

DURHAM COUNTY COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Scrutiny Sub-Committee for Building A Strong Economy** held at the County Hall, Durham on **Monday 5 December 2005** at 10:00 am.

Present:

COUNCILLOR Pye in the Chair

Members:

Councillors J Armstrong, Cordon, Fenwick, T Forster, Marshall, Meir, Southwell and Young

Other Members:

Councillors Barker, Carr, Gray, Priestley and J B Walker

Apologies for absence were received from Mrs Lewis and Mrs Clark

A1 Minutes

The Minutes of the meeting held on 12 September 2005 were confirmed as a correct record and signed by the Chairman.

A2 Declarations of Interest

There were no declarations of interest.

A3 Any Items from Co-opted Members or Interested Parties

There were no items from Co-opted Members or Interested Parties

A4 Tourism In County Durham

The Sub-Committee received a presentation by Louise Davis, Head of Tourism, One North East (for copy see file of Minutes)

Louise provided additional background information in support of her written report and explained that Tourism was high profile for the Government which was trying to address the economic isolation the area was working under.

The issue was highlighted during the Foot and Mouth outbreak when it was clear there was a lack of integration and cohesion although this was a nationwide problem and not restricted to the North East.

There has been a major change, with the functions of the Northumbrian Tourist Board being taken into the Regional Development Agency with the creation of Tourism Network North East supported by four Area Tourism Partnerships. Louise Davis then explained the current position and invited questions from Members.

Councillor Armstrong said in speaking to stakeholders in the tourist industry in County Durham, they have expressed a degree of impatience with the time taken to deliver real changes to increase the tourist economy since One North East took over in April 2003. He asked how soon there will be evidence of more visitors coming to Durham for longer periods and spending more money and enhancing the local economy.

Louise said that the main reason for the delay was the need to establish a new policy at regional level. Louise said that the report recognised this but included the delivery of a range of changes she wanted to see at regional level. However, mixed messages were being received. She added that there had been no lack of action as all the services previously provided under NTB have continued. Evidence of visitor numbers has been gathered which means that it was possible to take a baseline on tourism on a regional level.

Councillor Armstrong explained the reason for the concern at the apparent lack of action was that tourism represented 10% of GDP in County Durham.

Councillor Cordon asked what was the annual budget now for regional marketing and what is the source of the additional money? Is it possible to say how much would be devoted to Durham? How much of this budget has been spent this financial year?

Louise Davis replied that £1.7m was allocated to tourism marketing on a tactical marketing basis with a further £3m for regional marketing. ONE did not work on the basis of promoting just Durham but on the promotion of the whole of the North East.

Councillor Cordon asked how we could ensure that residents are getting good value for money. Louise replied that the Area Tourism Partnership will ensure that good value for money will be achieved and that Durham is marketed as part of the regional marketing strategy. Money would also be channelled via the County Durham Development Company.

The Head of Overview and Scrutiny asked how much had been spent so far on the 'Passionate People: Passionate Places' campaign and what consultation was there before this campaign was launched. Louise Davis replied that whilst it was too soon to evaluate the full impact of the campaign it had been obvious that a campaign to highlight the regional image was required and the decision was taken to use local people rather than

celebrities. This is a major campaign that has been funded to the extent of £3m per year for 3 years and the campaign will be continued as it had attracted huge interest. Referring to the question of consultation Louise Davis accepted that there had been no consultation on the campaign. She was asked when ONE would be assessing the success of the campaign and was advised that this would have to be done before the end of the third year of the programme and that there had been some tracking of enquiries received as a result of the campaign.

Councillor Fenwick said there were a lot of local skills and small businesses involved in the County Durham and asked what support is to be given to small businesses in the future and he also asked why the new arrangements had no name by which they could be identified.

Louise Davis replied that such organisations normally fall outside Government strategies and they were trying to find routes through other methods to provide tourism support. There was also a lack of tourism expertise in the Business Link Network and the gaps have to be found before they can be filled and it was not just about marketing. In County Durham we have to develop programmes to improve provision and support and this was a priority for ONE. In response to the question concerning a name Louise explained that large amounts of money could be spent trying to market an identity and this was not a priority at present.

Councillor Meir asked if ONE had any proposals for the promotion of the Durham Coastline. Louise agreed that this was a massively under exploited area and that an action plan for the whole of the North East coastline including Durham was being developed but ONE had to adopt a strategic approach to the whole coastline.

Councillor Barker referred to the Durham Heritage Coast made up of 15 partnerships. There were now real difficulties involved in keeping the Durham Heritage Coast Partnership going due to lack of funding and the fact that there had been no transport improvements. What was ONE doing to assist with this situation as the basics were in place but there were no strategic developments. Louise explained that they were consulting with all the agencies involved along the coastline to influence all the partners involved but a policy framework was needed.

On the issue of value for money to residents of County Durham Councillor Southwell asked what developments were going to take place and what difference ONE have made already.

Louise Davis explained that in Year 1 the work of NTB continued under ONE but in Year 2 the team had been relocated and restructured. Some of the strengths of NTB have been retained. IT work has continued and whilst the vision of NTB was sound the implementation needed to be strengthened. DestinE should be up and running in 2006. In terms of regional marketing the budget has been doubled and the Regional Tourism Strategy has been developed. As they have been working on policies and strategies it may have

appeared that nothing was happening when in fact this work was essential for the area. In the meantime they have maintained the previous service but Louise did accept that ONE could have improved its communication of the change that was underway.

Councillor Southwell asked if the cost of the new structure was higher than the previous structure and was told that this was probably true as more expertise has been utilised,

Councillor Young referred to the budget and asked how much was used for UK trade and how much for international trade. He also asked if research had been carried out to see how much benefit the North east receives in relation to the cash invested.

Louise replied that no research had been done as no procedures have been developed to do this yet. Some work has begun. However, a national framework was being developed. Regarding the national and international split Louise explained that more work was being aimed at the domestic market as this seemed more important at present although some work was being done in conjunction with the budget airlines. Some work was also being done in China as this was considered to have a huge potential in the future.

Councillor Young suggested that it was a high risk strategy to develop tourism when there did not appear to be any base figures and it was difficult to assess the financial benefit or disbenefit for the region. Louise agreed that the strategy did not yet have decisive performance targets.

Councillor Armstrong asked how the County Durham Development Company viewed it's role on tourism especially in respect to places such as Beamish Museum.

Stewart Watkins, Managing Director of CDDC replied that ideally they would like to have a cost benefit analysis regarding tourism but this was not the case at the moment. To an extent it was assumed that tourism has to be a good thing for County Durham and acknowledge that there are a number of attractive products available and believe that they have a good record in attracting visitors to County Durham.

Councillor Cordon referred to the Prince Bishops Strategy and asked whether this still remained as a strategy. Stewart Watkins answered that DDC will continue to support this strategy.

Councillor Walker referred to the recent growth in low cost airlines flying from both the regions airports and expressed his concerns that this industry was actually a drain on the region as they did not generate much, if any, inbound tourism for the region. He asked how much money ONE provided in supporting these airlines. Louise Davis replied saying that ONE did not support any of the low cost airlines and the only airline receiving any support was American Airlines who she hoped would soon be starting direct flights to New York from Newcastle. She added that the budget airlines did not receive

RDA support either, however, it may be that ONE needs to develop a package to offer foreign markets. Councillor Walker asked what was being done on the Continent to encourage inbound tourism. Louise Davis informed the meeting that the England North Country Partnership was a small group promoting international marketing. The North East was the least resourced area and ONE have now increased the level of support and other airports are now involved such as Manchester which is now a big entry gate to the North of England.

The Head of Overview and Scrutiny reported that the increase in foreign tourism might involve developing vocational learning skills in modern foreign languages. Louise Davis indicated that there is a lack of understanding as to what foreign visitors want. There is also a complacency issue to overcome in that there is a prevailing assumption that everyone speaks English. The public sector also needs to work at improving the gateways to the area for both British and foreign visitors.

Referring to marketing, it was highlighted that most marketing was done on a partnership basis e.g. North Yorkshire and the North East or North East and the Lakes and asked whether the marketing should be carried out for the North East on a standalone basis. Louise Davis agreed that we needed to determine whether there is an advantage in joint marketing as other areas marketed themselves alone.

She was asked if this region would lose out to areas such as the Lake District. Louise responded that regional campaigns get people to the area and it was the role of the ATP to get people to the local point of interest and to be the information provider. The internet has a role to play in this as well as tourist information offices which the Regional Tourist Board are trying to keep going. There is some value in looking at centres that need to work together to promote each others areas e.g. The North East, Yorkshire, The North West and the Lake District as their customer today is ours tomorrow.

Louise was asked how ONE would be ensuring that other Government Departments provide a joined up approach to tourism, for example, in relation to transport. She replied that the Department of Culture and Leisure was receiving lots of feedback identifying the need for improvement in the present system. The National Tourism Needs Group would be responsible for issues like the provision of signage and transport. It was pointed out that one of the biggest problems in the region was a lack of access to local attractions. Louise Davis explained that the Area Tourism Management Plan was identifying such shortfalls so our region could benefit from their findings.

In terms of tourism technology, Destin-e was quite well developed under the auspices of the NTB. Louise Davis was asked why there has been a delay in introducing this initiative. She replied that tourism technology has now improved so much and the NTB had not updated the programme continually as is necessary. This has now been done as an area of priority. The main problem was that they had been sold a vision that was not very visionary however, it will be available from April 2006.

Louise was asked what is happening in other regions and how does the North East compare in terms of the level of investment and strategies. Is the strategy in Scotland a similar one. She replied that the North East does not compare well at only 4% of the national market. The situation is that the further away from London you go there is a corresponding reduction in the number of visits. The belief is the North East is not a great tourism asset although it has massive potential for growth and has the capacity to increase in volume and quantity. The building blocks are now in place to develop the industry in the North East.

The Chairman thanked Louise Davis for her contribution to the meeting.

A5 Apprentices – Review of Progress

Members received a report of the Head of Overview and Scrutiny concerning progress following a Scrutiny investigation into apprenticeships in County Durham (for copy see file of Minutes)

A6 Performance Management Report – 2nd Quarter 2005/06

The Sub-Committee considered a report of the Head of Corporate Policy on performance of Best Value Performance Indicators for the 2nd quarter for 2005/06 (for copy see file of Minutes).

Resolved:

That the report be noted.

A7 Forward Plan

The Sub-Committee received a report of the Head of Overview and Scrutiny about the forward Plan. (for copy see file of Minutes)

A8 Work Programme

The Sub-Committee noted a report of the Head of Overview and Scrutiny about the work programme of the Sub Committee (for copy see file of Minutes).