

# **Economy and Enterprise Overview and Scrutiny Committee**

**30 October 2020**



## **Visit County Durham (VCD) – activity and support provided during pandemic and recovery plans**

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**Joint report of John Hewitt, Corporate Director of Resources and Amy Harhoff, Corporate Director of Regeneration, Economy and Growth**

### **Electoral division(s) affected:**

Countywide

### **Purpose of the Report**

- 1 The report provides members with background information on the activity undertaken by Visit County Durham (VCD) to develop and promote County Durham as a tourism destination prior to the COVID-19 pandemic, work undertaken to support the tourism sector during the pandemic and detail of recovery plans. The presentation will be provided by Michelle Gorman, Managing Director, VCD, Regeneration, Economy and Growth.

### **Executive summary**

- 2 Members will recall that previously the committee carried out a scrutiny review and made recommendations as to the activity undertaken by VCD to develop and promote the County as a tourism destination. Following the completion of the review the committee received updates on progress made in relation to the recommendations with the last update provided in April 2018.
- 3 Subsequently, when determining future work programmes the committee has included an annual update on activity undertaken by VCD to develop and promote the county as a tourism destination.
- 4 The committee received an update on the activity undertaken by VCD as part of its 2019/20 work programme and when considering its work programme for 2020/21 at the meeting on the 23 July it was agreed that a further update would be provided to the committee which would include detail of the impact of COVID-19 on the tourism sector, support provided and recovery plans.

- 5 Arrangements have been made for Michelle Gorman, Managing Director, VCD to attend the meeting on the 30 October 2020 to deliver a presentation focusing on:

- Visitor economy 2019 performance
- Impact of COVID-19 on the tourism sector
- Business support
- Development and marketing activity

A copy of the presentation slides is attached as Appendix 2.

- 6 It is proposed that the committee will continue to monitor the performance of VCD in marketing the county as a tourism destination, how it delivers support to the tourism sector and assists with recovery plans.

## **Recommendations**

- 7 That the Economy and Enterprise OSC consider and comment on the information provided in this report and presentation provided at the meeting.
- 8 That the Economy and Enterprise OSC includes in its work programme for 2021/2022 a further progress report detailing the performance of VCD in marketing the county, continued support delivered to the sector and detail of further recovery plans.

## **Background**

- 9 Visit County Durham is the destination management organisation (DMO) for County Durham working on behalf of businesses and public agencies, we came into being on 1 April 2006.
- 10 Our purpose is to provide strategic added value, coordination and leadership to tourism activity and the visitor economy in the county for public agencies, private sector, and tourism businesses. We deliver Durham County Council's destination management, destination marketing and place marketing functions.
- 11 Our main activity is destination management. This means influencing or delivering directly activities that relate to visitors and the visitor economy, including marketing, information services, product development, visitor experience, business engagement and workforce development.
- 12 Many people are involved in delivering a vibrant visitor economy, which is why we work in partnership with businesses, stakeholders and partners from across the county, and in the region; nationally and internationally with Britain's tourism board VisitEngland/VisitBritain. We take a different role in each of our areas of activity depending on need and existing arrangements.

- 13 Our objective is to ensure that the tourism sector performs to its maximum capacity and brings economic benefits to the county in the form of wealth and job creation. Our broad aims are to attract people to the area and to provide visitors with the best possible experience.

## **County Durham Visitor Economy**

### **Performance 2019 economic impact assessment**

- 14 Market intelligence is essential in order to accurately inform and shape the work of Visit County Durham and our partners, we gather and analyse current and relevant intelligence and information to help the county's tourism sector to prosper and grow.
- 15 One of the main pieces of research undertaken is the annual economic impact assessment STEAM, which approaches the measurement of tourism from the bottom up, through its use of local supply side data and tourism performance and visitor survey data collection. The latest results from 2019 show:
- 20.13 million people visited in 2019, up by 2.1% on 2018.
  - Overall visitor expenditure was £955.07 million, an increase of 1.9% on 2018.
  - The number of days visitors spent in the destination increased by 2.3% to 22.8 million visitor days.
  - The number of overnight visitors to Durham rose by 0.6% to 1.61 million with these visitors spending 4.3 million nights in the destination. These visitors spent £404.01 million while in Durham, up by 1.5% on 2018.
  - 8% of total visitors stayed overnight spending £404.01 million up by 1.5% on 2018, accounting for 42% of all visitor expenditure.
  - Day visitor levels rose by 0.2% to 18.52 million visitors, with expenditure levels also increasing by 2.2% to £551.06 million.
  - 92% of all visits are day visits with these visitors accounting for 58% of all expenditure.
  - Average expenditure for overnight visitors is £190.27 per trip while the average day visitor spend is £22.07 per trip.
  - The number of people directly employed in tourism in Durham in 2018 rose by 1.1% to 9,720 (FTEs). When indirect employment in the supply chain is considered total employment stands at 12,133, also up by 1.1%.

- 16 COVID-19 has had a devastating impact on the tourism sector, and it will take us some years to recover. VCD had revised and set an ambitious value target for the county's visitor economy of £1billion by the end of 2020, we know that this target in the 2020 timeframe is now unachievable, but we are confident that had we not been facing a global pandemic in 2020 the achievement of the £1bn target was a certainty. This demonstrates that we were on the right track and the investment, new developments, marketing and promotion of the county were making a positive difference.

## **COVID-19**

### **International, national and regional impact of COVID-19**

- 17 From mid-March to mid-July, Covid-19 triggered a near total shutdown in international tourism to/from the UK. Forecasting at this time is difficult, given the fast-moving situation and the unique circumstances. Events are moving fast during the COVID-19 pandemic and the outlook can change daily. A new central scenario therefore reflects a snapshot in time based on current understanding and a set of assumptions. Subsequent developments could change the outlook.
- 18 The central scenario forecast for inbound tourism to the UK in 2020, as of August 25<sup>th</sup>, is for a decline of 73% in visits to 11.0 million and a decline of 79% in spending to £6.0 billion. This would represent a loss vs the pre-COVID forecast of 30.7 million visits and £24.0 billion spend.
- 19 This central scenario assumes that a vaccine will not be widely available during 2020. It assumes that the UK will not go back to the April-June situation of national lockdown and near-zero international travel although it is consistent with some local lockdowns being imposed.
- 20 A major short-term uncertainty in inbound tourism prospects is which countries will require quarantine upon arrival. Quarantine exemptions for many countries took effect from 10<sup>th</sup> July; however, since then the requirement has been re-imposed for several countries.
- 21 This is a short-term forecast. The longer-term impact and path to recovery depend, apart from the progression of the pandemic and treatments/vaccines, on wider demand (especially economic) and supply factors.
- 22 VisitBritain also run a domestic impact model for 2020. As with the inbound forecast, this represents a snapshot in time and will be reviewed throughout the year. The forecast makes several assumptions to provide an estimate of impact. Subsequent developments could change the outlook.

- 23 This update considers the re-opening of the hospitality sector in England from July 4th and for Scotland and Wales from mid-July. The forecast modelled each of the four journey purposes for overnight tourism (holidays, business, visiting friends and relatives and miscellaneous journeys), and 17 categories of spending for day trips, separately.
- 24 A forecast central scenario for Britain of £46.8bn in domestic tourism spending in 2020, down 49% compared to 2019 when spending by domestic tourists in Britain was £91.6bn. This comprises £12.6bn from overnight tourism, down from £24.7bn in 2019, and £34.2bn from day trips, down from £67.0bn in 2019.
- 25 This is a decline of 49% for both overnights and leisure day trips, although the pattern of the recovery will be different. While some categories of day trips started to recover first, others will be very limited for some months to come.
- 26 This represents a loss of £44.9bn (£12.1bn from overnights and £32.8bn from day trips) – greater than the loss from inbound tourism in absolute value terms, although lower in percentage terms.
- 27 As with the inbound forecast, this is a short-term forecast that describes one possible outturn and involves many assumptions and simplifications due to the fast-moving and uncertain situation; it is therefore subject to revision. Two specific assumptions made are: (1) No major second wave of the virus that would necessitate a renewed national lockdown; (2) By early 2021 we are unlikely to be back to baseline (pre-COVID) levels in any purpose/category. This is due to economic factors, supply loss, some continued level of social distancing, and traveller sentiment.
- 28 Tourism contributes £5 billion to the economy in the North East LEP area – an increase of 16 per cent since 2014. Nearly 73 million visitors came to the region in 2019, 8 million more than in 2014 and the sector is also a huge employer in the region, with over 63,000 employed before the start of the pandemic.
- 29 This growth of the visitor economy has been achieved by significant public and private sector investment of over £400 million in the last five years. Covid-19 and the impact on the sector not only threatens the viability of the industry but the vibrancy of the region while destroying many families and communities through lost livelihoods and community meeting points and spaces.

- 30 Based on projections using historic STEAM data supported by qualitative interviews with the tourism industry we are currently forecasting:
- 35,900 job losses from 62,800 to 26,900
  - A 56 per cent fall in economic impact from £5 billion to £2.2 billion
  - A 48 per cent fall in visitor numbers from 72 million to 38 million.

### County Durham impact of COVID-19

- 31 The visitor economy is a significant sector in the county attracting 20.13 million visitors annually from domestic and international markets, generating £955 million spend in the local economy, and supporting 12,133 FTE jobs (STEAM 2019).
- 32 Using the STEAM model and data from the 2019 economic impact survey we have estimated the impact of COVID-19 on the visitor economy in 2020.
- 33 From March to July attractions, museums, galleries and activities closed; festivals and events were cancelled or postponed to a future date. Only 3% of the county's serviced and 1% of non-serviced accommodation providers were open and operating between April–June 2020.
- 34 Based on 30% of accommodation providers opening in July and the full opening of all accommodation by the end of 2020, the estimated impact of COVID-19 to the county's visitor economy is :
- A fall of **43.6%** in visitor numbers from 20.13 million in 2019 to 11.36mn in 2020, **a loss of 8.77 million visitors**
  - A drop of **45.5%** in spend in the local economy from £955 million in 2019 to £520.44mn in 2020, **a loss of £434.63 million**
  - A **46.1%** fall in the number of jobs (direct and indirect) supported from 12,133 in 2019 to 6,546 in 2020 **a loss of 5,587 jobs.**
- 35 The COVID-19 impact assessment is based on the following assumptions:
- 3% of serviced and 1% of non-serviced accommodation providers operating April to June 2020 (based on information from VCD partners)
- Re-opening rate of accommodation providers:
- 30% in July                      40% in August
  - 60% in September              80% in October
  - 90% in November              100% in December 2020.

- 36 As with the international, national and regional scenarios, this is a short-term forecast that describes one possible outcome and involves many assumptions and simplifications due to the fast-moving and uncertain situation of the pandemic; it is therefore subject to revision.
- 37 Pre-COVID, the county's tourism businesses were healthy, viable businesses. After lockdown our tourism and hospitality businesses worked hard, and invested heavily, to adapt their operations and ensure they were COVID-secure, with 1,700 of the region's businesses signing up to the Government's 'We're Good to Go' accreditation.
- 38 Unfortunately, some of our businesses have not been able to survive the effects of lockdown or subsequent restrictions which have affected their day to day operations, or in some instances meant that they could not trade at all.
- 39 Early victims of the pandemic include visitor accommodation such as Forty Winks Guest House in Durham City, The Cottage, Westgate. The owners of Hallgarth Manor Hotel, Pitlington are in administration and the hotel is for sale along with The George, Piercebridge and The Grand Hotel, Hartlepool, both part of the same group.
- 40 Crook Hall and Gardens is in administration and for sale, Durham City Coaches, Beamish Wild Treetop Adventure, Crafter's Companion and Fury Events are all permanently closed.
- 41 Many of our larger tourism businesses are considering redundancies as part of recovery strategies to ensure the business is viable and can survive in the mid to long term.
- 42 Job losses are growing, and along with the job losses, professionals with skills, knowledge and expertise we cannot afford to lose if the economy is going to bounce back.

### **Visitor economy business support**

- 43 Since early March VCD has focussed on supporting the county's visitor economy businesses through the pandemic; we work with c850 core tourism businesses across the county – accommodation, attractions and activities, plus an additional 500 plus businesses that contribute and are integral to the visitor economy, these include transport, cafes, restaurants, retail and suppliers of services to the tourism industry.
- 44 To support visitor economy businesses and in recognition of the impact of lockdown restrictions VCD waived all membership and marketing fees for the financial year 2020/21.

- 45 In collaboration with partners including County Durham Economic Partnership, Business Durham, DCC teams, North East Tourism Alliance, North East LEP, sector bodies, Visit England/Visit Britain we are developing economic recovery plans to minimise the impacts of COVID-19 on business, the workforce, and the overall economy of County Durham.
- 46 A regular survey has been sent to VCD's business database, so we can monitor the impact of the pandemic. The results from the survey feed into recovery plans and help us to understand the work that needs to take place to support businesses and aid recovery. The first business impact survey was issued at the beginning of March and the latest, Wave 5 survey was circulated to businesses on Friday 9<sup>th</sup> October.
- 47 We have engaged with and supported partners via several channels. A COVID-19 support and guidance hub was established on [visitcountydurham.org](http://visitcountydurham.org), the hub is updated daily with official sources of information including the website of [gov.uk](http://gov.uk), Cabinet Office, the DCMS, VisitEngland/VisitBritain, Durham County Council, and the North East LEP.
- 48 We undertake regular telephone calls to businesses (c300) and issue regular email communications signposting to Government and official sources of support, advice and guidance, funding and grant programmes, industry training and webinars delivered by VCD and/or third-party providers.
- 49 Our weekly e-newsletter the Wednesday Grapevine is sent to over 1,200 contacts and is supported by VCD's B2B social media channels.
- 50 VCD hosts a monthly Strategic Partner meeting, attended by representatives from some of the county's larger businesses to hear directly from the industry on trading conditions, challenges they are facing and future support needs. VCD provides updates on industry recovery plans, latest research and market intelligence, campaign updates.
- 51 Virtual networking and industry support meetings are hosted for the county's smaller businesses. And online forums tailored to specific industry groups such the groups and travel trade markets are convened on an ad hoc basis.
- 52 Visit County Durham continues to work in partnership with transport organisations who represent key points of entry into the North East, or move visitors around the county including the Port of Tyne, Newcastle and Durham Tees Valley Airports, LNER and TransPennine Express, Go NorthEast and Arriva.

- 53 In partnership with Durham County Council External Recovery Group, County Durham Economic Partnership and North East Tourism Alliance members we lobby government for appropriate action and support for the sector.

## Destination development

- 54 A small number of Discover England Fund tourism product development projects have been allocated additional funding of up to £150k to support the adaptation of projects for a domestic market. The delivery timescales are tight and all projects must be complete and ready for market by March 2021.
- 55 Visit County Durham is a partner destination in four projects as follows:
- The Explorers Route (A1) – targeting Germany  
<https://www.visitlondon.com/englandoriginals/>
  - England Originals (15 x heritage cities) – USA  
<https://www.theexplorersroad.co.uk/>
  - Manchester Gateway (excursions from the airport) – USA  
<https://www.visitmanchester.com/things-to-see-and-do/gateway-to-the-north/explore-the-north>
  - Discover England's Coast – targeting Germany and the Netherlands – <https://www.englandscoast.com/en>
- 56 The Northern Saints Trails project was due to launch earlier this year – on St Cuthbert's Day, 20<sup>th</sup> March, but plans were put on hold because of the COVID-19 pandemic.
- 57 Working with regional partners we agreed that July was a good time to soft launch the trails; way-markers are in place along the routes and independent journalists are starting to write about the trails. We also encouraged residents to walk the trails over the summer via our 'Explore from your Door' campaign, encouraging feedback and sharing of experiences on social media.
- 58 This activity will ensure we benefit from national and international consumer interest and will see demand build for 2021. The website was set to live but is still a work in progress as we work with tourism businesses to update content.
- Website: <https://www.northernsaints.com>
  - Lonely Planet (13 million web visits monthly) article published July  
<https://www.lonelyplanet.com/articles/walking-trails-northeast-england>
  - McCabe Travel, route packaging: <https://www.mccabe-travel.co.uk/pilgrimages/the-northern-saints/>

- 59 Activity planned for the designated Year of Pilgrimage 2020 in the county was also put on hold, some of which will delivered in 2021.
- 60 Visit County Durham continues to offer support, advice and guidance to potential investors and developers for the county's tourism product and submits formal responses to tourism planning applications. Tailored support is provided for key capital developments.

## **Marketing**

- 61 Visit County Durham's destination marketing activity is focused primarily on audiences that are external to the county, and in many instances external to North East England. Our approach has been to communicate the county's offer to potential visitors, significant influencers and media with the main aim of encouraging overnight stays in order to increase the volume and the value of the county's visitor economy.
- 62 As a result of the COVID-19 pandemic and subsequent UK lockdown in March, all VCD campaign and marketing activity encouraging visits to the county stopped; the focus switched to generic destination content to maintain a presence on social media and the development of a virtual visit content hub and micro site, encouraging consumers to #LoveDurham from the safety of their home with strong 'now is not the time to visit Durham' messaging.
- 63 The rationale for this approach was to keep the county top of consumers' minds, continue to build relationships and to provide a platform for tourism businesses to promote their activity and messages.
- 64 As government started to ease the lockdown restrictions allowing travel to outdoor spaces to exercise, and the gradual re-opening of some businesses, VCD dropped the use of explicit 'stay away' messaging but refrained from resuming activity that promoted immediate visits.
- 65 Messaging centred on staying safe, encouraging responsible travel, urging people to follow the Countryside Code to Protect, Respect, Enjoy, and to respect local communities when spending time in Durham's outdoor spaces.
- 66 As lockdown eased, residents of the county and neighbouring areas were returning to favourite locations which presented challenges in some of the more well-known county destinations; over-crowding, traffic management, littering, fires and anti-social behaviour are just some of the issues experienced.
- 67 In addition to the immediate need to disperse visitors away from hotspots we also supported tourism businesses that had re-opened by targeting North East residents to discover Durham for day and overnight visits.

- 68 The volume of web traffic to thisisdurham.com from in-region audiences accounted for at least 40% of overall traffic in the weeks during and immediately after lockdown, the top pages viewed were those with outdoor product.
- 69 The increase in web traffic presented an opportunity to showcase the county and its many hidden gems to an in-region audience, building loyalty, raising awareness and positioning the county as a great place to explore. We also anticipated more overnight visits from within the region as the desire to travel is there, but confidence was just starting to return, consumers will want to stay relatively close to home.
- 70 The resident population is seen as key to recovery. Previously things on your doorstep might be overlooked, now they are seen as an exciting opportunity. Increased content on social media from residents exploring the county spreads confidence with a wider audience.
- 71 The hyperlocal campaign was the first stage in a phased approach to the return of destination marketing for Durham, focusing on residents of the county and neighbouring areas.
- 72 VCD reactivated marketing activity via a targeted campaign – ‘Explore from your door’ aimed at a hyperlocal, resident audience, communicating Durham’s hidden gems and lesser known locations.
- 73 Stage two incorporated the wider region, with some national marketing. VCD commissioned two videos showcasing the county’s open spaces set to poetry from Lord Byron and a poem written by a Shotton Colliery based mum, Gemma Peacock. The videos were used in marketing campaigns to promote Durham as ‘Worth the Wait’.
- 74 Despite a significant drop in website traffic due to the pandemic, recent campaign work has attributed to a 5.9% year-on-year web traffic growth, and the highest ever August (following a traffic drop of 69.5% in April), with over 14,000 video views in the first two weeks of the Worth the Wait campaign.
- 75 Due to the pandemic, media/press visits are still on hold, but since March Durham has had a significant amount of print, radio, TV and online press coverage.

## **General update**

- 76 Visit County Durham was awarded Gold in the International Distribution category at the national [VisitEngland Awards for Excellence 2020](#) held on Monday 17th August. The International Distribution Award is a new special category within the VisitEngland Awards for Excellence 2020 that recognises Destination Management Organisations (DMOs) and Discover England Fund (DEF) projects committed to increasing the international distribution of the tourism products within their destination.

- 77 Port of Tyne convened a regional Cruise Tourism Destination meeting in late July, which was attended by North East Tourism Alliance members and representatives from key hotels and visitor attractions. The purpose of the meeting was to discuss a collaborative approach to growing the destination cruise tourism product in the North East, to drive international visits.
- 78 A further meeting will be held at the end of September, and work is underway to encourage joint working between Newcastle Airport and Port of Tyne as key international gateways into the region.
- 79 VCD's MD, Michelle Gorman has been appointed Chair of the North East Tourism Alliance (NETA) and will take forward the programme of work with the North East Cultural Partnership to develop a joint case for culture and tourism.

## **Conclusions**

- 80 Overview and Scrutiny members will be aware of work undertaken by VCD, the various forms of marketing, development and business support undertaken and the performance of VCD in marketing the county as a tourism destination. In addition, members will have detail of the impact of COVID-19 on the tourism sector, the support provided by Government and VCD to the sector during the pandemic and plans for recovery.
- 81 It is intended that the committee will continue to monitor the performance of VCD in marketing and developing the county, the continued support provided by VCD to the sector and progress made in relation to recovery plans with a further progress update included in its work programme for 2021/2022.

## **Background papers**

- STEAM Economic Impact Report 2019

## **Other useful documents**

- None

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## **Appendix 1: Implications**

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### **Legal Implications**

Not applicable

### **Finance**

Not applicable

### **Consultation**

Not applicable

### **Equality and Diversity / Public Sector Equality Duty**

Not applicable

### **Human Rights**

Not applicable

### **Climate Change**

Not applicable

### **Crime and Disorder**

Not applicable

### **Staffing**

Not applicable

### **Accommodation**

Not applicable

### **Risk**

Not applicable

### **Procurement**

Not applicable