images and stories which have put KWFP and Northumberland in the national and international press. In the last year, Kielder Partnership has secured over £800,000 in equivalent advertising value and this is not in small part to the art and architecture programme at KWFP which saw the launch of the public observatory in April 2008 and five new shelter commissions in April 2009. Coverage of these has been seen around the world.

5.2. Since the formation of the Area Tourism Partnerships, as indicated above, there has been a journey of discovery which has begun to make the most of the different marketing opportunities presented by the sub-regional areas due to their different assets and target markets.

5.3. The flexibility and cooperative working currently established with the Area Tourism Partnerships such as Northumberland Tourism around marketing should continue and develop.

6. Long Term Potential for tourism industry in the North East

6.1. Kielder Partnership with the planned development of KWFP has a distinct role to play within the tourism strategy for the Northumberland and the North East especially in terms the long term potential of the industry as show in point 2.

6.2. Tourism should be considered a priority sector for growth in Northumberland it is a fundamental aspect to Northumberland's economy. Tourism represents a significant aspect in the economy of Northumberland especially since the changes in mining, agriculture and manufacturing over the last

30 years. Between 2003 and 2007 the number of tourism jobs in Northumberland grew by 11 per cent and visitor spend grew by 28 per cent. Tourism accounted for 15,669 jobs (15 per cent) and £710 million into the Northumberland economy.

6.3. As identified in point 4.2, the recession has presented Northumberland and the North East with an opportunity to develop the visitor economy and it should be seized.

6.4. However, to fulfil its potential the tourism economy clearly needs public sector intervention at a time when the availability of such investment is diminishing. Over the next three years, Kielder Partnership anticipates a reduction in the ability of its public sector partners to contribute to fully fund the core costs of the Partnership. This is putting pressure on the Partnership to seek external capacity funding this year. In addition, Kielder Partnership is working within the most rural area of Northumberland and the North East. It is working in an area characterised by small and micro independent businesses. There is therefore a strong case for public sector intervention in terms of capital development* for economic regeneration through tourism and this at a time when such investment is under pressure.

* Deloitte report "The Economic Case for the Visitor Economy" 2008 clearly states the case for public sector intervention to achieve tourism growth.

4 October 2009

Submission from the Northern TUC (NE2-07)

Introduction

1. Representing the collective views of trade unions in North East England, the Northern TUC strives to act in the public interest by advocating policies that serve the needs of working people and recognise their contribution to economic and social life within the region. The TUC values the opportunity to share its thinking with partners and present Committee members with evidence in support of these ideas.

Summary

2. Our answer to the Committee's call for evidence exemplifies that employment conditions in the industry will significantly determine the long-term potential of tourism and its impact on the region's image at home and abroad.

Long-term Potential for Tourism in the North East

3. Tourism is vaunted in the Regional Economic Strategy as a pivotal driver of sustainable development and crucial to future economic success. It is easy to see why. The region is widely acknowledged as a place of exceptional natural beauty and boasts a number of unsurpassed environmental and cultural assets that lend the North East a unique competitive advantage. Furthermore, the industry accounts for 10 per cent of the region's workforce, which equates to roughly 80,000 people, 7,300 business establishments and produces £3.9 billion.[5] Nationwide, tourism is regarded as a key generator of wealth and jobs. Closer to home the industry plays a vital supporting role to other sectors in the economy such as agriculture, transport and retail. For these reasons the TUC warmly greeted publication of a tourism strategy to harness the economic regeneration opportunities afforded by the industry. Certainly its ambition to enhance quality of life in the North East is commendable, allied with the commitment to improve workforce skills, promote accessibility and embrace diversity. Similarly the focus on improving productivity and participation is consistent with the overarching aims of the Regional Economic Strategy, and business, people and place themes contained therein. This alignment is welcome. Nevertheless, the TUC considers elements of these strategies ought to be re-evaluated, particularly in view of the current economic climate.

4. In order to achieve the twin objectives of increasing employment in tourism and raising business productivity, it is imperative the industry considerably improve job prospects. Hospitality and tourism occupations are synonymous with low pay, poor morale, lack of training, scant opportunities for career progression and high staff turnover. Research by the industry Sector Skills Council reveals that nearly 40,000 jobs (50 per cent) are replaced each year in the sector.[6] The RDA reports unfilled vacancies for kitchen and catering assistants, chefs, cooks and bar staff.[7] Around a third of these vacancies are characterised as "hard to fill". Employers in the sector claim "recruitment was their biggest headache", with some 78 per cent experiencing difficulty filling positions and 40 per cent expressed concern regarding ongoing skills shortages.[8]

5. While the transitory nature of employment patterns in tourism is acknowledged, less is understood about the strong correlation between low pay, poor working conditions and low productivity contributing to this trend.

---

[5] People 1st (2008) The Hospitality, Leisure Travel & Tourism Sector in the North East Regional Profile
[6] Skills North East—People 1st http://www.skillsnortheast.co.uk/page/sector_skills_councils_in_the_north_east/people 24/09/09
[7] www.realhelpnortheast.co.uk
[8] http://www.catersearch.com/jobs/staticpages/careeradvicespecificsector.aspx 25/09/09

6. An analysis of sectors of the economy where low paid work is endemic showed that hotels and catering are regularly featured. A major study of low-paid work carried out by researchers at Strathclyde University identified the hotel industry as having the highest incidence of low-wage employment in the UK.[9] Researchers concluded that "these conditions not only result in a poor standard of living for many workers, but can also create problems for employers and the economy as a whole."[10] According to the New Policy Institute, low pay has become "one of the key economic problems of our time".[11]

7. Whereas the National Minimum Wage has had a positive effect on the lower end of the pay distribution spectrum within the hospitality sector, it was never intended to become an industry norm. Rather, this measure was designed to protect workers from blatant exploitation. However, research by the TUC Commission on Vulnerable Employment[12] and case studies documented in the regional media,[13] demonstrate that this basic tenet of employment law is not always observed by employers.

8. During the course of its work, the Commission identified non-compliance with nearly all employment rights to which workers were entitled. Estimates suggest almost 20,000 workers in the North East are paid below the agreed rates of national minimum wage in low paying sectors; including hospitality and tourism.[14] Evidence of maltreatment is also reflected in the disproportionately high number of tribunal applications found in low paid sectors such as hotels and restaurants.

9. These findings are corroborated by the Government's Low Pay Commission, which acknowledges "non compliance with the minimum wage is believed to be a problem within this sector."[15] Its 2003 report found that while 99 per cent of employers in low-paying sectors were aware of the existence of the National Minimum Wage, only a third knew the actual rate and a BERR survey discovered that only 5 per cent of employers were able to name recent changes to employment rights legislation.[16] ACAS also concludes there are "clear gaps and misunderstandings".[17] For example, in the small firm survey, one in ten hotel and catering employers believed workers did not have a statutory right to four weeks' paid holiday. Similarly workers in the industry possess little awareness of their employment rights and are unsure how to enforce them, or seek effective legal redress. HMRC complaint figures show that the sector has received a regular number of complaints about under payment. The true figure could be even higher, given that it appears workers are generally unaware how to make a complaint. Furthermore, the Office for National Statistics has highlighted recruitment problems in the industry are leading to the employment of casual staff.

10. In response the Low Pay Commission recommended targeted enforcement of minimum wage provisions in low-paying sectors and its inspectors have focused on the hospitality industry where it is noted that large numbers of young and migrant workers are employed in vulnerable positions.[18] Research among minority ethnic and migrant workers in the hotel and restaurant sectors found that around two-fifths of the sample of 50 workers earned below the Minimum Wage, or were paid a flat rate per shift regardless of hours worked. A typical rate was around £200 for a 50 to 60 hour week.[19] Efforts by Government to ensure the Minimum Wage is enforced, while appreciated, need to be stepped up because the compliance regime is seen to be weak. The Low Pay Commission examined the experience of workers who had encountered the enforcement process. They found that, while HMRC wrote to all employers informing them that arrears to workers were due, there was no mechanism to ensure they were actually paid. Although all but one of the workers surveyed had been paid the minimum wage following an investigation, some had not received the arrears due to them.[20]

11. Government instruments to tackle poverty such as the introduction of the Minimum Wage and Tax Credits have undoubtedly helped to raise living standards by supplementing household income. However, such policies cannot be expected to wholly address the key underlying causes of poverty and low productivity. Moreover, it would be short-sighted to suggest that social policy is in need of reform. Conversely, economic and industrial strategies should also consider the implications of low cost, low value added business models on the region's future sustainable development prospects.

12. The TUC agrees with the RDA's assessment that improving productivity and participation are the right foundations for growth. But simply setting an objective to increase the overall number of jobs in the tourism sector and mainly focusing on supply side interventions, such as improving workforce skills, will not deliver sufficient progress, unless these interventions are matched by demand side measures to improve quality of employment. The TUC appreciates employers face tough competitive pressure, particularly in times of recession, but low pay, skills shortages, recruitment and retention trouble are long standing problems in hospitality and tourism. The industry bears some responsibility for addressing these issues,

---

9 Lloyd C, Mason, G, Mayhew, K (eds) forthcoming. Low Wage Work in the U, New York: Russell Sage Foundation
10 Press release, University of Strathclyde at http://www.strath.ac.uk/press/newsreleases/2008/headline_135257_en.html
11 Howarth C & Kenway P (2004) Why Worry Any More About the Low Paid? New Policy Institute P6
12 Hard Work, Hidden Lives The Full Report of the Commission on Vulnerable Employment (2008)
13 http://www.bbc.co.uk/insideout/content/articles/208/09/09/north_east_restaurants
14 House of Commons Hansard Written Answers for 15 December 2008 (pt 0034)
15 Labour Force Survey Autumn Quarters 2007. Analysis includes all seasonal, casual, agency and other temporary workers paid £6.50 an hour or below.
16 Burchell B, Deakin S and Honey S (1999) *The Employment Status of Individuals in Non-standard Employment*. London: DTI.
17 Croucher R and White G (2007) "Enforcing a National Minimum Wage". *Policy Studies*, 282, pp145–61.
18 TUC Commission on Vulnerable Employment Full Report p138
19 Wright T and Pollert A (2006) *The Experience of Ethnic Minority Workers in the Hotel and Catering Industry: Routes to Support and Advice on Workplace Problems*. London: Acas.
20 Ibid

underpinned by effective public sector support to tackle areas of market failure. Equally the TUC sees that trade unions can play an instrumental role in raising demand for improved terms and conditions of employment in the sector, as well as encourage employer and individual investment in skills.

13. The benefits to the economy and society afforded by a National Minimum Wage are well established. Yet campaigns such as the London Living Wage have excited policy makers looking for innovative initiatives that would enable long term economic growth and simultaneously achieve a more even distribution of wealth in society by narrowing the prosperity gap. Companies that pay a Living Wage and related employment benefits are not only seen to practise corporate social responsibility, but are business savvy too, as employers can readily testify. Those companies that have adopted the Living Wage declare staff turnover has more than halved; morale has increased, service quality is infinitely better and ultimately business productivity vastly improved.[21] In a recession businesses recognise that poor value for money and service quality results in falling revenue and therefore organisations must compete on factors other than cost. Investing in the tourism workforce would pay a number of dividends.

14. Although the regional tourism strategy is right to focus on levering visitor spending to boost city regional and local economies; it is transitory and more susceptible to prevailing economic conditions. In a downturn businesses and consumers cut spending on leisure and entertainment exerting a squeeze on tourism and hospitality industries. Putting additional money in the pocket of low paid workers would arguably contribute to a more sustainable cycle of consumer spending. In an era of the "staycation" this intervention could provide a welcome boost to the region's tourism economy and long-term provide a more stable platform for economic growth.

15. But the challenges facing the tourism industry are not all centred on pay. The causes of poor productivity are complex and demand a comprehensive wide-ranging response. The tourism industry has the lowest labour productivity in the UK economy. Labour turnover for the whole sector currently stands at 31 per cent (although large employers report double or treble this figure). Yet only 17 per cent of employers feel this figure is too high and lack of time was quoted by companies in the region as the main barrier to increased investment in training.[22] People who work in the industry are not only low paid, but also lack access to training and skills development. DCMS has highlighted that in an increasingly customer-oriented world, nurturing staff attitudes that exhibit cultural awareness, tolerance and respect diversity will become basic pre-requisites for success.[23] This suggests considerable scope to transform organisational cultures, work and recruitment practices, pay structures and career pathways with appropriate publicly funded business support.

Marketing of the North East Nationally and Internationally

16. To inform development of the Regional Image Campaign and Talent Attraction Strategy, the RDA commissioned research that revealed two in five people cite salary and remuneration packages as key factors in career decision making. Type of work and career opportunities in the region are also perceived as important.[24]

17. Paradoxically, the region suffers from a lack of credibility as a place to develop a career and is associated with limited growth opportunities and lower salaries. Locally people see other areas offering better career prospects and outside the region, those who have never visited are inclined to be much less positive about what the region has to offer.

18. This is compounded by perceptions that the region's skills base is in poor shape and derives its business appeal from relatively low labour costs.

19. These inherent tensions render marketing the region a challenging task. In this context the RDA is to be congratulated for its work on the highly acclaimed Passionate People, Passionate Places campaign that has successfully redefined the region's image as a tourist destination. Nonetheless, the acid test of whether the North East is considered desirable by businesses, visitors and workers will be heavily influenced by the employment opportunities available to generate higher standards of living.

20. Talented individuals are also attracted by organisations that are able to offer additional benefits, such as work-life balance policies, an occupational pension scheme, paid leave, sick pay and a safe working environment that supports personal and professional development. However, working conditions in the hotel, restaurant and catering sectors are typified by above average long and irregular working hours, a high degree of fixed term contracts, part-time seasonal work, below average salaries and reliance on state benefits to top up low wages.[25] The perception of the tourism industry as a provider of stop gap ,entry-level employment, where advancement is limited, will do little to persuade people to forge a career in the sector, or fulfil a broader policy ambition to reduce levels of worklessness.

---

21 Rooms for Change:Putting London hotels on track for the Olympics (2009) London Citizens & Unite, Central London Hotel Workers Branch

22 People 1st The Hospitality, Leisure, Travel and Tourism Sector Key Facts and Figures www.people1st.co.uk/research

23 DCMS "Winning: a tourism strategy for 2012 and beyond" (17 September 207)

24 Bluegrass thinking research; RIS Research 6 June 2008

25 TUC North East Tourism Strategy 2004–2007 p4&5

21. Efforts to raise aspirations and enhance the profile of tourism as a sector where individuals can pursue a long-term career warrant trade union support. However the image of the region and tourism industry will only change if the sector is seen to employ a high quality, high skilled workforce on good employment terms and conditions free from exploitation.

22. Quality of place is also an important dimension governing the future of tourism in the North East. Effective partnership working between the RDA and local authorities has delivered significant place-based regeneration and an iconic cultural offer that is justifiably world-renowned. However, the TUC is concerned that investment in physical regeneration and maintenance of the public realm are not jeopardised by the recession. We are committed to working with partners on a new Integrated Regional Strategy that capitalises on the North East's assets and maximises use of resources to continue regenerating local communities in more challenging times.

23. Similarly the TUC is conscious the recession has increased resource pressure on arts and culture organisations that are often reliant on donations and charitable funding to sustain their activities. They make a valuable contribution to levels of social capital within the region and help tourism to prosper. The impact will be felt by visitors and staff alike. Cuts in cultural amenities and pressure on terms and conditions of employment are reportedly becoming more common.[26] The TUC urges public bodies to consider conducting an impact assessment and develop a strategy to mitigate the effects of recession on the sector.

Role and Responsibilities of One NorthEast

24. Together with Government, the TUC believes One NorthEast can build on existing work to support the tourism industry realise its full potential by considering the following:

- BIS support RDAs to improve business compliance with employment legislation by delivering targeted support to employers in the hospitality and tourism sector.
- The RDA commission research to quantify the impact of introducing Living Wage rates and improved conditions of employment in low paying sectors of economic importance to the regional economy and identify leading good practice on improving productivity in the tourism industry. This analysis should feed in to development of the Integrated Regional Strategy.
- Provide a diagnostic advisory service focused on improving employment, working conditions, brokering training provision and creating equal opportunities.
- Engage industry leaders in producing a workforce development strategy focused on improving quality of employment in the sector and shaped in consultation with employees.
- Consultation on the Integrated Regional Strategy should engage business employer organisations and the TUC in dialogue about how to raise the quality and quantity of employment opportunities in priority sectors, including hospitality and tourism.
- The RDA review and refresh the current Regional Tourism Strategy in light of the Committee's findings and emerging Integrated Regional Strategy.

25. The TUC regards tourism and hospitality as an important sector for the North East, both in terms of its contribution to employment and the economy overall. The TUC shares the Regional Minister's opinion that the sector will grow in significance provided it can offer a rewarding experience for its patrons and personnel. Developing existing and future human capital is a crucial part of this strategy. The challenge is to make tourism and hospitality a career of choice. Evidence shows the region has already benefitted from rebranding its image. Investing in the individuals who work in the sector is vital if the region is to consolidate its newly honed reputation as a tourist hotspot.

5 October 2009

Memorandum submitted by One North East (NE2-08)

Executive Summary

- One North East is the Regional Development Agency for North East England. It undertakes the strategic leadership of tourism role for the region.
- It has transformed the promotion and wider delivery of tourism over the last five years. In the same time period tourism in the region has performed strongly, outperforming many UK regions, increasing in value by £1 billion, high levels of investment by the private sector, resulting in the creation of 7,640 new jobs and supporting an additional 15,800 indirectly.
- One North East has shown strong tourism leadership in an initially hostile environment that has resulted in the creation of a strong delivery network to facilitate sector growth, strong partnership

[26] Pay freeze at Sage as boss plays it safe 2 February 2009, The Journal http://www.journallive.co.uk/north-east-news/todays-news/209/02/02 25/09/09

working in the public sector and strong relationships with the private sector. This leadership reflects the acknowledgement by the agency and the wider region of the importance of tourism and its ability to create and support economic growth.

— Investment by One North East has been significant in both capital and revenue support for major developments and wider regeneration schemes. It has significantly invested in transformational marketing of the region in the UK and overseas, supported by partner organisations and businesses in the region.

— The tourism agenda has benefitted greatly from being managed in close proximity to mainstream economic development activities such as business support, regeneration and capital investment activity, skills development and regional image campaigns.

— There is a need to continue the pace of development in the region to create the critical mass of businesses needed to further increase the contribution that tourism is making to the transformation of the regions economy. This should be focussed on increasing awareness of the region and its products, supporting inward investment, supporting new business formation, supporting existing businesses to grow and develop innovative new products.

— The fabric of the destinations and the delivery organisations crucial to facilitating sector growth will need continuous support by the private and public sector to ensure an excellent visitor experience to encourage longer dwell times, increased visitor expenditure, and repeat visits that are needed to embed the North East as a leading visitor destination.

Introduction

1.1. One North East is the Regional Development Agency (RDA) covering North East England. It is one of nine RDAs in England established by the Regional Development Agencies Act 1999, to transform the English regions through sustainable economic development.

1.2. Tourism contributes 4.5 per cent to North East England's GVA. This compares to approximately 6 per cent contribution made by the construction industry and 4 per cent contributed by primary industries such as agriculture and mineral extraction.[27]

1.3. In 2007, tourism was worth £3.9 billion to the regional economy. This is an increase of 30 per cent on 2003 levels. On this measure, North East England has exceeded the growth rates of other regions.[28] Tourism provides 5.2 per cent of the region's jobs, employing 66,000 people.

2. Tourism Strategy for North East England

2.1. Tourism has been a priority sector in three consecutive Regional Economic Strategies (RES). The most recent 2006–16 strongly articulates the importance of tourism to the region, which is identified as one of the region's key service sectors. The vital contribution of the regional visitor product is recognised as integral to the improvement of the region's image, supporting business growth and inward investment.

2.2. The RES is underpinned by the Regional Tourism Strategy 2005–10. This provides the strategic approach to tourism development setting out regional objectives to support sector growth; develop an offer that is more than the sum of its parts; work with other regional agendas, to address market failure, to improve the evidence base for investment and intervention and improve partnership working to facilitate growth in the visitor economy.

2.3. The Regional Tourism Strategy provides the framework for the region. Priorities are determined at a sub regional level through the development and agreement of Area Tourism Management Plans (ATMaPs), compiled through public and private sector collaboration and backed by a strong evidence base and strategic rationale. This is coordinated by the sub regional Area Tourism Partnerships (ATPs) and provides the focus for a range of partners to develop and manage tourism development.

2.4. The region is performing well in relation to the targets set in the regional tourism strategy 2005–10.[29]

— Increasing the number of overnight visitors from 7.7 million in 2003, to 8.9 million by 2007, against the target for 2010 of 10 million. An increase to date of 14 per cent

— Increasing expenditure by visitors to the region, from £3 billion in 2003, to £3.9 billion in 2007, an increase of 30 per cent

— Increasing employment in the region from 53,000 in 2003, to 60,700 in 2007, against a target for 2010 of 69,000. A growth of 15 per cent

— Accelerating the rate of investment by more than £370 million between 2003 and 2009

— Making good progress on quality of the tourism product with around 68 per cent of accommodation providers participating in national accommodation assessment schemes.

[27] The Impact of Tourism on Economic Activity in North East England, Durham University, July 2007. The 2008 figures are not yet published.
[28] Measured against those regions using the same methodology as North East England.
[29] STEAM, Regional Visitor Survey, Regional Investment Monitor, 2007

— Achieving high levels of visitor satisfaction with 98 per cent of visitors rating their trip as good or very good, which has risen from 84 per cent in 2006.

2.5. Implementation activity related to the strategy contributed towards North East England having the highest rate of growth, outside London and the South East, in visitor numbers in 2007 with trips up by 6 per cent and the number of nights spent in the region up by 29 per cent. The national picture saw overall trips fall by 2 per cent on 2006; nights were down by 1 per cent.[30]

2.6. The new Visitor Economy Strategy is due to be published in 2010. It will aim to articulate the ambition of the region. It will express a broader view of the sector, with increased recognition tourism's role across a range of sectors and the role of different organisations in improving the visitor experience, dwell time and spend.

2.7. It will set the framework for an approach to sustainability, working to better understand and reduce the negative impacts of tourism whilst benefiting from the positive socio-economic impacts, working with national and regional partners.

3. The Role of One North East

3.1. *The Structure of Tourism Delivery in North East England*

3.1.1. The Department for Culture Media and Sport (DCMS) gave RDAs the responsibility for the sector's strategic leadership in 2002, allowing each RDA to make its own assessment of the level and type of support required. Subsequently, there has been a substantial increase in One North East's expenditure and intervention.

3.1.2. In 2003 it became apparent that the existing regional tourism delivery body was not capable of delivering the step change and growth the region required; that tourism promotion and regional image work needed to be more closely aligned; that the private sector needed to be more involved in decision making, that public sector resources needed to be better coordinated to achieve greater impact, with greater focus placed on attracting international visitors.

3.1.3. In 2003 the existing regional body ceased to exist with staff transferred to the RDA. In 2004–05 One North East created the Regional Tourism Team, significantly increased financial resources for tourism activity and transformed the promotion of the region, all focussed on improving the economic contribution of the sector to the regional economy.

3.1.4. The difficulty of delivering and coordinating the complex and wide ranging tourism and tourism related stakeholders across the region was recognised. The creation of a new delivery structure Tourism Network North East (TNNE) was facilitated by One North East to enable the sub regions to develop on a trajectory appropriate to their wider economic goals and targets. It recognised the different stages of tourism development across the region, for example the maturity of the product in Northumberland compared to the Tees Valley. It also recognised the need for greater coordination at a local level.

3.1.5. TNNE is the collective name of the delivery network consisting of the Regional Tourism Team at One North East and four sub regional Area Tourism Partnerships (ATPs).[31] The ATPs are public private sector partnerships, charged with improving destination management and coordination, reducing duplication and improving business performance to contribute to employment and Gross Value Added (GVA)[32] targets in the RES. They are core and project funded by One North East, Local Authorities and the private sector.

3.1.6. One North East has a strategic relationship with tourism stakeholders due to the different roles it performs as both an RDA and as a tourism body. The roles are;

— Strategic Leadership—ensuring tourism is appropriately integrated and recognised in strategic approaches and policy implementation; ensuring that National organisations are informed about developments in the North East and that their policy making facilitates growth, rather than providing barriers; leadership of partners through the development and coordination of the Regional Tourism Strategy and influencing its implementation; monitoring the performance of the sector and its contribution to the economic growth of the region

— Management of Single Programme Investment—ensuring appropriate single programme intervention through liaison with Sub Regional Partnerships, Local Authorities and other potential delivery partners, managing a programme of investment including, monitoring and evaluation. This includes investment in capital development projects.

— Leadership of Tourism Network North East—One North East leads this network by; providing focus and leadership; coordinating activities; ensuring organisational capability and appropriate and efficient use of resources; providing the regional infrastructure for the network (such as research and the regional tourism e-business platform Destin-e) and coordinating marketing and

[30] United Kingdom Tourism Survey2007.
[31] The four ATPs cover; Durham, Tyne and Wear, Northumberland and Tees Valley.
[32] Gross Value Added (GVA) is the difference between the value of goods and services that have been produced and the cost of raw materials and other inputs which are used up in their production.

promotional activity. The tourism agenda has benefitted greatly from being managed in close proximity to mainstream economic development activities such as business support, regeneration and capital investment activity, skills development and regional image campaigns.

— National Collaboration—Tourism in North East England is part of England's national tourism product and it is both impacted upon and supported by other organisations at national and regional level. One North East liaises with national bodies such as VisitBritain, VisitEngland, People 1st (the sector skills council) and other RDAs on issues such as national tourism strategy, marketing and promotion, national tourism skills strategy, research and intelligence, product development, 2012 winning tourism strategy and on strategic investment and intervention issues.

3.1.7. Independent evaluation of TNNE concluded that the decision to adopt the network approach was the right one.[33] It highlighted the progress made by the Area Tourism Partnerships in delivering a coordinated and focussed approach to destination management at a local level and the ongoing challenge to manage the expectations of the range of public and private sector stakeholders that fund their activities.

3.1.8. Co-ordinating TNNE on a regional level, but with local level involvement, has enabled One North East to balance local priorities with regional growth activities. This has helped facilitate a clear flow of national priorities down to the local level and vice-versa.

3.1.9. One North East leadership secured the involvement of organisations with a regional and national interest in the tourism economy such as; Government Office for the North East, Sport England, Regional Universities and transport organisations informally and formally though the Network Associates Group. Local Authorities, area based businesses and organisations are engaged through the ATPs. The importance placed on the role of tourism by these organisations has helped to raise its profile and raise confidence in the private sector. Notable investments by the private sector between 2003 and 2009 have been,

— Radisson SAS Hotel, Durham, £24 million

— Hotel Du Vin, Newcastle, £8 million

— Beamish Wild, Durham, £2.1 million

— Hilton Hotel, Newcastle, £25 million

— Hotel Bannatyne, Durham, £2.5 million

— Doxford Hall Country House Hotel, Northumberland, £14 million

— Grand Hotel, Tees Valley, £2.5 million

— Rockcliffe Hall Hotel, Tees Valley £60 million

3.1.10. One North East investment in the sector has supported, Tourism Network North East and its activities, international and domestic marketing, business development, skills and training activities, improving businesses awareness on resource efficiency and the value of training, whilst improving access to mainstream business advice and funding opportunities and research and intelligence. It has supported a programme of world class festivals and events and preparatory work towards increasing the potential benefits to the region from London 2012.

3.1.11. One North East has also contributed to the development and enhancement of the Region's World Heritage Sites through the establishment of Hadrians Wall Heritage Ltd,[34] support of Durham City Vision, funding of the Management Plan for Durham World Heritage Site and capacity building for Wearmouth Jarrow World Heritage Site nomination.

3.1.12. Capital investment has included; Great North Museum £5 million, Saltholme Wild Bird Discovery Centre £2.4 million, Dewars Lane Granary in Berwick £2 million, the redevelopment of Bowes Museum £2 million, the purchase of Seaton Delaval Hall £1 million, Middlesbrough Museum of Modern Art £3.5 million, Tees Barrage £2.4 million, the Sage Gateshead £1 million.

3.1.13. Many tourism interventions continue to be progressed and financed through physical regeneration projects. Historically, it could be argued that these were implemented in a piecemeal unrelated fashion with limited strategic context. The Regional Tourism Team play an important role as advocates for the legitimate role that well managed tourism developments can have in delivering economic objectives, supported by the ATPs and the sub regional ATMaPs that provide additional context for regeneration projects.[35]

3.1.14. It is the intention that ATMaPs should be available as key documents providing evidence in the Local Development Framework planning process (with the approval of the relevant Local Authority), as supportive documents to sub regional investment planning and regional investment and planning decision making.

[33] Tourism Network North East Evaluation, TEAM Tourism Consulting, July 2007.

[34] Hadrian's Wall Heritage Ltd is a company established by One North East in partnership with North West Development Agency, Natural England and English Heritage, dedicated to the sustainable economic development of the Hadrian's Wall Corridor through tourism.

[35] E.g. the study of regional accommodation requirements enabled appropriate hotel proposals to be incorporated into projects and the adoption of a more proactive approach to identifying and bringing in investors.

3.1.15. The agency has been successful where it has had the capacity to manage expectations and inject market realities into the thinking of public (and many private sector) led projects that are often driven by a sense of civic pride or are "product led."

3.1.16. In five years between 2004–05 and 2008–09, One North East has invested £43.7 million in specific tourism development and promotion. It is important to note that regeneration schemes have beneficial impacts on tourism, by improving place and creating environments where people wish to visit and consume goods and services. These place improvement projects are not described in the total above.

3.1.17. Tourism and culture investments lead to many indirect outputs and contributions to wider regeneration and regional economic development activity. The RDA aims to maximise these when investing in projects by advising on best practice and providing market intelligence to inform development.[36]

3.1.18. It is broadly recognised that tourism and culture outputs tend not to align closely with RDA targetry framework. Activities such as tourism promotion have no direct job creation recorded outputs (even though the return on investment generated is an important means of indirectly increasing employment in the sector). This suggests that outputs and impacts from sector support are under-recorded.

3.1.19. Without a stronger and clearer steer from the Department of Culture Media and Sport (DCMS) into the RDA funding agreements and targetry framework, achieving comparative value for money outputs with other interventions will always be difficult.

3.1.20. However in terms of priority sectors, the most recent report on One North East Sector intervention revealed that, "the most substantive growth was in the energy/offshore, creative and tourism sectors. Supporting the argument that sector intervention has had an impact over and above that achieved by more 'generic' business intervention".[37]

3.2. *North East Tourism Advisory Board*

3.2.1. The North East Tourism Advisory Board (NETAB) was established to enable One North East to take on board the opinions of a wide range of senior level tourism stakeholders in the region. In the transition period between delivery structures NETAB assured stakeholders that the agency was being advised appropriately by the sector. The Boards expertise during the period has included hospitality management, the natural environment, transport, museums and performance venues, destination management, Local Authority and business operations.

3.2.2. NETAB have succeeded in; overseeing the development and delivery of the current Tourism Strategy; producing an annual report on tourism progress against the tourism strategy objectives; acting as independent but informed advocates for the tourism sector in and out of the region, especially in the media.

4. Marketing North East England

4.1. Visitor economy marketing investment is closely aligned to the Regional Image Strategy, which promotes the region as an area in which to live, work, study, visit and do business.

4.2. A significant proportion of investment in tourism by all stakeholders goes into promotion; there is a need to make sure that messages and activity are aligned to achieve greater impact, for the benefit of all partners. The Tourism Network Marketing Framework sets out how TNNE coordinates marketing activity to ensure a partnership approach with shared objectives and reduced duplication. Case Studies are attached at appendix 1.

4.3. The first Network Marketing Framework was produced at the inception of the Network and took into account the very early stage development of Area Tourism Partnerships (ATPs). Therefore the majority of activity was undertaken at a regional level. Now the ATPs are established the framework has been revised. It is a supporting document to the new Visitor Economy Strategy in 2010, currently being developed.

4.4. The new framework identifies, lead destinations in the region that have the highest awareness and desire to visit amongst consumers, following extensive research. Future marketing activity will be multi-layered in approach, using lead destinations more prominently in all activity to gain initial interest but importantly to assist in building the awareness of developing destinations to facilitate their growth and potentially create new lead destinations in the future. This approach will achieve impact without fragmenting spend or losing the value of the strong regional brand architecture.

4.5. One North East delivers its National and International marketing activity through successful joint working with travel operators, VisitEngland, VisitBritain and other destinations in the UK. There are tangible benefits of working this way it improves the level of media coverage that can be achieved using the purchasing power of VisitEngland. One North East is an active participant in the development of VisitEngland marketing and development strategies.

[36] E.g. Alnwick Garden where considerable work has been undertaken to improve the quality of produce and supply chain of rural food producers to enable them to sell produce to visitors. They have embraced skills and economic inclusion activities and used the facilities to create additional outputs.

[37] "Priority Sector report: An Impact Assessment", *TBR Economics, University of Glasgow, Bert Nicholson Associates,* May 2008.

4.6. Internationally the focus is on a number of key destinations where the region has excellent transport links and therefore ease of access for visitors. Target destinations currently include Australia, New Zealand, Dubai, Holland, Germany and Norway. International activity is led at a regional level by One North East with ATP involvement eg all activity in Ireland is planned and implemented by the Tyne and Wear ATP as this is primarily a city break market and Durham lead on heritage city activity.

4.7. A particularly successful area of international marketing has been through England's North Country (jointly funded partnership between One North East, Yorkshire Forward and North West Development Agency). Through this collaboration North East England has been marketed in countries such as the USA, India and Italy. Overall international visitors have grown from 505,000 in 2003 to 659,000 in 2007, a 30 per cent increase. Despite the global downturn, when the figures are calculated including 2008 data, the region has still experienced a 9 per cent increase in international visitors.

4.8. The regional team procured the regional tourism e-business platform, Desti-ne. It was one of the first regional systems to be fully integrated with the national tourism product database, EnglandNet, for product and online booking. Destine is a web based platform of that allows, tourism partners and business to effectively and efficiently access global markets. It is a single system for the region and prevents the need for individual public bodies to procure separate systems.

4.9. The region is able to respond to changing consumer behaviour and use cost effective marketing campaigns, driving consumers to the web and providing mechanisms through which they can instantly book accommodation. Over 11,500 businesses have their products registered on the platform. The number of bookings to the region to date through the platform is over 46,000 the value of those bookings is reaching £6 million.[38]

4.10. It is acknowledged by a wide range of stakeholders and backed up by evaluation evidence that between 2003 and 2008 there has been a real step change in the level, quality and effectiveness of promotional activity for North East England.[39] Highlights include,

- The region has been promoted nationally and internationally through a high quality, high profile, award winning TV commercial. The Passionate People Passionate Places TV campaign has been very effective in updating perceptions of North East England. Outside of the region it made one third of people think more positively about North East England while 39 per cent stated they were more likely to visit.
- The Passionate People, Passionate Places campaigns have been recognised in international tourism awards for excellence in destination and tourism marketing, creating further publicity for the region. The campaign proactively uses new technology to present North East England in an innovative way including using social media and encouraging user generated content.[40]
- Partnership working in International markets with Visit Britain, Yorkshire Forward, NWDA, Emirates and DFDS producing excellent growth rates in visitor numbers.[41]
- Tourism marketing activity delivered a return on investment of 1:23. For every £1.00 spent £23.00 was generated as a direct result of regional marketing activity.
- There has been a huge increase in interest in the region as a visitor destination with www.visitnortheastengland.com showing 741,900 unique visitors in 2008 an increase of 40 per cent on 2007.
- The introduction of the North East England identifier brand and Passionate People, Passionate Places brand architecture ensured co-ordinated campaigns year round. By channelling the majority of One North East media spend through high profile regional activity One North East has purchased media space in the most effective and efficient way, buying in bulk at regional level.

5. The Growth Opportunity

5.1. There is clearly a growth opportunity for tourism in the region, using its natural and built assets and using the visitor economy to support wider regeneration objectives and economic growth objectives. The service sector has the ability to provide jobs, new businesses, and economic growth to assist the transformation of the regions economy.

5.2. Despite the difficult economic conditions of recent months, investment is continuing from the private sector, particularly notable in hotel development activity within Newcastle, Durham and Tees Valley.

5.3. The opportunity exists not only to create new businesses but to grow the size of tourism enterprises already operating in the region, through focussed and easily accessed business support, to businesses that have the ability and aspiration to improve and grow.

[38] The figures quoted are for businesses through the platform, and include bookings made on businesses own websites and partner websites such as lastminute.com.
[39] Regional Image Campaign Evaluation 2008.
[40] E.g. The Twitchhiker in NorthEast England has achieved a following of 22,000 people on Twitter.
[41] Australia is Emirates largest inbound market into Newcastle and the 2008 visitor survey showed a 15 per cent increase versus 2006 in visitors to the region from Australia.

5.4. Concerted effort needs to continue across a range of development initiatives and with a wide range of stakeholders, to achieve tourism growth, especially when public and private sector resources are limited.

5.5. There are clear opportunities across the region including;

- Facilitating tourism growth in the Tees Valley to support wider regeneration, economic growth and quality of life aspirations
- Maximising the value of Hadrian's Wall Corridor to the regions economy
- Accommodation development in urban and rural areas
- Development of commercial and more financially secure visitor attractions to increase the appeal, length of stay and duration of the season
- The development of Market Towns to underpin the tourism offer and support employment and business creation in rural areas
- Sustainable visitor use of the natural assets for the region including Kielder Water and Forest Park, Northumberland National Park and the Areas of Outstanding Natural Beauty in the region
- The development of Durham's tourism offer utilising the value of the World Heritage site and the opportunities presented by potential City of Culture Status
- Supporting the growing business tourism offer in Durham, NewcastleGateshead and Tees Valley
- Facilitating growth of the tourism economy in coastal areas, both urban coastline and rural coastline and support the regeneration of seaside resorts
- Ensuring the potential benefits of London 2012 are realised by the region
- Ensuring localities that have the potential, aspiration and commitment, to develop a stronger offer for visitors, have the evidence base and strategic planning in place to enable this to happen, eg Sunderland, the wider county of Durham, South East Northumberland, Stockton, Darlington and Middlesbrough.

5 October 2009

Memorandum submitted by Northumberland Tourism, Northumberland County Council and Northumberland National Park Authority (NE2-09)

1. Introduction

1.1. Northumberland Tourism, Northumberland County Council, and Northumberland National Park Authority have chosen to jointly submit the following evidence to the North East Regional Committee of the House of Commons inquiry on Tourism in the North East of England.

For simplicity, the term "Northumberland" is used throughout this submission as short hand for the three organisations.

1.2. *Submitting bodies:*

1.2.1. Northumberland Tourism is the Area Tourism Partnership/destination management organisation for the county. Funded by One North East and Northumberland County Council, the company's purpose is to be *The voice of tourism in Northumberland working on behalf of business and public agencies to promote the area and ensure visitors have the best possible experience.*

Northumberland Tourism is a member of Tourism Network North East, including the region's four Area Tourism Partnerships and One NorthEast.

1.2.2. Northumberland County Council became a unitary authority in April 2009.

1.2.3. Northumberland National Park Authority stretches from Hadrian's Wall to the Scottish Borders and is officially England's most tranquil place.

2. Summary of Evidence

2.1. Northumberland strongly supports the current strategy and strategic framework for tourism in the North East. The Regional Tourism Strategy informs and is informed by the county's tourism strategy—the Area Tourism Management Plan (ATMaP). The ATMaP enjoys widespread support within Northumberland. The focus it provides to multiple partners has made for a demonstrable improvement in value for money and effectiveness of public and private sector investment since 2005.

2.2. Tourism Network North East (TNNE) is very strongly supported by the business community, public and partnership organisations. There is no desire for change, but should regional roles be reconsidered, Northumberland is well placed to facilitate future growth of the visitor economy.

2.3. The current approach to marketing the North East is strongly supported. One NorthEast has demonstrated its flexibility and readiness to respond to new research and market insights. One NorthEast has worked well with its sub-regional partners in TNNE to continually hone and improve regional marketing.

2.4. Tourism should be considered a priority sector for growth in Northumberland. This should be based on both opportunity and need. However. To fulfil its potential the tourism economy clearly needs public sector intervention through a destination management organisation and investment into the tourism offer.

The Deloitte report "The Economic Case for the Visitor Economy" 2008 clearly states the case for public sector intervention to achieve tourism growth. Much its case is based on the challenges of delivering growth in areas characterised by small and micro independent businesses, areas such as Northumberland.

TNNE, particularly through One NorthEast's investment in tourism, has begun to demonstrate the potential role tourism can play in the North East. Yet it has a long way to go.

3. Tourism Strategy for the North East

3.1. Northumberland strongly supports the current strategy and strategic framework for tourism in the North East. The Regional Tourism Strategy informs and is informed by the county's tourism strategy—the Area Tourism Management Plan (ATMaP). The ATMaP enjoys widespread support within Northumberland. The focus it provides to multiple partners has made for a demonstrable improvement in value for money and effectiveness of public and private sector investment since 2005.

3.2. Our view is that the current strategic approach to tourism development is based on sound evidence, strong partnership support, and an effective delivery structure via Tourism Network North East

In Northumberland its delivery is underpinned by willing and enthusiastic partners at all levels. The county benefits from an exceptionally strong culture of partnership working in the tourism sector (both public and private), and this has been reflected in the high levels of engagement and contribution to the creation of the tourism strategy and ongoing commitment to contribute to delivery of its aims and objectives.

3.3. The change in Northumberland to a single unitary local authority in 2009 has further embedded the, relatively new, structure of county/regional tourism strategies.

3.4. The North East Tourism Strategy 2005–10

The regional strategy pre-dated the creation of sub-regional Area Tourism Partnerships, of which Northumberland Tourism is one. However the strategy benefitted from extensive consultation with the same organisations and businesses which agreed the Northumberland Area Tourism Management Plan in 2006. As a result both regional and sub-regional strategies dovetail well and have proved effective in guiding partnership activity. Tourism has grown strongly in Northumberland since 2005, aided in large part by ONE North East, local authority and National Park investment into activity prioritised in these strategies.

3.5. The Northumberland Area Tourism Management Plan 2009–12

This is the county's tourism strategy, recognised in all key local authority strategies, and by the Northumberland National Park Authority. It sets out an agreed vision, objectives and prioritises and guides activity and roles for all contributing public sector parties, community and partnership organisations.

From its first version in 2006 it has been instrumental in guiding the creation and evolution of local destination management plans and delivery bodies, obtaining partnership support for investment priorities, and setting out new guidelines for local authority activity that have minimised duplication of spend. It successfully established priorities for business support which have subsequently enabled considerable improvements in business competitiveness.

3.6. The Northumberland National Park Management Plan 2009–14

The importance of tourism to the future of the park and its residents is strongly represented throughout the plan. The Authority recognises in working towards the objectives in the plan the role of The North East Tourism Strategy and Northumberland Area Tourism Management Plan, as well as the role of organisations within Tourism Network NorthEast.

4. Role and Responsibilities of One NorthEast

4.1. Tourism Network North East (TNNE) is very strongly supported by the business community, public and partnership organisations. There is no desire for change, but should regional roles be reconsidered, Northumberland is well placed to facilitate future growth of the visitor economy.

4.2. TNNE was established by One NorthEast in 2005–06, supported by local authorities, the National Park and numerous other bodies in Northumberland. It agreed roles and responsibilities for One NorthEast and the establishment of new Area Tourism Partnerships, of which Northumberland Tourism is one.

4.3. The establishment of TNNE was controversial at the time as it meant a considerable change from previous structures. It was ultimately supported by a majority of the business community, but only after very public dialogue. It meant a change in role not only for One NorthEast but also for local authorities and the National Park.

4.4. Clear mechanisms, protocols and agreements are in place that guide the work of One NorthEast and the Area Tourism Partnerships within TNNE. The Network Operating Plan is the central document that governs roles, and is based on sound evidence, agreed specialisms and the needs and desires of target audiences. It is strongly supported by Northumberland Tourism.

4.5. Since the establishment of Northumberland Tourism, the organisation has grown to command the widespread support and respect of the business community and partners. It is recognised for making a real contribution towards Northumberland's tourism ambitions, and enabling businesses to make tangible improvements to their competitiveness. Furthermore, local authorities and the National Park were able to achieve greater value for money in their investment into tourism development, as activity became more focussed on the needs of the customer, in turn removing duplication of spend.

4.6. The effectiveness of TNNE has been confirmed by independent research in 2008.

4.7. Since the creation of Northumberland County Council as a unitary authority, an "in-principle" decision has been reached to work towards further consolidating the structure of TNNE, and further clarification of the role of indirect tourism services of the council (via the Destination Charter). We are currently exploring options that could result in bringing the county's 11 Tourist Information Centres into the management of Northumberland Tourism, thereby enabling greater integration with tourism marketing and product development. This should ensure local authority tourism spend is even more cost effective.

4.8. Support for TNNE in Northumberland is strong. The network has bedded down following extensive and controversial change in 2005–06. There is no desire for change amongst the business community, who would find it very difficult to understand and would be very likely to disengage form any successor organisation.

4.9. The strength of the tourism network in Northumberland is such that the county is well placed to facilitate future growth of the visitor economy. Northumberland Tourism is now a well established, successful and trusted body and is well placed to flex and adapt to any future change in regional roles. Should any change in regional roles be considered, the views of Northumberland Tourism, Northumberland County Council and Northumberland National Park Authority should be considered.

5. Marketing of the North East Nationally and Internationally

5.1. The current approach to marketing the North East is strongly supported. One NorthEast has demonstrated its flexibility and readiness to respond to new research and market insights. One NorthEast has worked well with its sub-regional partners in TNNE to continually hone and improve regional marketing.

5.2. The Network Marketing Framework 2009 sets out TNNE's approach to taking the region to market. It is based on sound evidence and market insight, and sets out clear messages, target audiences and roles and responsibilities for One NorthEast and Northumberland Tourism.

According to research commissioned by One NorthEast, top reasons to visit the region are the "National Park", "Hadrian's Wall", and the "Northumberland Coast"—constituting three of the five strongest attractors in the North East.

Hadrian's Wall Heritage Ltd, whilst not formally a member of TNNE, is a significant contributor to the region's marketing. It has responsibility for what is probably the best known asset in international markets, with significant untapped potential for future visitor growth.

5.3. Within Northumberland, marketing of the county is led by Northumberland Tourism within the context of the Network Marketing Framework. Northumberland Tourism ensures that businesses are engaged and able to contribute, and that private sector expertise is fed into TNNE. Since Northumberland Tourism's establishment the number of businesses in the county engaged in marketing the region has grown from 447 to more than 1,000. 1,667 primary tourism businesses and many more that benefit indirectly from tourism are now regularly communicated with and offered advice, support and marketing opportunities.

5.4. Northumberland County Council delegated its responsibility for tourism marketing to Northumberland Tourism on its establishment in 2006.

5.5. Northumberland National Park Authority, since TNNE's establishment, has restructured its marketing to focus on in-region visitors, relying on Northumberland Tourism and One NorthEast to communicate the National Park offer and brand within its communications. The National Park is recognised as a key regional asset and is well represented in county and regional marketing.

6. The Long Term Potential for Tourism in the North East

6.1. Tourism should be considered a priority sector for growth in Northumberland. This should be based on both opportunity and need. However. To fulfil its potential the tourism economy clearly needs public sector intervention through a destination management organisation and investment into the tourism offer.

The Deloitte report "The Economic Case for the Visitor Economy" 2008 clearly states the case for public sector intervention to achieve tourism growth. Much its case is based on the challenges of delivering growth in areas characterised by small and micro independent businesses, areas such as Northumberland.

TNNE, particularly through One NorthEast's investment in tourism, has begun to demonstrate the potential role tourism can play in the North East. Yet it has a long way to go.

6.2. Between 2003 and 2007 the number of tourism jobs in Northumberland grew by 11 per cent, and visitor spend grew by 28 per cent. Tourism accounted for 15,669 jobs and £710 million into the economy. In a predominantly rural county tourism is a vital part of the economy, as demonstrated in the table below (noting contribution of Hotels & Restaurants as well as Tourism & Leisure)

Figure 73

NORTHUMBERLAND EMPLOYMENT STRUCTURE 2007

	Male		*Female*		*Part time workers*		*Full time workers*		*Total*	
	No	*%*	*No*	*%*	*No*	*%*	*No*	*%*	*Total*	*%*
Agriculture and fishing	4,300	80.0	1,100	20.0	2,600	48.1	2,800	51.8	5,400	5.1
Energy and water	700	85.6	100	14.4	*	3.1	800	96.9	800	0.8
Manufacturing	9,100	75.8	2,900	24.2	800	6.7	11,200	93.3	12,000	11.4
Construction	5,300	88.3	700	11.7	500	8.3	5,500	91.7	6,000	5.7
Distribution, hotels and restaurants	10,800	43.7	13,900	56.3	12,000	48.6	12,700	51.4	24,700	23.5
Transport and communication	2,700	79.4	700	20.6	600	17.7	2,800	82.3	3,400	3.2
Banking, finance and insurance, etc	7,100	59.2	4,900	40.8	4,200	35.0	7,800	65.0	12,000	11.4
Public administration, education & health	9,400	26.6	25,900	73.4	19,500	55.2	15,800	44.8	35,300	33.6
Other services	2,100	39.6	3,200	60.4	2,700	50.9	2,600	49.1	5,300	5.1
Total	50,000	49.1	55,000	50.9	41,700	38.4	63,300	59.1	105,000	100
Tourism and Leisure (inc above)	5,000	41.7	7,000	58.3	7,000	58.3	5,000	41.7	12,000	11.8

Source:
* Agriculture data is derived from DEFRA June 2007 Agricultural and Horticultural Survey.
Remaining data is from NOMIS Annual Business Inquiry 2007.
Figures rounded to nearest 100, where # figure is less than 50.
ONS Crown Copyright 2008.

6.3. *The opportunity:*

Northumberland's natural environment particularly suits it for further tourism growth. Not only is it internationally recognised for its beauty (two Areas of Outstanding Natural Beauty as well as the National Park), it is also officially the most tranquil place in England, demonstrating that it has the capacity to grow significantly with minimal negative impact. This environment and the growing range of activities provided in this setting perfectly suits the market trend for relaxing yet active breaks*. Research conducted for One NorthEast asserts the following:

Top reasons to visit the region are the "National Park", "Hadrian's Wall", and the "Northumberland Coast"—constituting three of the five strongest attractors in the North East.

Phrases associated with the county are "Breath Taking", "Close to Nature" and "Invigorating". Hadrian's Wall is considered an iconic attraction.

Once visited loyalty is exceptionally high, with 95 per cent recommending the county to friends and family. This suggests that investment in attracting new visitors is repaid by exceptionally high loyalty and recommendation.

* Mintel 2008

6.3.1. *A customer focussed approach to growth*

The North East has an extremely robust understanding of its current and potential markets. A partnership of agencies and businesses, led by Northumberland Tourism, has agreed to clearly target segments using the Arkenford model adopted by VisitBritain. We will continue attract and satisfy medium spending "Traditional" and "Functional" visitors, but increasingly gear service and product towards the more discerning, higher spending "Cosmopolitan" and "Discoverer" visitors. This is intended to provide a more sustainable growth model that will deliver economic and community benefit whilst minimising environmental impact. Furthermore, these visitors are considered the county's best long term prospects from a purely commercial basis.

6.3.2. *Attractions as drivers of growth*

There is clear evidence that investment in nationally significant key attractions such as Hadrian's Wall, Alnwick Garden and Kielder Water & Forest Park acts as a catalyst for business growth in the wider economy. Yet Northumberland has started has started from a low base, and considerably more investment is needed to fulfil the county's potential.

6.3.2.1. *Unlocking the potential of South East Northumberland*

The National Trust have demonstrated their belief in the region's tourism potential by investing more than £10 million in the purchase of Seaton Delaval Hall, the Trust's number one national priority in 2009–10.

There is growing understanding of the potential of tourism for the more urban and deprived South East of Northumberland. Traditionally dependent on primary and manufacturing industries, this area has experienced considerable change in the last 20 years. Since 2006 investment has gone into the hugely successful colliery, exhibition centre and archive at Woodhorn, Newbiggin has attracted national interest with its coastal sculpture "Couple", the re-instatement of its sand beach, investment into the Newbiggin Heritage Centre, and a sailing centre. Further south the refurbishment of the Blyth Battery and shoreline has added to the visitor offer.

Together with the creation in 2009 of the ambitious South East Northumberland Tourism Association, there is every reason to be optimistic about the tourism potential of South East Northumberland.

6.3.2.2. *Key attractors of the future*

Development plans for Hadrian's Wall, Kielder, Berwick-upon-Tweed, Hexham Abbey and elsewhere, if brought to fruition, will strengthen Northumberland's position in national and international markets. Each of these projects is supported by a strong network of commercial and community partnerships, and based on extensive understanding of product potential and market interest. This experience has been gained over many years and the county has never been better poised to fully exploit these opportunities.

Annually, the sites along Hadrians Wall receive in excess of 600,000 visitors, with a further 500,000 walking the wall or sections of it. It is likely that in excess of one to 1.5 million visitors are visiting Hadrian's Wall Country annually to experience the history, heritage and landscape. This is further supported by the evaluation of business along Hadrian's Wall, 80 per cent of which claim the Hadrian's Wall Country brand essential in relation to their business sustainability.

There is growing interest in returning the Lindisfarne Gospels to the region. Wherever this is located it would attract international interest and act as a springboard to new markets. Northumberland is committed to working with regional partners to finding a regional solution.

6.3.2.3. *Creating growth—the evidence*

Since 2001, one in five accommodation/hospitality/retail businesses established in Alnwick/Alnmouth stated that the Alnwick Garden had positively influenced their decision to start a business**. 25 per cent of established businesses stated that the garden had influenced their decision to invest in improvements.

The £5.3 million over three years invested by partners into Kielder Water & Forest Park has resulted in a 26 per cent increase in visitor days (up by 62,000), and a 31 per cent increase in visitor spend (up by £3.1 million). Yet the Kielder Partnership are ambitious to do more, and have detailed plans in place for adding 700,000 visitor days, 150,000 bednights, £30.8 million spend and 790 jobs to the local economy over the next 10 years—subject to attracting sufficient investment.

** "The Impact of The Alnwick Garden" NSP evaluation 2008

6.3.3. *Food & Drink*

Visitor surveys demonstrate that satisfaction in the overall quality and choice of places to eat and drink is lower in Northumberland than competing destinations. But, supported by various initiatives, the industry is quickly responding to this opportunity. In 2006 eating establishments were scored 7 per cent lower than the regional average, closing the gap to 3 per cent lower in 2008. The Good Food Guide listed its first Northumberland restaurants in 2008.

It is widely considered that as a producer of quality, distinctive food and drink Northumberland has the potential to turn this sector into a key strength and defining attribute of the visitor experience. As food and drink is the highest area of visitor spend opportunities exist for more local businesses to supply this sector. While an increasing number of producers are now entering the tourism market, difficulties in distribution and processing, and chef skills and aptitude to use local produce constrain growth.

6.3.4. *Retail*

Visitor surveys* clearly demonstrate that demand for locally distinctive gifts, souvenirs and other retail items outstrips availability. Opportunity exists to fill this gap and retain more spend locally.

*2008 Visitor Survey, 2008 national TIC survey, 2007 National Park Visitor Survey

6.3.5. *Business Performance & Skills*

Northumberland's businesses perform exceptionally well in national league tables of award winners, regularly represented at the England for Excellence awards. Yet the county as a whole has lagged behind competitor destinations when measured against indicators of modern business practice such as use of the internet, and customer satisfaction with food, drink and retail.

6.3.5.1. *Marketing skills—demonstrating our impact*

Investment by ONE and NT in prioritising business adoption of internet marketing and booking practices has had a demonstrable impact on business performance since 2006. 12 per cent of tourism businesses offered online booking in 2006, rising to 39 per cent in 2008 (beating Cumbria at 25 per cent).

Northumberland's businesses are gaining ground on other destinations rapidly, but the opportunity remains for more businesses to become leading edge users of online marketing

6.3.5.2. *Customer satisfaction*

Visitor surveys consistently tell us that Northumberland lags behind competing destinations for the quality of its food, drink and retail offer. Since 2007 Northumberland Tourism has worked closely with chefs, restauranteurs, pubs, retailers and local producers to raise aspiration and provide practical support (the Made in Northumberland project).

Whilst there are early signs of customer satisfaction improvements and improved media coverage of the offer, a number of skills gaps have been identified that will require long term solutions by a range of partners.

6.4. *The need:*

As other business sectors have contracted, tourism has presented itself as an opportunity:

6.4.1. *Rural diversification*

The trend to convert farm buildings to accommodation, retail and food service continues. Estates are becoming increasingly sophisticated in their understanding of the visitor economy, the opportunities it provides, and how to realise them eg Ford & Etal, Blagdon, Eshott, Meldon, Northumberland Estates.

6.4.2. *Market towns as tourism centres*

Whilst still vital as local service centres, studies of market towns** have identified the need for towns to increasingly focus on providing high quality, locally distinctive leisure services to residents and visitors alike. The future for Northumberland's market towns increasingly lies in attracting more high spending, year round visits that will support independent shops, restaurants, cafes, entertainment and accommodation. Since the majority of retail and food & drink businesses are based in towns, this will also work towards offering a better experience for visitors in these priority areas.

** Market Town Retail Distinctiveness 2007, and Market Town Welcome 2008

6.5. The potential for tourism to be a major contributor to the county's economic growth is recognised by Northumberland County Council as one of three priority growth sectors in its draft Economic Strategy.

6.6. Northumberland National Park in its Management Plan identifies tourism as being an important business sector in the Park with the capacity to accommodate increasing numbers visitors.

5 October 2009

Memorandum submitted by VisitEngland (NE2-10)

1. About VisitEngland

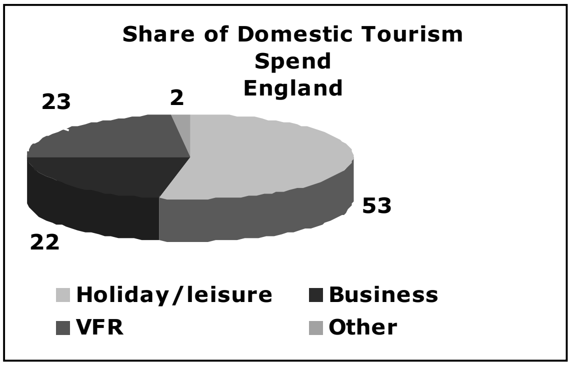
1.1 In response to a clear call from industry arising from the 2008 British Tourism Framework Review, VisitEngland has been created as the strategic leadership body representing the public and private sector stakeholders of English Tourism. It works in partnership with VisitBritain, the RDAs and local authorities, and the private sector, creating a national tourism strategy, optimising marketing investment, and developing the visitor experience across England. VisitEngland continues to use its Enjoy England consumer brand in the domestic market and will market England under the VisitEngland brand in international markets. More information can be found on our websites www.visitengland.com and www.enjoyengland.com. VisitEngland is also responsible for Quality assessment schemes for accommodation and visitor attractions.

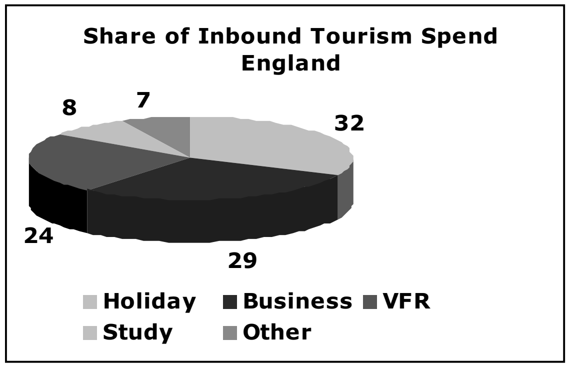
1.2 VisitEngland is grateful for the opportunity to contribute to this important consultation. There are key issues in the English visitor economy that VisitEngland would wish to be borne in mind and we have provided information and thoughts where we feel we can best add value to the inquiry.

2. The English Visitor Economy

2.1 In 2008 there were 95.5 million domestic overnight trips in England, generating a total spend of £16.4 billion; 27.3 million inbound (international) visits generating £14.3 billion; and 872 million tourism daytrips, generating £39.3 billion.[42]

2.2 In "The Economic Case for the Visitor Economy", commissioned for the British Tourism Framework Review of 2007–08, Deloitte estimated the 2008 total contribution of the English visitor economy in terms of GDP to be £94 billion.[43] Holiday travel accounts for over half of domestic overnight spend, but only one third of inbound value, while business tourism is relatively more important to the inbound market. Visiting friends and relatives (VFR) contributes just under a quarter of total spend across both markets.





3. Regional Spread

3.1 London and the South East together generate almost 70 per cent of English inbound visitor volume and value. The profile is very different for domestic tourism which has a much broader regional spread, with the South West attracting the highest number of visitors—in five of the national total. The North East accounts for around 2 per cent of inbound visits and 4 per cent of domestic visits:

	Domestic		*Inbound*	
	Trips %	*Spend* %	*Trips* %	*Spend* %
London	11.8	14.3	53.8	56.9
East of England	9.7	8.3	7.9	6.0
East Midlands	7.6	6.5	4.3	2.7
West Midlands	8.1	7.0	6.4	4.3
North West	13.6	14.2	9.0	6.0
North East	4.2	4.2	2.0	1.3
South East	17.1	14.3	16.7	12.5
South West	19.8	22.1	8.5	6.9
Yorkshire	10.0	8.5	4.6	3.2

3.2 The regional spread of Quality assessed accommodation is as follows:

1st Quarter 2009–10 vs 4th Quater 2008–09 Report

SERVICED ACCOMMODATION IN ENGLAND-AA & VB, BY REGION

Region	*Hotels*	*Budget Hotels*	*Total Hotels VB & AA*	*Total Guests A.*	*Total Serviced accom*	*Total Serviced Accom 3 months*	*% +/− from 3 months previous*
East Midlands	179	99	278	736	1014	1079	−6.02%
East of England	262	116	378	945	1323	1363	−2.93%
Heart of England	203	128	331	756	1087	1156	−5.97%
London	237	99	336	212	548	542	−1.11%
North East	113	46	159	498	657	662	−0.76%
North West	375	161	536	1192	1728	1688	−2.37%
South East	502	192	694	1684	2378	2440	−2.54%
South West	645	106	751	2809	3560	3676	−3.16%

[42] Daytrips figures are projections based on 2005 data.

[43] An indicative figure only, estimated using English domestic and international overnight tourism spending shares applied to the UK national estimate calculated by Deloitte (£114 billion)

Region	*Hotels*	*Budget Hotels*	*Total Hotels VB & AA*	*Total Guests A.*	*Total Serviced accom*	*Total Serviced Accom 3 months*	*% +/− from 3 months previous*
Yorkshire	244	88	332	1067	1399	1425	−1.82%
Total	**2760**	**1035**	**3795**	**9899**	**13694**	**14031**	−2.40%
Total April 09	**2867**	**930**	**3797**	**10234**	**14031**		

4. Marketing of England and the North East Nationally and Internationally

4.1 VisitEngland is responsible for the overarching England brand. We have quarterly regional marketing (with all regions) where we share marketing plans and information. Recent partnership marketing for the domestic market with ONE is as follows:

- VisitEngland's UK marketing Manager attended ONE's tourism planning day on 9 March and presented VE's plans for 2009–10. There have been discussions on working together.
- ONE have supplied around 50 offers for the national "Enjoy Every Minute, Enjoy England" campaign (which is commonly know as "the value campaign" and is promoted with national print, radio and television advertising).
- VE have worked closely with the NewcastleGateshead initiative on the value campaign—shot taking in the Tyne Bridge and the Sage features on one of the lead posters for the campaign. We have also worked on supplements, press displays and web content. ONE are featuring in Guardian supplements as part of the campaign.
- ONE coordinated consumer offers for those collecting tokens off products from Müller ("Local Treasures") and Walker's ("Gary's Great Trips"). VE delivered these partnership marketing opportunities. VE also did a day of radio with Gary Lineker to highlight the Walker's campaign, highlighting many attractions in the North East.
- VE engage ONE for regional specific PR requests.
- VE are always pleased to receive regional information for our national topical campaign themes. For example, the recent Inn England campaign around visiting the English pub.

4.2 VisitEngland is focusing on the international markets of Germany, the Netherlands and Ireland and, going forward, the USA. We offer campaign management and PR services to regional partners. We will ask regions to pay us for these services, but we offer considerable expertise.

4.3 If regions, including the North East, wish to run campaigns abroad without our input they are free to do so, but we believe we are working very well together. Recent partnership marketing for the inbound market with ONE is as follows:

- International marketing meetings are combined with the domestic meetings as in para 4.1.
- VE worked with ONE on joint campaigns in partnership with DFDS Seaways in Germany and the Netherlands in Spring 2008.
- We are currently in discussions with ONE of joint activities going forward.
- ONE have a section in our French, German and Dutch brochures, of which we distribute approximately 40,000 per year, per market.
- VE will work with ONE on journalist visits and press coverage from the overseas markets.

4.4 VisitEngland operates an assessed-only policy for marketing accommodation. ie we will only market accommodation that has been assessed by VisitEngland or the AA. North East participation is listed in para 3.2.

4.5 VisitEngland would congratulate ONE on the demonstrable success of its "Passionate People, Passionate Places" branding and marketing campaigns for the North East. Tourism growth to the North East has been exceptional.

5. Tourism Strategy for the North East Region

5.1 The Regional Development Agencies were given the strategic responsibility for the sustainable development of tourism in the regions. One North East were quick to develop a tourism strategy on behalf of the region. They have established a well-regarded tourism support structure, which gives focus and flexibility to a network of Area Tourism Partnerships (ATPs). At the same time, the Agency itself overlays a level of quality to ensure a regional consistency of approach.

5.2 One North East formed an active working partnership with its sister RDA, the North West Development Agency, English Heritage, Natural England and a range of other stakeholders, which led to the creation of Hadrian's Wall Heritage Limited. This well-respected body provides oversight, development and marketing opportunities for one of England's great tourism icons.

5.3 One North East take an active role in the Regional Development Agency Tourism "Leads" Group. In the absence hitherto of a national tourism strategy for England, the RDAs were asked to explore ways in which they might work collaborative. Whilst this collective responsibility has proved difficult to enact, One North East are certainly active partners in the group. One North East have recently taken over lead responsibility on behalf of RDAs for the review of the proposed national tourism operability platform for England, Scotland and Wales.

6. Tourism Strategy for England

6.1 As noted above, England does not have an overarching tourism strategy. This has been disadvantageous to the country as a whole, but also to individual regions given the lack of a dedicated national tourism policy. With the emergence of VisitEngland, this situation will soon be addressed with the publication of a new strategy for England by the end of 2009. VisitEngland is working actively with all the regions, including One North East, to develop a tourism strategy that reflects the interests and needs of each particular partner. One North East has volunteered to take an active role in shaping this strategy.

6.2 While the England Tourism Strategy is very much a work in progress, we can say that we are focusing attention around two key pillars: (i) effective marketing, (ii) improving the visitor experience. We are drawing on regional tourism strategies in our work.

6.3 The England strategy is a collaborative effort between Partners for England (P4E). P4E brings together the disparate stakeholders of English tourism, including VisitEngland, the RDAs, local government, trade and sector bodies and so on. P4E meets twice a year.

6.4 VisitEngland is committed to quality in the visitor experience. As well as quality assessment for accommodation, we offer the Visitor Attraction Quality Assessment Scheme (VAQAS). There are currently 70 members of VAQAS in North East England.

7. The Long Term Potential for Tourism in the North East

7.1 Long term sustainability in tourism is provided by destinations that offer two basic things: (a) standards of quality recognised by consumers and (b) local points of difference—otherwise known as Unique Selling Points. Standards—such as Blue Flag beaches, Green Flag parks, Star-Rated accommodation, the Quality Rose—are the bedrock of consumer expectations. On that bedrock, however, destinations must build something that helps them stand out from the crowd and appeal to particular markets. For example, Tynemouth has cut out a useful niche around surfing (the Newquay of the North East), and Hartlepool has done brilliantly with its maritime heritage, securing Tall Ships 2010. Themes that are ripe for the future of tourism interest in the North East will include Bede and early English Christianity; Hadrian and Roman England; the natural environment (esp Kielder and the Dales); city breaks (esp Newcastle/Gateshead and Durham—and Sunderland, City on the Sea); and built heritage (not least the fantastic castles in the region). Tourism offers a viable future in a region in transition to post-industry and post-industrial landscapes (such as the Durham Heritage Coast, Beamish, or the enduring appeal of riding Middlesbrough Transporter Bridge).

7.2 Visitor figures for the last full years available:

	Trips (millions)			*Nights (millions)*			*Spend (£ millions)*		
Region Visited	*2007*	*2008*	*% change*	*2007*	*2008*	*% change*	*2007*	*2008*	*% change*
West Midlands	8.4	7.76	−8	20.12	20.74	3	1184	1149	−3
East of England	10.57	9.22	−13	32.78	29.12	−11	1474	1362	−8
East Midlands	7.37	7.28	−1	20.17	22.29	11	1055	1060	0
London	10.14	11.32	12	23.35	27.43	17	2204	2356	7
North West	13.03	12.97	0	37.61	36.56	−3	2282	2338	2
North East	3.64	4.02	10	12.35	12.22	−1	651	697	7
South East	17.86	16.3	−9	49.95	47.52	−5	2353	2350	0
South West	20.46	18.93	−7	79.33	71.73	−10	3802	3639	−4
Yorkshire & Humberside	10.35	9.55	−8	30.12	26.53	−12	1427	1397	−2

7.3 2008 was a good year for tourism in the North East. Indeed, the North East is a rapidly growing tourism market, and has been at a time when others have found the climate rather more challenging. Admittedly, the North East has started from a low base and it still has a lot of potential to fulfil. We are confident it will continue to grow and look forward to playing our part.

13 August 2009

Memorandum submitted by Hadrian's Wall Heritage Ltd (NE2-11)

Evidence base includes:

- Major Study into the Potential of Hadrian's Wall 2004—this identifies the failures of stakeholder partnership working, investment in Wall-wide interpretation and site development and failure to brand build for the Wall as a single entity—the most major heritage site and WHS in the UK
- Regional Tourism Strategy 2006
- Hadrian's Wall Heritage Ltd Board responses and minutes
- on the development of the new 2010 Visitor Economy Strategy that will replace 2006 Regional Tourism Strategy
- Regional Economic Strategy
- World Heritage Status—Is There Opportunity for Economic Gain?
- Arkenford Segmentation into the appeal of the NE
- HWHL evaluation of importance of HW to local businesses 2008
- The effect of "brand" in tourism delivery

World Heritage Site Status—the economic benefits open to WHSs are only just being collated worldwide but there is clear evidence that that this status brings international recognition, place-shaping opportunities and importantly, that WHS visitors on average spend double that of non-WHS visitors on any single visit.

The DCMS has recently written to all Local Authorities to underline their responsibilities in terms of the protection and enhancement of WHSs according to UNESCO principles and requirements. There is still a lack of understanding nationally of the potential value of WHS, both in terms of community engagement, delivering a sense of place and delivering real and powerful economic benefit. It should be noted that in Germany, the entire tourism strategy is based around the development of their WHSs as the most important entities of value to visitors to their country.

Place Shaping—There is still much work to be done to fully understand the role of Local Authorities and other agencies in Place Shaping. WHSs and other heritage and cultural activities, but we would argue heritage pre-eminently, play a very important role in this strategy which can bring huge benefits both in community development and economically to "places". This is sometimes overlooked as public spending is cut and other more statutory services take priority. Although partners are aware of this responsibility, delivery of a fully integrated place shaping agenda still requires some significant work.

There is an opportunity here to improve the connectivity of regional agendas and local authority work in this area.

The development of Area Tourism Partnerships in the 2006 strategy has created a strong sub-regional bodies efficiently connected to local businesses and able to offer good business support and direction. They play a strong role in communicating the need for business improvement and support the delivery of training initiatives to this effect. HWHL welcomes working with these teams in Northumberland and Tyne and Wear, and the County Durham Partnership on WHS related matters.

The new Visitor Economy strategy will build on this base and will be closely linked to the Area Tourism Management Plans. HWHL is committed towards delivering sustainable development for our iconic WHS and Hadrian's Wall Country and will welcome closer engagement with the Network as the growth potential of the site comes to the fore through new Wall-related capital and interpretation heritage and landscape initiatives. These are beginning to take place for the Wall with developments at Vindolanda, Housesteads and the GNM in the NE and Roman Maryport and Tullie House in Carlisle with many community based initiatives underway in the rural areas of the Wall.

2. Role and Responsibilities of ONE

ONE has set up the Area Tourism Partnerships, the Network and in partnership with the NWDA, English Heritage and Natural England (although ONE took the lead in our development following the Major Study of 2004) set up Hadrian's Wall Heritage Ltd to lead on the developments and improvements necessary for the region to capitalise on the potential of the Wall and the wider Hadrian's Wall Country. ONE is a strong part of this partnership. As HWHL sits outside of the ATP Network, although is engaged in some common areas such as marketing, there is sometimes room to improve connectivity and emphasise the regional strategy of supporting HWHL to deliver the transformation of Hadrian's Wall as a visitor experience. We would welcome the opportunity to support the regional marketing framework production in which we would like further discussion, assisting the region to deliver Britain's potentially largest and greatest heritage and educational experience; something ONE is investing strategically through capital developments for the future.

The development of Desti.ne is beginning to be a major tool helping local businesses to develop business and thrive—ONE have been instrumental in this regional initiative which we believe is beginning to bear real fruit.

However, tourism development nationally and internationally depends primarily on brand and related product development and we feel there is room to further develop and invest in those regional brands which have strong potential to underpin regional growth. Hadrian's Wall has the critical potential to achieve this for the region internationally, as has Durham City and Newcastle Gateshead. Domestically this group would include many aspects of Northumberland.

We would welcome greater overt support for the key regional brands recognised by ONE. We see that politically this has been difficult but believe the region will not truly benefit in the long-term through the levels of investment distributed regionally (and too evenly…). Creating a more competitive set of destinations within the region through stronger direct investment by ONE, would lead to much greater returns overall for the region. This would involve a re-balancing of resource from direct ONE investment in a regional team in some areas directly to key brands to which consumer would more readily respond.

This opportunity is recognised more strongly in other regions of Britain where key brands are strongly supported and will continue to create strong appeal against which it may be difficult for NE brands to compete to the detriment of the regional economy. We would welcome stronger collaboration with ONE to create the level of investment needed to realise the full potential of this WHS having strong international appeal. We understand this has been difficult for political reasons until now.

3. Marketing of the NE Nationally and Internationally

HWHL is beginning to fulfil its role described in the setting up of the Company to realise the potential of the WHS through bringing together over 100 key stakeholders and developing a Wall-wide (from the west coast of Cumbria to the NE) understanding of the breadth of our major historic monument and the epic landscape in which it sits. Consumers are responding hugely to increased profile and we believe we have the strongest consumer response to our website in the NE indicating high appeal and potential for the future.

Whilst the "Passionate People" campaigns for the NE run by ONE have clearly lifted the impression of the region nationally and this is welcomed, internationally it is heritage product and landscape brands which mostly provide the reason for travel by international visitors to different parts of Britain in many markets. HW also benefits by the strong appeal of our landscape in many European markets where spiritual renewal and healthy living are of great appeal within Britain. HW is clearly the most important heritage icon in the NE and as such has huge potential to deliver results for the region. Growing international interest is evident.

HWHL would welcome greater collaboration between regional marketing and the actual key brands of the region. At the moment, the marketing cycle of feeding back consumer information from visitors (which can only be done by local businesses) into the marketing cycle (true customer relationship marketing identified as the most successful in bringing long-term and sustainable benefits to any destination) cannot be achieved by the running of large regional campaigns which are not connected directly to the campaign work being run by ATPs or HWHL. This is to the detriment of the regional economy. Empowering the brands of the region to be more competitive through better marketing resource investment would realise greater results for the region overall. A good job has been done in raising the regional image but we feel it is now time to move to "stage two" where the regions brands are invested in with direct support, and ONE takes a more strategic overview of international and domestic trends in order to "enable" its destinations and brands. The NE has improved tourism receipts from a very low base but should now truly empower the stronger brand development being realised elsewhere. We would welcome further discussion in this area and HWHL looks forward to contributing to the regional tourism consultation and working with ONE to realise the potential of HW Country in the NE and Cumbria. We are building relationships internationally with the Frontier of the Roman Empire countries and need more support to achieve long-tern aims.

4. Long term potential of Tourism to Hadrian's Wall Country and the NE

Annually, the sites along Hadrian's Wall receive in excess of 600,000 visitors, with a further 500,000 walking the Wall or sections of it. It is likely that in excess of 1.5 to 2 million visitors are visiting Hadrian's Wall Country annually to experience the landscape for walking and cycling etc. This is further supported by the evaluation of business along Hadrian's Wall, 80 per cent of which claim the Hadrian's Wall Country brand essential in relation to their business sustainability.

Occupancy in Hadrian's Wall Country has improved dramatically with average occupancy May-Aug in 2009 at 76 per cent, 30 per cent higher than the national average, and 25 per cent higher than the corresponding period in 2008. Accommodation occupancy also outperforms the North East average by at least 10–20 per cent each month. This is a brand beginning to realize potential with much international connectivity with Frontiers of the Roman Empire countries to be built upon.

ARKENFORD National Research 2008

The research suggests that from the consumer perspective there are only a few identities in the NE that are currently strong enough to compete in the UK context. These are the labels that currently have the recognition and pulling power to bring people to the region.

They include:

— The Northumberland Coast,

— Hadrian's Wall,

— The National Park,

— Newcastle, and

— Durham city.

91 per cent of 4266 respondents in Britain consider HWC a destination they would like to visit.

The realization of the transformation of the interpretation and capital investment in sites along Hadrian's Wall will create Britain's finest educational and heritage visitor experience in the next 2–7 years. All is yet to come. Length of stay domestically and internationally will improve as the depth and length of the experience is communicated more powerfully. ONE and the NWDA, English Heritage and Natural England and local businesses all have a role to play in this potential benefit to the North of England; all resources must be harnessed.

5 October 2009

Memorandum submitted by the Museums, Libraries and Archives Council (NE2-12)

Executive Summary

1. Cultural heritage (including Museums libraries and archives) is recognised as an important contributor to the region's tourism offer.[44] It both stimulates business growth and promotes a positive image for the region, contributing to quality of life and attracting inward investment. As well as providing an important component of the region's visitor offer, the sector offers opportunities to raise aspirations and skills, tackling economic exclusion.

2. The region has diverse and rich cultural heritage assets, including museums, libraries and archives of international and national as well as regional significance. Recent investment by a range of funders in capital infrastructure, skills and service development has demonstrated the potential of a quality product.

3. The new Tourism strategy and Integrated Regional Strategy currently in preparation need to ensure the North East builds on the investment to date to maximise the contribution of the museum, library and archives sector to the regions prosperity and give strategic coherence to the offer.

4. Future investment should focus on developing and renewing existing cultural facilities and services and further raising the profile of the region and increasing perception of the North East as a place to live and work.

MLA

5. The Museums, Libraries and Archives Council (MLA) is a Non-Departmental Body sponsored by the Department for Culture Media and Sport and is the lead strategic agency for museums, libraries and archives. We work to improve people's lives by building knowledge, supporting learning, inspiring creativity and celebrating identity.

6. Museums, libraries and archives have a key role to play in supporting and promoting tourism. They act as spaces of discovery and inspiration, as magnets to visitors, and libraries perform the key role of information hubs, helping people to find out about the local area and forthcoming events.

7. MLA undertakes work on the sustainable communities and place-shaping agendas at a national and regional level. This includes work under the Living Places and Sea Change programmes as well as policy development work which is ongoing around sustainability. MLA works at a regional level to ensure success under these priority areas and part of this role involves liaison with the Regional Development Agencies (RDAs), ensuring that culture is reflected in regional strategies and plans, including tourism and visitor economy strategies. Some of this work at both regional and national level is planned and delivered in partnership with Arts Council, English Heritage and Sport England.

North East England

8. There are currently 67 museums in North East England (accredited under MLA's national standards scheme for museums).[45] 30 are operated by local authorities, 11 are volunteer-run and a further 10 are independent trusts. Eight are managed by the National Trust, four by English Heritage and three by universities. One National museum—Locomotion—the National Railway Museum at Shildon operates in the Region.[46]

---

[44] One North East (2006) *Leading the Way, Regional Economic Strategy 2006*, http://www.onenortheast.co.uk/lib/liReport/9653/Regional%20Economic%20Strategy%202006%20-2016.pdf, p129

[45] http://www.mla.gov.uk/what/raising_standards/accreditation

[46] MLA North East (2008) Regional Museum Strategy

9. In 2006 the 67 Accredited museums in North East England received 3,866,103 visits. Over 60 per cent of these visits were to local authority-run museums.[47] In 2008 the top twelve visitor attractions in the North East included six museums.[48] The importance of enhancing and conserving these assets was identified as one of the ten objectives for measuring progress of the Regional Tourism Strategy.[49]

10. Designated collections of national and international significance are held by the Bowes Museum, Beamish, Durham University and Tyne & Wear Archives and Museums. The world heritage sites of Durham and Hadrian's Wall have world class collections associated with them.

11. The diverse and rich heritage, including museums, libraries and archives, brings a wide range of positive economic, social and cultural impacts, which are inter-linked and mutually re-enforcing to the benefit of the region. The most significant of these economic impacts are in relation to the region's tourism industry and wider visitor offer. Heritage assets attract over six million visitors annually, contributing over £180 million wider visitor spending, and creating over 5,400 jobs within the tourism industry.[50] The Regional Economic Strategy also highlighted the more intangible role played by the sector in developing a positive image for the region, contributing to quality of life and attracting inward investment.

12. A recent study, as part of the work carried out for the development of the Great North Museum project, has demonstrated the potential economic impact of museums. For example the development of the Great North Museum will create a total of 162 new jobs as a consequence of incremental visitor expenditure and for an investment of £25.75 million provide net present value of £74.9 million.[51]

Strategies

13. The current North East Regional Economic Strategy recognises the contribution that heritage (and other cultural assets) make in stimulating business growth and employment.

14. The North East England Regional Tourism Strategy 2005–10 recognises the value of the region's heritage in the visitor economy. The Regional Image Strategy and the region's Tourism Marketing Strategy identify "History and Heritage" as a key theme. The Passionate People campaign has been widely taken up and supported by the region's museums.

15. A 2008 report into the role played by heritage in growing the visitor economy emphasised that the region has an already well developed heritage resource. It identified thematic and cross-cutting approaches that could provide a framework for the development and promotion of the sector in a tourism context.[52]

16. In 2008 a regional museum strategy was developed with the sector, identifying priorities for museums over the coming period. It identified the aim of a clear regional offer and a strategy for museums to engage with and increase participation rates in four key audiences, including tourists.

17. The new Tourism strategy and Integrated Regional Strategy currently in preparation need to ensure the North East builds on the investment to date to maximise the contribution of the museum, library and archives sector to the regions prosperity.

Programmes and Investment

18. Between 2002 and 2009 the North East will have received over £20 million from MLA's Renaissance in the Regions Programme to transform museums for the benefit of museum users. The main aim of Renaissance is to transform England's regional museums; to raise their standards and deliver real results in education, learning, community development and economic regeneration—making museums great centres of life and learning, which people want to visit.[53] Its contribution to economic regeneration in the regions was recognized in its recent review.[54] The review also noted the North West hub has attracted £3 million of investment from Northwest Regional Development Agency which it matched with Renaissance funding, which, "… will be used to accelerate the development of up to six key regional museums and galleries, and enable them to play a more active role in the region's tourist economy. The RDA funds … would enable the North West to demonstrate regional strategic investment in its cultural heritage while also supporting the development of collections displays and major temporary exhibitions, which would aim to attract visitors from across the region and beyond".

19. The investment through the Renaissance in the Regions programme has led to an increase of 350,000 in annual visits to North East Hub museum venues and two million visits are now made to our Hub museums annually. Hub museums attract significant numbers of tourists to the region, for example c.60 per cent of Beamish visitors are tourists from outside the north east region.

---

47 ibid
48 http://www.enjoyengland.com/corporate/corporate-information/research-and-insights/statistics/Annual-Visitor-Attractions-Survey/Visitor-Attractions.aspx
49 http://www.onenortheast.co.uk/lib/liReport/983/ONE%20Report%2013454_01.pdf
50 North East Historic Environment Forum (2005) Economic Social and Cultural Impact Assessment of Heritage in the North East
51 Economic Impact Appraisal Report, Caledonian Economics
52 One North East (2008) Maximising the Contribution of Heritage to the North East Regional Economic Strategy and North East Tourism Strategy
53 http://www.mla.gov.uk/what/programmes/renaissance
54 www.mla.gov.uk/what/programmes/renaissance/~/media/Files/pdf/2009/Renaissance_Review_Report

20. Renaissance has also invested in skills development and customer care expertise to improve services to all visitors to all museums across the region thus providing a wide ranging and diverse tourist offer. A training and awareness programme run jointly with One North East supported museums develop their visitor offer and increase to 60 per cent those that now meet the Visitor Attraction Quality Assurance Scheme.[55]

21. The additional capacity created through the Renaissance investment has enabled museums to play a strong role in regional marketing, events and promotional activity. For example: *SeaBritain North East 2005* initiative, which supported the Tall Ships event; the North Face exhibition, showing the National Portrait Gallery's collections across the region; and the popular Late Shows, which last year attracted 11,000 visits into the night for a "culture crawl" around 26 museums and galleries across NewcastleGateshead.

22. This big thinking, partnership working and ambition is reflected in planned and potential projects such as the Tall Ships stop at Hartlepool in 2012, regional and local plans underway for the Cultural Olympiad and County Durham's bid for the city of culture in 2013

23. The Regional Museum Strategy also recognised that Heritage Lottery funding has led to extensive renewal of the visitor offer over the past ten years. The flagship museum and archive at Woodhorn receiving the largest single grant of £10.2 million. The Renaissance programme has also increased capacity which has allowed the Hub museums to develop projects and work with external partners to an extent that would not have been possible before. It has levered over £55 million investment into the Hub partners alone in 2002–06. Much of this investment has been brought in from outside the region, and has improved cultural infrastructure in the North East, its quality as a destination and its attractiveness as a place to live. For example capital developments at Beamish, the Bowes Museum, Monkwearmouth Station Museum and Newcastle's The Great North Museum project, which opened May 2009 and has already achieved half a million visits—smashing it's annual target of 350,000.

24. However, there was need for museums to start considering how they will achieve ongoing and incremental refurbishment of displays and facilities to maintain quality of visitor offer in line with visitor expecations, when well-used funding sources, such as HLF and the Northern Rock Foundation, are diminished or no longer available.

25. Living Places is a coalition of five leading national culture and sports agencies: Arts Council England, Commission for Architecture and the Built Environment (CABE), English Heritage, Museums, Libraries and Archives Council (MLA) and Sport England. It aims to ensure all communities, particularly those experiencing housing-led growth and regeneration can benefit from cultural and sporting opportunities through: Providing those people who are shaping communities with information, advice and support on the use of culture to create better places; aligning investment from the sporting and cultural sector with sustainable communities funding across organisational boundaries, so it works harder for people; and empowering communities to make cultural and sporting activity and infrastructure a part of their lives.[56] There is opportunity to explore how this activity can work with the Place Making Charter for Destination Management to position the importance of the visitor economy to a local area, clarify the roles and responsibilities of all stakeholders and assist in joining activity at all levels.[57]

5 October 2009

Memorandum submitted by Tees Valley (NE2-13)

— Tourism is an important part of the Tees Valley economy generating £707 million expenditure, 15 million visitors and 11,000 jobs.

— Tees Valley is an emerging visitor destination which needs to continue to raise its profile to a regional, national and international audience and create a place to live work and visit.

— Significant investment in the visitor economy has taken place over recent years and this activity needs to continue to ensure that the visitor economy grows.

— Linked to the capital programme Tees Valley would see up to 4,000 new jobs created in the area over the next 5–10 years. This raises challenges in terms of recruitment retention and industry perceptions which visitTeesvalley and others are seeking to address.

— In recognition of the low awareness of the Tees Valley and the low tourism business base *visitTeesvalley*, the Destination Management Organisation/Area Tourism Partnership working with the five Tees Valley Local Authorities has taken an "events" led approach to attract visitors

[55] http://www.enjoyengland.com/corporate/corporate-information/Industry_Services/Visitor_Attractions/VAQAS/Case-Studies/Working-with-a-Regional-Development-Agency-(RDA).aspx
[56] http://www.living-places.org.uk/
[57] http://www.enjoyengland.com/Images/MB12432_A5%20Place%20Makingv9_tcm21-122345.pdf

- vTv is part of Tourism Network North East set up in 2006. There is a need to continue to embed the network and *vTv* is facing difficult and challenging times in a climate of declining public sector resources and increasing demands being placed on a relatively small private sector to sustain the work over the next few years.
- ONE have adopted an attract-and-disperse tourism regional marketing strategy with Newcastle, Durham (City)and Northumberland as three lead destinations and therefore all regional, national and international activities to promote the NE focuses attention on these lead destinations. Protocols are being finalised between the sub regions to disperse visitors to other parts of the NE on arrival
- *Our vision: In 2015 Tees Valley will be known as a distinctive, easily accessible, quality destination, which offers "urban playground" environments with a vibrant eating and nightlife scene, and a range of cultural, entertainment and sporting facilities, accommodation; rich and well interpreted industrial heritage and great outdoor experiences in coast and countryside—all delivered by a highly skilled workforce. These products will be reinforced and enlivened through a programme of special events and experiences. Tees Valley will be an environment that is highly attractive as a place for people to live, work, visit and play.*
- vTv and its public and private sector partners have identified the following four priorities as critical to achieving the vision for Tees Valley, enabling the visitor economy to grow and contribute significantly to the future prosperity of Tees Valley and ensuring the visitor offer exceeds expectations:
  - Improve the physical product to local, national and international visitors
  - Develop and promote Tees Valley as an events destination of local, national and international significance
  - Upskill the tourism and hospitality sector workforce
  - Contribute to improving the local, regional, national and international perceptions of the Tees Valley destination by raising the profile of the Tees Valley brand

1. Tourism is an important economic sector to Tees Valley generating £707 million expenditure with 15m visitors (80 per cent of which are day visitors) and providing 11,000 jobs. Tees Valley is an emerging visitor destination in which the visitor economy plays an important role in the regeneration of the sub regional in creating a place to live work and visit.

2. The sub region has seen some significant developments and investments over the last few years including the opening of the national art gallery *mima* in Middlebrough and the RSPB *Saltholme Nature Reserve* which attracted 50,000 visitors in its first six months of opening since January 2009, well ahead of projected visitor numbers. New developments include *Rockliffe Hall*—a £55 million five-star hotel complex which opens in November—and the unveiling in spring 2010 of a major piece of iconic public art in Middlesbrough—*Temenos* by Anish Kapoor. All of these serve to change people's perceptions of Tees Valley and raise the profile of the area, not only regionally but nationally and internationally.

3. However, we recognise that we started from a low level of tourism infrastructure with only 100 inspected accommodation stock and 54 visitor attractions, the majority of which are operated by the public sector, and therefore there is a continuing need to ensure ongoing commitment to develop the infrastructure to attract visitors to the Tees Valley.

4. Linked to this ambitious capital development programme Tees Valley would see up to 4,000 new jobs in hospitality being created in the area over the next 10 years. This raises particular challenges and employer research had shown a number of key issues that need to be addressed. These included recruitment and retention of staff, industry perceptions—particularly of potential employees and existing employee expectations.

5. visitTeesvalley are working on a number of initiatives to address these challenges with the LAs, BENE, LSC, JCP and other key organisations. This co-ordinated approach includes the establishment of a SME Tees Valley tourism cluster pilot with 30 businesses in Hartlepool to identify employers training and skills needs as part of a national pilot.

6. It is planned that this model will be transferred to other sectors and geographical areas once it has been piloted. It aims to improve access for SME's to the funding and support that is available from Business and Enterprise North East through a range of activities that could include group discussions to identify skills and training needs.

7. Another approach is the establishment of a pilot Employer Gateway (Hartlepool) in the tourism and hospitality sector by autumn 2009 and once piloted roll out to other sectors and geographical areas. By developing closer partnership working and improving each organisations knowledge and understanding of each other's support and services, the Employer Gateway will enable employers to access the individual information or guidance they require. Initially this will focus on recruitment, enabling employers to consider local people who are ready to enter employment with the appropriate attitude and motivation.

8. In recognition of the low awareness of the Tees Valley and the low tourism business base *visitTeesvalley*, the Destination Management Organisation/Area Tourism Partnership working with the five Tees Valley Local Authorities has taken an "events" led approach to attract visitors—recently staging the Last Night of the Proms and hosting The Tall Ships Races 2010 in Hartlepool. The latter as England's largest free event attracting over one million visitors presents Tees Valley with an unparalleled opportunity to grow the visitor economy, reach new markets and to create real appeal for the Tees Valley brand.

9. vTv is part of Tourism Network North East consisting of the RDA ONE North East and four Area Tourism Partnerships which was established in July 2006. There is a need to continue to embed the network and *vTv* is facing difficult and challenging times in a climate of declining public sector resources and increasing demands being placed on a relatively small private sector to sustain the work over the next few years.

10. The growing requirement to generate income will continue to place the ATP under increasing pressure and by necessity activities will become marketing-oriented in order to generate income rather than encompassing the key activities of destination management—strategy, product development, business engagement and information. Over the relatively short time that *vTv* has been operating, the organisation has clearly demonstrated that by working in partnership with the LAs that it is able to offer value for money, reduce duplication and be seen as the one-stop-shop for the businesses within the tourism industry in the Tees Valley.

11. ONE have adopted an attract-and-disperse tourism regional marketing strategy with Newcastle, Durham (City)and Northumberland as three lead destinations and therefore all regional, national and international activities to promote the NE focuses attention on these lead destinations. Protocols are being finalised between the sub regions to disperse visitors to other parts of the NE on arrival.

12. If planned, marketed and delivered successfully, major events can provide economic benefits together with an opportunity for a lasting legacy. Tees Valley is now delivering events of national and international standing from the renowned *Stockton International Riverside Festival* and *Middlesbrough Music Live* to new events such as *Odin's Glow, Kiteival, and Take to the Tees.*

13. Tall Ships in 2010 represents a real opportunity to change perceptions not only of Tees Valley but also the NE. The Tees Valley residents play a vital ambassador role in promoting and visiting the activities and events, particularly as the highest number of visitors is the VFR market (visiting friends and relatives) and therefore it is essential that this audience is targeted to raise awareness of the Tees Valley offer. It will also encourage brand loyalty which is integral to building customer awareness and strengthening the brand.

14. In the longer term our vision is

> *In 2015 Tees Valley will be known as a distinctive, easily accessible, quality destination, which offers "urban playground" environments with a vibrant eating and nightlife scene, and a range of cultural, entertainment and sporting facilities, accommodation; rich and well interpreted industrial heritage and great outdoor experiences in coast and countryside—all delivered by a highly skilled workforce. These products will be reinforced and enlivened through a programme of special events and experiences. Tees Valley will be an environment that is highly attractive as a place for people to live, work, visit and play.*

15. The public and private sector partners have identified the following four priorities as critical to achieving the vision for Tees Valley, enabling the visitor economy to grow and contribute significantly to the future prosperity of Tees Valley and ensuring the visitor offer exceeds expectations:

- Improve the physical product to local, national and international visitors
- Develop and promote Tees Valley as an events destination of local, national and international significance
- Upskill the tourism and hospitality sector workforce
- Contribute to improving the local, regional, national and international perceptions of the Tees Valley destination by raising the profile of the Tees Valley brand

The actions required by *visitTeesvalley* and its public and private sector partners to deliver our priorities are summarised below.

Priority	*Field of Action*	*Example projects*
1. Improve the physical product to local, national and international visitors	Identify, attract, upgrade, redevelop accommodation provision, attractions, arenas, retail/high street offer and the transport infrastructure, within the Tees Valley, in order to encourage dwell time, increased spend and enhanced quality of life	Place-shaping and public realm improvements Iconic Public Art—Temenos Five major regeneration schemes by TVR Development of new five star hotel—Rockliffe Hall Development of Globe Theatre

Priority	*Field of Action*	*Example projects*
2. Develop and promote Tees Valley as an events destination of local, national and international significance	Manage and facilitate a process of winning and co-ordinating iconic events and festivals across the sub region, particularly those in keeping with existing programmes such as music, maritime activities and adventure sport. Focus upon attracting national and international events. Maximise the natural and cultural assets of the area as a focus for the development of new events. Develop the events infrastructure to provide a quality visitor experience at events and encourage physical product development.	Utilising the Tees Barrage for a range of events including world canoeing championships in the run up to 2012; Establish proactive funding campaign to attract major sporting/cultural events SIRF and Fringe, Take to the Tees The Tall Ships Races 2010 Hosting of a national mountain biking event encourages the development and upgrading of cycle routes and facilities eg toilets. National Kite surfing championships—Kiteival
3. Upskill the tourism and hospitality sector workforce	To ensure that tourism businesses are able to operate effectively and efficiently and are able to develop in ways that continually improve the standard of the offer.	Implementation of Welcome Tees Valley customer service programme Sign up employer and employees to the UK Skills Passport Tees Valley Cultural Volunteering Pilot (TVCVP) "Employability routeways" should be developed to support staff retention and progression National Skills Academy, Darlington College Establish Employers Gateway
4. Contribute to improving the regional, national and international perceptions of the Tees Valley by raising the profile of the Tees Valley brand	Contribute to the activity of a range of organisations such as vTv, TVU, TVR, LAs by improving the visitor offer and contributing to the marketing and promotion of Tees Valley to visitors and residents. Improving the physical product, delivering events and upskilling the workforce (see above) will all play a key role in improving perceptions and raising the awareness and the profile of Tees Valley.	Implementation of TVU Tees Valley Communications Strategy Encourage Tees Valley wide initiatives to raise the profile of the Tees Valley brand

5 October 2009

Memorandum from Gateshead Council and Newcastle City Council (NE2-14)

INTRODUCTION

1. This submission to the North East Regional Committee is presented from Gateshead Council and Newcastle City Council with support from NewcastleGateshead Initiative (NGI) on the role of Tourism in the North East of England.

2. The Committee has requested views on:

- Role and Responsibilities of One North East
- Tourism Strategy for the North East
- Marketing of North East Nationally and Internationally
- The long term potential for the tourism industry in the North East

3. Key Recommendations:

The submission concludes with our key messages for the Committee, which emphasise the importance of a collaborative and co-ordinated approach to Regional Tourism, with clearly defined roles to develop a strategic approach led by local priorities.

4. There is a recognition that tourism involves both public and private sectors working together. Local Authorities as "place shapers" have a unique role in communicating local priorities and ensuring that area needs are represented at a regional level. It is therefore essential that a partnership approach is taken, and there is a need to identify innovative and efficient ways for their involvement and influence. The Gateshead and Newcastle Partnership (a strategic partnership of Councillors—Leaders, Deputy Leaders, Cabinet Members, Local Members and Leaders of the Opposition) is the mechanism through which both authorities will ensure that an innovative approach, focusing on local priorities is achieved.

Role and Responsibilities of One North East

5. The Regional Development Agency for North East England—One North East, has taken a strategic business led approach to manage tourism in the North East.

6. An example of this approach is the Desti.ne Framework, which has been developed and resourced as the Destination Management System for the North East. This provides one point of entry for business information that is then fed into a variety of websites, including the national site. There are very few areas across the country that have taken this strategic approach, which means that all of the region's data can operate together. The development of a single system has saved funding, time and resource and made a real difference to the region's small to medium accommodation businesses.

Desti.ne has four core functions:

1. Database of every accommodation, attraction, event, eating out, leisure facility and activity in the region feeding all tourist websites and Tourist Information Centres
2. A customer database that will allow Customer Relationship Management campaigns
3. Software to produce high-quality, multi-function websites and e—newsletters, enabling Sub-Regional partnerships to produce bespoke campaign sites and targeted newsletters in-house, reducing reliance on consultants and external providers
4. On-line booking system for every business that wants it via Desti.ne Frontdesk. This has opened up the market place to smaller businesses who can opt to sell rooms through some big distribution channels such as Expedia where as previously they would not have had a space in the market place.

7. Through the Tourism Strategy for the North East, the culture, roles and responsibilities of One North East, the four sub-regional Area Tourism Partnerships (ATPs) and their relationship to local areas is defined.

8. One North East has a strategic role, forming key relationships with Central Government, national tourism bodies and other major regional agencies. ATPs provide a sub-regional focus, and provide a delivery arm for the Regional Strategy. Their work is driven by the Area Tourism Management Plans (ATMaPs), and they are highlighted as the main point of contact for tourism businesses, Local Authorities, community groups and tourism associations.

9. In addition to the ATPs, other bodies with an interest in tourism development at the sub-regional and local levels in Tyne and Wear include NGI (NewcastleGateshead Initiative) which manages the ATP, Business Improvement District, 1NG (1 NewcastleGateshead) and Local Authorities.

10. One North East has pursued a business led approach to regional tourism development in the North East, and has encouraged private sector partnerships and Business Improvement Districts to destination manage. It has led the development of a Business Support Network, which has made some significant steps in integrating tourism and hospitality businesses into mainstream Business Link and business support activity. Specific projects with Business Link have identified and trained staff to work with the tourism sector and link into the network. The network is also trialling packages of support to develop tourism businesses and providing a clear route to funding. Profit through productivity has seen nearly 150 tourism businesses benefit from over £3,000 worth of high quality business coaching.

11. Whilst this can benefit larger businesses, small and medium size enterprises (SMEs) may not to benefit in the same way. As SMEs are more likely to be locally based, this can have implications for the sustainability of the approach taken, and its impact on local economic development.

12. The role of Local Authorities has changed over the last four years as a result of One North East refocusing its funding allocations, as a result:

- The support to Tourism Information Centres has been reduced, an area traditionally led by Local Authorities. The majority of tourism information is now delivered through the Desti.ne website. Whilst there are numerous benefits to this web-based approach, using it as a sole focus has led to fewer face to face approaches delivered through Tourism Information Centres.
- Local Authorities deliver excellent public services as part of their core business, and opportunities to maximise the benefits of this in relation to tourism may not be realised.

— Local Authorities have the potential to deliver positive outcomes through product development, however a reliance on regional funding and a need to align with regional priorities can over shadow the potential for benefit in this area.

13. To illustrate activity relating to the role of One North East, the following can be accessed:

— Regional Framework

— Network Operating Plan

— Network Marketing Framework

— Desti.ne Framework

— Independent Network Evaluation

— Network Working Group Minutes

Tourism Strategy for the North East

14. The North East Tourism Strategy 2005–10 sets out the tourism priorities for the region. To ensure successful implementation, Tourism Network North East was established under the auspices of One North East. This is a highly professional, well connected network comprising One North East Tourism and the four ATPs for the region. The Tyne and Wear ATP based with NGI also manages business tourism activity attracting conference activity to the region. Business tourism has grown to be a significant market for NewcastleGateshead but is hampered by the lack of a dedicated international conference centre. The convention bureau provides a one stop show for conference organisers and has a successful ambassadors programme working with local universities to attract high value association conference business.

15. The Strategy set a number of ambitious targets, all of which are on target to be achieved. For example:

— Attracting more domestic visitors, against a 2003 baseline of eight million, the target for 2010 is 10 million—in 2007 we were on target to achieve this with nine million visitors.

— Increase employment, the 2003 baseline was 53,184. The 2010 target of 69,106 was on target to be achieved in 2007 with 60,775.

— Accelerate investment in the tourism product—the 2005–10 target of £258 million is on target to be achieved with £139 million between 2005–07.

16. The Network is currently overseeing the production of a new Visitor Economy Strategy, which will build upon the 2005 Strategy, and will also link closely to the Area Tourism Management Plans.

17. Through the new Strategy, which is currently being consulted upon, there is a commitment to take greater account of sustainability issues and to give added focus to working with those businesses that offer the greatest growth potential. It will also ensure greater alignment between the region and Visit England/ Visit Britain campaigns.

18. Consultation on development of the Strategy is led at a regional level, and takes a predominantly business led approach. However, more could be done to ensure that Local Authorities are able to influence the Regional Strategy to enable delivery of a fully integrated place shaping agenda.

19. As a result of the partnership between Gateshead Council and Newcastle City Council, the destination marketing company NGI was created. This has been successful in working with the Councils to firmly put NewcastleGateshead on the map as a tourist destination. We had nine million visitors in 2007 and are on target to reach 10 million by 2010. Tourism is a major part of our economy with over 60,000 people employed in the industry, which is worth £1.9 billion to our economy. Even in the current economic climate tourism continues to perform well—a recent analysis by Deloitte shows that hotels in Gateshead and Newcastle achieved the highest occupancy rate of any of the major UK cities outside London (3 per cent higher than London and 9 per cent higher than Leeds). Our rural areas are also hugely important to our tourism offer. In July and August Bed and Breakfast accommodation in the west of Gateshead were consistently full.

20. To illustrate activity relating to the Tourism Strategy for the North East, the following can be accessed:

— Regional Tourism Strategy 2005–10

— Tourism Tyne and Wear Board responses and minutes on the development of the new 2010 Visitor Economy Strategy

— Regional Economic Strategy

— Tyne and Wear Area Tourism Management Plan

Marketing of North East Nationally and Internationally

21. The regional image campaign led by One North East has been hugely successful in not only raising the profile of the region, but also in engaging local pride among residents and businesses. The large number of businesses that have adopted the Passionate People Passionate Places identifiers as part of their promotion and branding plays testament to the leadership shown by One North East in this area. However research by the tourism network has shown that the key to future marketing is to concentrate on specific destination brands such as NewcastleGateshead, Durham and Northumberland.

22. Like many areas in the country, the North East's regional market led approach can be hampered by competing local interests and brands. Marketing messages can be watered down by Local Authority boundaries and the promotion of key product to an un-targeted market, rather than being market led and focused.

23. The development of the Marketing Framework has clarified the roles and responsibilities to market the North East among regional partners, and it is for the Network and Local Authorities to work together to ensure the markets and lead brands identified complement one another and are appropriately targeted to bring more visitors to North East England.

24. To illustrate this point, regional products, such as pocket guides, reflect the diversity of the region. This diverse approach is deemed necessary to manage local interests, and enable all areas to feel they are getting equal representation. More creative and innovative approaches may be needed to address this.

25. Similarly, there is a requirement that marketing through Visit England is done as part of North East campaign. The draw back of this approach is that people can fail to identify with the region, and there may be more benefits of focusing on recognised brands, such as NewcastleGateshead. PR and press activity has been most successful when focused at a destination level.

26. To illustrate activity relating to the marketing of the North East Nationally and Internationally, the following can be accessed:

- Network marketing plan
- Network working group minutes
- NewcastleGateshead Destination marketing plan
- www.visitnortheastengland.com

The long term potential for the tourism industry in the North East

27. Tourism Tyne and Wear monitors trends and evaluates relevant tourism figures that help express the long term potential for the Tourism Industry, indicating that there is positive potential for the industry in the North East.

28. Evidence includes:

- Hotel Growth Studies: Accommodation Future Studies have been carried out within each of the key visitor markets within Tyne and Wear to assess the potential of and requirements for growth in accommodation markets. There has been a 42 per cent growth in hotel accommodation in NewcastleGateshead since 2002.

  Positive findings for potential growth in the sector include:

  - Within NewcastleGateshead, despite having nationally competitive occupancy rates, there is still market potential for a new hotel development in the city centre, including potential for new 4*, boutique, 3*, upper-tier budget and budget hotels. There may also be potential for 5* and luxury hotel offers to develop in Newcastle city centre.

- Scarborough Tourism Economic Activity Monitor (STEAM) research identifies consistent growth.

  Despite the recession of the last 18 months the value of tourism has risen consistently over the last six years. Since 2003 revenue generated by the sector has risen by 9.2 per cent and is worth around £1.9 billion towards the local economy. We now attract an estimated 720,000 leisure visits a year and employment has grown by 19 per cent, over 37,000 FTE jobs.

- Growth of business tourism is a key contributor to the revenue generated by visitors into NewcastleGateshead. Work is currently taking place to understand the true value of this, but an initial study by KPMG has indicated that there is demand for the development of an International Convention Centre to be housed in NewcastleGateshead. Detailed feasibility work in now underway through 1NG into the potential for an International Convention Centre on Gateshead Quays.

- Tourism Attractions visitor figures are growing.

  The sub region's attractions offer has developed significantly over the last decade wit the Baltic Centre for Contemporary Art attracting around 350,000 visitors annually and the Sage Gateshead 600,000. The newest addition to the region's offer, the Great North Museum, opened in May

2009 and received 174,994 visitors in its first 5 weeks of business. Our established attractions are also continuing to grow attract visitors, Newcastle's Discovery Museum saw a 5 per cent increase in visitors in 2008 and in the first half of 2009 has grown a further 2 per cent.

— Numbers of inbound ferry passengers are increasing.

The development of the ferry route between Newcastle/Port of Tyne and the Netherlands has made big progress in recent years with the route going from strength to strength. The recent strength of the Euro against the Pound has raised awareness of the route with the Dutch Market and the numbers of visitors are continuing to grow. Visitors on the route in the first half of 2009 were up by 27 per cent on 2008 and sales taken for October, November and December in 2009 were up on 2008 by 213 per cent, 145 per cent and 202 per cent respectively.

However the loss of the Norwegian ferry route in 2007 has had an adverse impact on international visitors. A study is currently underway looking at the potential for a new operator for a ferry route to Norway. This has been commissioned jointly by the Port of Tyne, NGI and the tourism board in Bergen Norway.

— Growth of cruise tourism—Economic Impact Study.

Developments to the Northumbria Quay at the Port of Tyne have opened up a new market for Tourism Development within the Sub Region in recent years. In 2009 the Port welcomed 23 Cruise ships into the port. An economic impact assessment of Cruise Tourism on the North East's economy suggested that cruises were worth £2.9 million of direct net expenditure in the region's economy.

— Growth of Newcastle International airport.

While rising fuel prices, the doubling of air passenger duty and the effects of the recession upon business and leisure spending has had an undeniable effect upon the aviation industry in terms of passenger numbers, Newcastle International Airport has shown considerable growth in recent years and has ambitious plans for future growth. It is estimated that in 2003, 208,000 inbound visitors used the airport and in 2008 this number was 523,000, and increase of 151 per cent.

29. Taking into consideration the current financial climate, national trends indicate that people are still taking holidays, but are reducing their time away from the traditional two weeks to 3–4 nights in the UK, which should have a positive longer term impact on regional tourism. Whilst this can have benefits for the North East, it is recognised that it also increases competition with other regions.

30. It is likely that public sector intervention will always be necessary for tourism development. The approach taken needs to adapt to the financial climate, and resources directed accordingly.

Conclusion

31. Local areas have benefitted significantly from the regional approach to tourism development in the North East, as borne out in the evidence from regional studies highlighted above.

32. However, to ensure benefits are maximised, clearly defined regional roles and funding arrangements must reflect the needs of all stakeholders, and be led by local priorities. Where there may be limitations to Local Authority influence, innovative solutions are required for effective engagement.

33. From a Local Authority perspective, there is a recognised need to work collaboratively. The tourism industry requires a partnership of both the public and private sectors, and the role of Local Authorities is particularly relevant in relation to place shaping.

34. Gateshead and Newcastle Councils are happy to provide further clarification on any of the points raised above, and also to provide verbal evidence to the committee if required.

7 October 2009

ISBN 978-0-215-54527-5

9 780215 545275

Printed in the United Kingdom by The Stationery Office Limited
3/2010 444370/2199 19585