

**Report to:** Leader and Lead Member for Strategic Management and Economic Development

**Date of meeting:** 3 November 2023

**By:** Director of Communities, Economy and Transport

**Title:** Visitor Economy Management – Future Arrangements

**Purpose:** Seeking an in principle approval for the Sussex Local Visitor Economy Partnership application submission, the setting up of Experience Sussex and the Sussex Visitor Economy Strategic Plan Framework subject to Full Council approval of the Annual budget

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**RECOMMENDATIONS:** The Leader and Lead Member is recommended to:

- (1) Approve in principle the structure and funding requirements for the proposed new visitor economy destination management service model termed “Experience Sussex”, subject to Full Council approval of the Annual budget;**
- (2) Approve entering into a Service Level Agreement with West Sussex County Council to establish and manage the operation of Experience Sussex;**
- (3) Approve the proposed arrangements for the Sussex Local Visitor Economy Partnership and agree that an application be submitted to VisitBritain/VisitEngland in November 2023;**
- (4) Approve entering into a formal Service Level Agreement with West Sussex County Council and Brighton & Hove City Council to facilitate the establishment of the Local Visitor Economy Partnership governance model; and**
- (5) Delegate authority to the Director of Communities Economy and Transport to take all necessary actions to give effect to the recommendations in this report including, but not limited to:**
  - a) approving the Local Visitor Economy Partnership Strategic Plan, and the service design and plan for Experience Sussex;**
  - b) approving the Local Visitor Economy Partnership application for submission to VisitEngland/VisitBritain**
  - c) approving the terms of the Service Level Agreement with West Sussex County Council in relation to Experience Sussex;**
  - d) approving the terms of the inter-authority Service Level Agreement with West Sussex County Council and Brighton & Hove City Council in relation to the Sussex Local Visitor Economy Partnership; and**
  - e) approving the Local Visitor Economy Partnership governance arrangements on behalf of East Sussex County Council;**

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## **1. Background Information**

1.1 In 2020, initially in response to the pandemic, the Sussex Visitor Economy Initiative (SVEI) led by Brighton & Hove City Council (BHCC), West Sussex County Council (WSCC) and East Sussex County Council (ESCC) was convened. In 2021, the Government announced an independent review of destination management organisations (DMOs) (the de Bois Review). Strategies at national, regional and local level all consistently cite desired policy outcomes which a well-managed and thriving visitor economy can promote locally, including jobs and Gross Value

Added growth, improved recruitment and retention across the wider economy, public health benefits and responsible environmental management.

1.2 Following the review, the government set out in 2022 plans to restructure the visitor economy management landscape to make this more streamlined. This involves a new accreditation scheme, under which DMOs will be clustered in 'Local Visitor Economy Partnerships' (LVEPs). The accreditation scheme has been developed and is administered by VisitEngland.

1.3 In March 2023, the SVEI, in response to the national reorganisation of destination management, submitted an Expression of Interest (EOI) to VisitBritain / VisitEngland (VB/VE) with a view to submitting a full application for LVEP status on behalf of Sussex. LVEP status is considered to be a mission match with SVEI priorities. VB/VE has welcomed a Sussex-wide approach. The EOI was approved and the full application will be ready to submit in mid-November 2023.

1.4 It is also proposed that ESCC will work in collaboration with WSCC to set up "Experience Sussex", requiring a contribution of £450,000. This new revenue requirement will be considered as part of the Reconciling Policy, Performance and Resources process as the budget for 2024/25, and Medium Financial Plan to 2026/27, are considered and approved by Full Council in February 2024. If budget requirement is approved, this will create the capacity to realise identified growth potential for the Sussex visitor economy, facilitate the establishment of the LVEP and ensure that Sussex is not left behind in the new national destination management structure.

## **2. Supporting Information**

2.1 The drivers for the proposed introduction of Experience Sussex and the LVEP include:

- Unmet growth potential in this industry has been clearly articulated. A further £2.5 billion economic impact and an additional 35,000 jobs could be achieved for Sussex by 2030 (see [Sussex Visitor Economy Vision and Actions](#)).
- The tourism industry accounts for 14% of all industry employment in Sussex, compared to the England average of 11%.
- Increasing the inward spend per visit requires a marketing profile which can compete in the national and international marketplace and attract staying visitors who are the highest spenders: 11% of visitors to Sussex stay overnight and account for 50% of the inward spend. 2% of visitors to Sussex come from overseas and account for 19% of the visitor spend.
- A thriving visitor economy delivers a range of socio-economic benefits. These are reflected in the Council Plan, the East Sussex Growth Strategy and Recovery Plan, the East Sussex Cultural Strategy and District and Borough Strategies.
- There are currently disparate destination management arrangements in Sussex with suboptimal return on investment.
- Strategic enablers for growth identified by the sector, including transport, sustainable practices, digital infrastructure and shifts in labour market trends (highlighted by both Skills East Sussex and the Sussex Local Skills Improvement Plan) are best addressed by upper tier authorities.
- The ongoing negative impact of the pandemic, inflation and the cost of living on the sector.
- VB/VE, the national sector body, is seeking to reduce organisational fragmentation and improve ways of working with destinations through a new management structure of accredited LVEPs. VB/VE has indicated a strong preference for a pan-Sussex approach. Additionally, places that have national LVEP accreditation will be prioritised for future funding.
- Experience West Sussex (West Sussex's current Destination Management organisation) current funding arrangements expire in March 2024.

Current landscape of Sussex Strategic Visitor Economy management

2.1 The three upper tier authorities that make up the SVEI have different operating environments. Expenditure across the three authorities ranges from BHCC's annual budget of £446k net (£823k gross) to ESCC's current time-limited budget of £90k per annum (ends 2024/25). WSCC has an agreement to use pooled business rates (circa £200k per annum), but this comes to an end in March 2024.

2.2 East Sussex District and Borough activity and Destination Management Organisations (DMOs) currently include Visit Eastbourne, Visit Lewes, Visit 1066 Country and Explore Wealden. Hastings Borough Council has recently withdrawn from Visit 1066 Country and is marketing Hastings separately.

2.3 West Sussex District and Borough Council brands and DMOs include Time for Worthing, Sussex by the Sea, Discover Horsham, Experience Mid Sussex and The Great Sussex Way.

2.4 Sussex marketing collectives include Sussex Top Attractions and Sussex Modern.

### Local Visitor Economy Partnership and Experience Sussex

2.5 Experience Sussex will harness the Sussex brand through a new shared marketing and strategic identity for both East and West Sussex. The partnership will work with Visit Brighton to build trust and proof of concept. This will enable ESCC and WSCC to become equal partners with BHCC in the future. The option finds favour with VB/VE, supporting the application for LVEP status. Rather than standalone models for ESCC and WSCC, a combined approach allows for a team to be created with a collection of specialisms to achieve a more comprehensive and effective delivery than two separate but collaborating departments could achieve.

2.6 A Service Plan for Experience Sussex will be developed with indicative content to include:

- Standing out in the International market place by using the Sussex brand (in contrast to current arrangements);
- Increase consumer demand for (high value) overnight stays;
- Support sector product development and local authority inward investment activities;
- Promote and support business resilience, innovation and environmental sustainability;
- Monitor visitor economy performance (e.g.: accommodation studies, economic impact reports);
- Ensure market intelligence and data driven delivery;
- Provide advocacy, campaigning and profile raising for Sussex;
- Fundraising and income diversification (commercialisation and bookable products).

### Governance Arrangements for Experience Sussex and the Local Visitor Economy Partnership

#### **2.7 Experience Sussex**

It is proposed that Experience Sussex will commence operation on 1 April 2024. Building on WSCC's track record of running Experience West Sussex, the Experience Sussex partnership will be hosted by WSCC who will act as the accountable body. The oversight of Experience Sussex will sit jointly with the two county councils and a Service Level Agreement (SLA) will underpin the financial and governance arrangements.

#### **2.8 Local Visitor Economy Partnership**

It is proposed that the LVEP application is based on a collaborative partnership between Experience Sussex (should this be approved), and VisitBrighton, the destination management organisation hosted by BHCC. It is proposed that BHCC will become the LVEP Partnership Accountable Body, and the three authorities will jointly fund a part-time post to deliver the main functions of the LVEP. It is proposed that WSCC, BHCC and ESCC will sign an inter-authority SLA

to underpin the governance model. It is proposed the Director of Communities, Economy and Transport is delegated authority to approve the terms of the SLA covering the LVEP partnership arrangements and approve the terms of the governance arrangements for the LVEP on behalf of ESCC. The detailed wider governance model will be developed in consultation with stakeholders. A joint letter of support will be required from the Leader and the Chief Executive of East Sussex County Council to support the LVEP application. This will be required from WSCC and BHCC as well.

2.9 In order to secure LVEP status, the Sussex geographical area requires a Strategic Plan. A draft is sufficient for the application accompanied by a timeline for completion. The Strategic Plan will not replace any local destination plans but will synthesise with their content. The Strategic Plan will provide Experience Sussex with an overarching strategic framework (See Appendix 1 for indicative content).

2.10 If ESCC, BHCC or VB/VE do not approve the proposals, the County Council will need to consider other options with East Sussex partners for future collaboration.

#### Budget and resource implications for ESCC

2.11 The Government's recently commissioned independent review of destination management arrangements in England highlighted that most DMOs rely on a combination of public and private sector income, though funding sources and levels vary significantly.

2.12 The proposed core service budget for Experience Sussex is £500k per year split equally between WSCC and ESCC - so a cost of £250k per annum for ESCC. It is proposed that an initial commitment of two years is given to Experience Sussex, so a total budget for 2024/25 and 2025/26 of £500k is required to support a core team and the operating costs of Experience Sussex. A further £50k mobilisation budget is required in 2023/24. (See Appendix 2).

2.13 Core funding is not sufficient to deliver the growth ambition of £2.5 billion by 2030. Funding strategies will be developed for growth in partnership with industry and wider stakeholders e.g. Sussex Wine Tourism – A Plan for Growth. Additional public sector funding will be sought, including any funding made available by VB/VE through the LVEP structure. There will be engagement with both Councils' commercial teams and VB/VE on commercialisation opportunities.

#### Proposed Next Steps

2.14 Subject to approval, ESCC will:

- Agree SLA with WSCC to underpin Experience Sussex;
- Agree the Inter Authority SLA between BHCC, ESCC and WSCC to underpin the LVEP;
- Continue stakeholder engagement including with the East Sussex Visitor Economy Task and Finish Group, Team East Sussex, Culture East Sussex, Skills East Sussex and The Sussex Visitor Economy Industry Group;
- Continue to develop the Sussex Visitor Economy Strategic Plan, and the service design and service plan for Experience Sussex;
- Work with WSCC (as Experience Sussex) and BHCC/WSCC (LVEP) to set up Experience Sussex and secure LVEP status with a view to launching Experience Sussex in April 2024.

### **3. Conclusion and Reasons for Recommendations**

3.1 The visitor economy arrangements in both the country and the county are undergoing change; future arrangements for East Sussex need to be agreed and established. A combination

of drivers indicates that the time is right to further consolidate the pan-Sussex tourism collaboration to realise the growth potential of the visitor economy. Launching Experience Sussex is a rational and logical next step in the evolution of cross boundary working. This model gives clarity to ESCC's application for LVEP status and helps realise ESCC's growth potential in this sector.

**RUPERT CLUBB**

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None