

# Tourism and One North East: A Brief History

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# Tourism and One North East: A Brief History

## **Section 1: Where it all began – The 2001 Foot & Mouth Epidemic**

Looking back from the perspective of 2011, it is easy to forget that One North East's involvement in tourism ultimately had one major but quite unusual root cause: A disease in the UK's farm animal population. The devastating impact on tourism of the Foot and Mouth outbreak in 2001 led to a widespread Government review of the industry. Following consultations with businesses and other stakeholders the Labour Government of the time identified four key issues that needed to be addressed if tourism was to better fulfil its economic development and job creation potential:

1. Tourism needed to be treated as a mainstream economic development activity and managed alongside the business support and training services that were available to all other business sectors. At the time whilst the RDAs were involved in supporting every other economic growth sector, they had no remit to support tourism. The result was that most tourism businesses were not able to access mainstream business development grants, training and advice services – unless through the limited funded Regional Tourist Boards.
2. There was too much competition and duplication of activities – especially marketing activities such as brochures and websites – between agencies including local councils, National Park Authorities, Regional Tourist Boards and a host of other public sector organisations and partnerships. The Regional Tourist Boards were all highly dependent on their Local Authorities for funding; and had no ability to prevent the LAs (or any other public sector agency) from providing competing or duplicative services.
3. The private sector was not closely involved in most of the key decisions being taken by Local Authorities and Regional Tourist Boards about the allocation of resources on tourism activities and campaigns. Most decisions about how the country's key destinations and regions were being branded, promoted and developed were being taken by local politicians, often with little or no tourism or private sector experience.
4. Not enough public sector resources were being devoted to encouraging international visitors. On the contrary, most government resources tended to end up being used to fuel competition between the destinations and regions of the UK within a domestic market that at the time was declining.

As a result of the review and these four conclusions, in April 2003 the Regional Development Agencies were given the strategic responsibility for tourism in their regions, with little other remit than to “sort things out”, including, reviewing the tourism support structures in their areas. At the same time, the resources that was previously given by government to the Regional Tourist Boards (via VisitBritain) was redirected to the RDAs. After 2003, some RDAs gave tourism a higher priority (and allocated more resources) than others but in every case, all RDAs used some of their other government funding to spend more on tourism at a regional level than had previously been available to the Tourist Boards. This was because in every part of England, including the North East, the RDAs identified tourism and the visitor economy as one of the sectors that offered particularly good growth potential in terms of attracting new investment and creating jobs.

## **Section Two: From 2003 to 2004 – Understanding the Issues & Preparing the Strategy**

When One North East was given the strategic responsibility for tourism in April 2003, it had no experience of the sector and no staff with any tourism background or expertise. Prior to that date (and since 1966), Northumbria Tourist Board (NTB) had had the lead role for tourism development in the region. Below the regional level, the public sector support structure for tourism was typically led by local authorities.

There were two notable exceptions:

- The NewcastleGateshead Initiative (NGI), which had operated as a public-private partnership with a destination marketing remit since 2000
- The Hadrian's Wall Tourism Partnership, which had also operated as an informal partnership with some private sector membership, although largely funded through the public sector.

One North East's first task was therefore to acquire some senior staff with tourism expertise and to begin a process of better understanding the sector, including through secondments from key Local Authority staff from across the region. The Agency also created an industry-led Interim North East Tourism Advisory Board (NETAB), reporting to the main One North East Board.

This review process confirmed that the four issues identified at national level were also very much major issues in the region. In addition, two further key North East England issues were identified:

- There was a big problem with branding and identity. Supported by the Agency, the region called itself "North East England" in marketing activities to encourage inward investment or to attract key skills. But it was calling itself "Northumbria" in marketing activities to attract visitors, including for business tourism. The two identities did not complement one another and made people from elsewhere wonder if these were two different places. There was also massive confusion, even amongst local residents, between the words "Northumbria" and "Northumberland". Within the tourism industry, businesses in Northumberland were very happy that the region branded itself as Northumbria because they benefited massively from the confusion. But other businesses were less thrilled, often in direct proportion to the distance they were based from Northumberland. So whilst businesses in Newcastle were often neutral about the "Northumbria" brand, those in the south of the region (especially south of the Tees) did not think it served their interests at all.
- There was also a big problem with the region's tourism database and IT platform "Destiny". Northumbria Tourist Board (NTB) had been very successful in attracting support from the Local Authorities and businesses to the principle that the region should operate with a single shared database and IT system. However, it wasn't as sophisticated as it could have been. NTB had been trying to develop the platform in-house, contracting work to local software developers and had a business plan to develop the system to become so effective that it could then lease it to other regions and destinations. But at the same time private sector tourism software developers elsewhere in the country were also developing systems that were already outperforming "Destiny" and attracting customers from many of the major destinations.

Supported by NETAB, the conclusion that One North East reached to these two regional issues was that the region should promote itself under a single brand – “North East England” – for all purposes; and that it needed to re-think its position on its tourism IT platform and buy the best available system on the market, rather than to keep following the high-risk strategy of trying to outperform the private sector by developing a regional system, in-house.

Despite significant discussion, ONE North East were unable to convince the NTB Executive of these conclusions and as a result, One North East took the decision that the quickest and most effective way of resolving the issue was to take over the activities of the Board and transfer its responsibilities and staff to an in-house regional tourism delivery team. This decision provoked a high profile “Save our Tourist Board” campaign in late 2003 / early 2004, led by a handful of small businesses (mostly from Northumberland). But the One North East decision was unanimously supported by all the region’s Local Authorities and was not contested by any of the major hotel chains or large attractions. The transfer of NTB staff to the Agency was completed in April 2004.

It is worth recording that One North East was the only RDA to take the step of bringing the delivery functions of the Regional Tourist Board in-house because of the unique set of circumstances in the region at that time. Elsewhere, some RDAs decided to retain their regional tourist board as an arms-length delivery agency and to employ only a small number of tourism staff within the RDA to oversee the contracts which they continued to place with the Tourist Board. This was the approach taken by Yorkshire, East of England, South West England, and South East England. In other regions, the RDA decided to withdraw financial support from existing regional tourism delivery agencies and to contract directly with their key destination organisations. This was the approach taken by North West England, West Midlands and East Midlands.

The next step of the journey for One North East was to prepare a new regional tourism strategy setting out the priorities for the next 5 years and identifying the responsibilities of the key organisations involved in the sector. It employed a firm of Tourism Destination Consultants, TEAM, to assist in the process and Shared Intelligence.

As part of the preparation of the new strategy, a major consultation was instigated to review the structures required to support tourism below regional level. The two key issues that were addressed were:

- What sort of sub-regional structures were required to increase industry involvement in decision-making and reduce duplication?
- How many sub-regional organisations were required and what should their boundaries be? This discussion recognised that the more organisations that are created, the more money is required for administration costs; but that businesses tend to prefer to work with local rather than regional organisations.

Balancing the various concerns, the conclusion that was reached was that the best outcome would be achieved by creating four new Area Tourism Partnerships (ATPs), one for each sub-region. All four ATPs would be required to have a private sector majority on the Board and all Board members must be appointed under Nolan principles (including the need for all Board members to have significant relevant skills and experience). It was also agreed that there was a need for all four ATPs to work together with the Regional Team in a new Network approach with a clear distinction

made between regional and sub-regional responsibilities. One of the most important of these differences was that it was identified as a core ATP role to become the main point of contact between the Network and businesses.

The Regional Tourism Strategy, 2005-2010, was published in early 2005 and set out a number of major challenges, including:

- A target for all four ATPs to be created and the new Tourism Network to be fully operational by December 2007
- The need for a new Regional Tourism Marketing Plan that (for the first time in the history of the region) would complement and be a key component of the emerging Regional Image Strategy.
- A target for the development of a new tourism database and IT platform to fully replace the NTB's "Destiny" system by April 2006, including a remit to encourage a significant upsurge in the adoption of online selling and marketing tools by tourism businesses.
- An identified need for a new Regional Festivals and Events Framework to help use key events to increase visitor numbers and spend
- A requirement to improve the availability of tourism support available under the Brokerage Model from Business Link; and to ensure a good integration between the support services provided by Business Link and the ATPs
- The need for all four sub-regions to produce visitor management plans in which the ATPs took a lead role in the preparation of the plans.

### **Section Three: From 2005 to 2007 – Implementing the Strategy**

Following the publication of the Strategy, agreed by all major organisations in the region with an interest in tourism, the next two years were focussed on delivering its key targets:

#### **CREATING THE ATPs**

The primary responsibility for establishing the ATPs was devolved by the Agency to the four Sub Regional Partnerships and resulted in different approaches being taken in each sub-region, recognising that a "one size fits all" approach would not be appropriate. The first two ATPs to be established were Visit Northumberland and Visit County Durham – in mid 2006. They were both created as private limited companies and in both cases their creation was accompanied by the two County Councils withdrawing to an extent from tourism delivery and recognising (and part-funding) the ATP. The next ATP to be created was Visit Tees Valley, in autumn 2006. This ATP was based on an existing Local Authority partnership, the Tees Valley Tourism Unit, but with a brand new Board, led by the private sector and appointed under Nolan principles. However, Visit Tees Valley continued to operate as a formal partnership with Stockton Council as its Accountable Body. Finally, in January 2007, Tourism Tyne & Wear was created in a unique arrangement in which it shared its offices and Chief Executive with the existing NewcastleGateshead Initiative, but with its own independent Board and funding streams. Tourism Tyne & Wear also operated as a formal partnership with Sunderland Council as its accountable body. The strategic aim that all four ATPs should be created by December 2007 was therefore achieved almost a year ahead of target.

At the same time as the ATPs were being created, Hadrian's Wall Tourism Partnership was being merged with two other existing partnerships, the Hadrian's Wall management Plan Committee and Hadrian's Wall National Trail. The new organisation was called Hadrian's Wall Heritage Ltd (HWHL) and was created as a

private limited company. There had been discussions about whether or not HWHL should be recognised as the region's 5<sup>th</sup> ATP. However, it was agreed by all parties that it would be more appropriate for HWHL to focus its attentions on improving the visitor experience along the line of the Wall and to work in partnership with the ATPs in relation to destination marketing and supporting businesses.

## BUILDING THE NETWORK

It was always a key element of the Strategy that the ATPs should not operate in isolation but should work closely with the regional team and with each other in a formally structured Network approach. The main mechanism for this to happen was the creation of a formal Network Management Group (NMG) which met every month from mid 2006 to late 2010. The ATP Chief Executives attended this meeting as a condition of funding, as did the Head of Tourism, Head of Marketing and the Network Manager at One North East. Other contributors were invited to attend when appropriate. The first NMG meeting was held on 23 June 2006 (before all the ATPs had been formally created). The immediate priority was to discuss and agree a document named "The Regional Framework, 2006-2010" which set out the key priorities for the Network and - equally importantly - identified the main responsibilities of the ATPs and the Regional Team. From April 2007, the Framework was complemented by an annual "Network Operating Plan" and the agreement and delivery of this annual plan was the foundation of the activities and discussions of NMG.

It would not be possible or appropriate to attempt to summarise the Framework in this history but it is worth highlighting the key principle that the Regional Team at One North East had a primary responsibility to represent the Network nationally (for example with VisitBritain and government) and regionally (for example with Business Link and English Heritage) whilst the ATPs had the primary responsibility to represent the Network to businesses and Local Authorities.

As the ATPs grew and took on specialist staff, a number of Network Working Groups were established to oversee the delivery of strategic decisions taken by NMG. The five main Working Groups were: Marketing & PR; Business & Skills; Desti.ne Operations; Research; and Product Development - and these were supported by a number of lower level Action Groups.

## REGIONAL IMAGE AND MARKETING

One of the Agency's most notable successes during its lifetime was the development of a new Regional Image Strategy (RIS) and the "North East England: Passionate People, Passionate Places" campaign. However it is important to stress that whilst the campaigns (especially the TV adverts) had a strong tourism component, supporting tourism was not the primary motivation for the RIS. Ultimately the Strategy was driven by a much wider goal of changing perceptions about North East England to a much bigger audience than potential visitors, and especially to a business and investment audience. Nevertheless, the fact that for the first time the region was able to bring tourism and business messages under a single mutually supporting theme, was one of the most important reasons behind the campaign's success.

At a more strategic level, agreeing its marketing targets, key messages and the different responsibilities of the Regional Team and ATPs with respect to marketing was one of the biggest challenges faced by the Network. The first Network Marketing Framework, 2006-2008 was agreed by NMG in September 2006 but it wasn't until 2008 that sufficient market research had been undertaken to produce a second

Network Marketing Framework document that was more fully endorsed by the whole Network. This process is described in more detail in the section 4 of this report.

## THE DESTI.NE PLATFORM AND INFORMATION COLLECTION

Northumbria Tourist Board's achievement in getting unanimous support to the principle that the region should aim to have a single tourism database and IT platform should not be underestimated. Its legacy is still being felt today as North East England remains the only region of England with a single system, as opposed to each destination and many Local Authorities each having their own systems. However, as has already been described, the business model which envisaged that an in-house system being developed by the Tourist Board would potentially outperform systems being developed by the private sector was simply not credible.

The process of going out to tender for a new system was a long and arduous process that began in 2005 and was not completed until April 2006 when a new IT platform was procured by the Agency on behalf of the Network and the whole region (thus meeting the project completion target set in the Tourism Strategy). The new system was renamed "Desti.ne" and it became the foundation of the Network without which it simply could not have developed and prospered. The contract was won by a consortium of three private sector companies: Agilysys (project managers), New Mind (tourism destination system software developers) and Eviivo (online booking software developers). The details of the system are summarised in other documents and especially in the Desti.ne Framework Document which was signed off by NMG. But first and foremost Desti.ne is a database of every accommodation, attraction, event and tourist facility in the region; and a platform that allows high quality websites to be built to display this data to potential visitors.

"Desti.ne" has been widely acknowledged as one of the best tourism e-business platforms in the world. But no matter how good the software, ultimately the most important aspect of any IT system is the data it contains. Therefore, from its earliest days the Network has given a particularly high priority to information collection. Indeed, the need for every ATP to appoint a Data Steward was one of only two required job titles that was a condition of funding by One North East (the other was a Business Engagement Officer).

## FESTIVALS AND EVENTS FRAMEWORK

Between 1999 and 2010, NewcastleGateshead began to reinvented itself as a thriving, cultural place to live, work, learn and visit, in part, by using the experience of bidding to become European Capital of Culture 2008. NewcastleGateshead became the 'bookies' favourite' to win and when that didn't happen, there was naturally disappointment felt by stakeholders, local people and investors. However, key funding partners of the Bid decided to push ahead regardless through the development of the culture10 programme – the development of a festivals and events programme over a 10 year period to continue to build the cultural reputation of NewcastleGateshead and the North East, raise aspirations, stimulate creativity, inspire business confidence, create jobs, attract visitors and establish NewcastleGateshead as one of the leading cultural destinations in the UK.

The culture10 programme was launched in 2003 and saw over £45million committed by key organisations to create a cultural legacy for the region. Financial contributors to the programme included Arts Council England, North East, Northern Rock Foundation, One North East, TyneWear Partnership (a public private

sector regeneration partnership with responsibility for distributing One North East resources for regeneration purposes), the Urban Cultural Fund (managed by the Millennium Commission), Newcastle City Council and Gateshead Council.

One North East committed £25million to the programme over a 10 year period – and was by far the largest single investor. In the first four years of the programme, One North East resources were mainly channelled through TyneWear Partnership and as a result, the activities into which they were invested were naturally within Tyne and Wear – mainly NewcastleGateshead and thus the regeneration benefits were mainly felt by NewcastleGateshead.

By 2006/2007, partly due to the success of events such as 2005 Tall Ships Race that was estimated to have brought an additional £50 million into the regional economy, there was a growing call by stakeholders outside of NewcastleGateshead to gain access to the only “single programme” revenue source for arts and cultural activities in the region. At the same time, the need to increase the tangible regenerative benefits of One North East’s investments was increasing.

The decision was therefore made to work with partners across North East England to establish a Festivals and Events Framework that would define the role of festivals and events of many types and sizes, highlighting their value to economic development (through tourism), regeneration and community development. The culture10 programme formed an element of one strand of that framework – delivery of major events and festivals across the North East as a whole, (not limited to NewcastleGateshead) that had the capacity to attract significant additional visitors from outside the region. This also defined those events that One North East was most keen to invest in, thus supporting the growth of the visitor economy and providing additional attractions to promote through its significant regional Image and Tourism Marketing campaigns.

Gaining agreement for the Framework was complex, as whilst recognising the value of festivals and events and providing an advocacy tool for the cultural sector, it also highlighted One North East’s need to consider investment in only certain types of event and across the whole of North East, not just in Newcastle Gateshead. The Framework also supported the emerging Area Tourism Management Plans and Tourism Strategy – see above and below.

## BUSINESS SUPPORT

The creation of the ATPs and Tourism Network North East happened almost in parallel with the creation of a new regional Business Link service, contracted to Business & Enterprise North East in April 2006. In their early days there was undoubtedly a degree of confusion between the Network and Business Link about their potentially overlapping roles and the stated aim in the Tourism Strategy that any support for tourism businesses should be consistent with the Business Link Brokerage model. This issue took a few years to fully resolve but the Regional Team and the ATPs made clear from the first that the ATP Business Engagement Officers were neither trained business advisors nor brokers of consultancy services. They also did not get involved in talking to tourism businesses about general business matters such as financing, business accounting, HR, legal issues or employment legislation. Instead the core role of the ATP officers was to inform all tourism businesses about the marketing and other specific tourism opportunities provided by the Network (such as the Regional Tourism Awards). It was also considered to be an ATP role to provide specialist information to tourism businesses which it would be



unreasonable to expect a general business advisor to know. Examples would include details about how to offer online booking on Tourism Network websites, how to obtain an accommodation grading (stars), or where to find out more about meeting the needs of visitors with a disability. Organising specific business workshops and conferences for tourism businesses on these topics was identified as a key way of delivering such information.

## AREA TOURISM MANAGEMENT PLANS

One of the strongest conclusions of the Regional Tourism Strategy was that it was not possible to identify tourism development and infrastructure priorities across a whole region. For example it would be unlikely in the extreme that the priorities for Newcastle City would be the same as a small rural town in North Northumberland (such as Wooler) or a busy coastal harbour town (such as Hartlepool).

Therefore, at the same time as the Sub-Regional Partnerships were asked to stimulate the creation of the ATPs they were also asked to oversee the preparation of a detailed Area Tourism Management Plan (or ATMaP) for their sub-region. The Regional Team had a key responsibility to ensure that the resulting ATMaPs were produced to a common format; and that the overall aims in each ATMaP would help to deliver the targets in the regional strategy. But other than that, the priorities identified in the ATMaPs were to be signed off by each ATP Board on behalf of their sub-region following consultation with other local partners, but without influence from regional or national level.

The role and influence of the ATMaPs grew during the life of the Network, not least because One North East made it clear that no "Single Programme" investments would be made towards any tourism project that was not identified as a priority in the appropriate ATMaP. Local Authorities, too, increasingly referred to the ATMaP when taking planning decisions; and came to regard the ATMaP as effectively the local tourism strategy for their area.

## **Section Four: How Did We Do Against Our Original Objectives**

Section 1 set out 4 original objectives that One North East was asked to address when it was given the strategic responsibility for tourism in April 2003. The Agency can be extremely proud of the way in which it delivered on these objectives.

### **Objective One: Tourism to be recognised as a Mainstream Economic Development Activity**

There can be no doubt that tourism is now recognised as one of the region's key growth sectors. According to independent estimates, in 2009 the number of people directly employed as a result of spending by visitors in the region was 52,100 with a further 13,100 employed indirectly bringing the total number of jobs reliant on tourism to more than 65,000. This is 4.5% of all jobs in the region. It is further estimated that every 1% increase in visitor spending (either additional visitors or spend per trip) results in the creation of 520 direct jobs in the region and another 130 jobs in the supply chain.

Between 2003 and 2009:

- The number of overnight visitors grew by 9% to 8.5 million a year

- The number of day visitors grew by 3% to 74.4 million a year
- Direct expenditure by visitors grew by 7% to £2.5 billion
- The number of accommodation bed spaces in the region has increased by almost 4,000 to over 83,000.

Quite simply, no other economic sector in the region can begin to match this rate of growth over the same period.

### **Objective Two: Reducing Competition and Duplication between Agencies**

One North East's record in reducing duplication between agencies with respect to tourism has been at the highest possible end of original expectations. This includes the recognition which the Local Authorities, the National Park Authority and others have given to the ATPs and their resultant withdrawal from tourism marketing, the major improvements in understanding in relation to the different roles of regional and destination marketing, the improved integration of Local Authority TICs into Network services (especially through the TICs adoption of Desti.ne), and the development of real and significant working relationships between the ATPs and Business Link.

### **Objective Three: Involvement of the Private Sector in Decision Making**

Prior to One North East's involvement, Northumbria Tourist Board was almost entirely run by public sector representatives (mostly Local Authority councillors) and had only two private sector members on its Executive Committee. No private sector representatives were involved at all in any decisions at Destination / Local Authority level. In contrast all four ATP Boards and the regional North East Tourism Advisory Board had a private sector majority and a private sector chair. And as they grew, all four ATPs took steps to consult with a wider and wider range of private sector interests through regular progress meetings, surveys and conferences.

### **Objective Four: Increase public sector investment in attracting International Visitors.**

The setting up of the Area Tourism Partnerships and ATMaP's certainly increased the public sector focus on tourism in the region. The degree to which this levered in additional public sector investment has varied across the region and over time. For example Culture 10 was successful in leveraging in significant investment from local Councils, including through investment in the Tall Ships Races for example, whilst other parts of the region have relied more heavily on One North East funding.

## **Section 6: So What Next?**

The announcement of the closure of One NorthEast and budget challenges faced by local Councils have resulted in a significantly changed landscape for tourism in the region. In particular a great deal of time and effort has been spent on restructuring tourism organisations to adapt to the new funding environment. At the time of writing it is fair to say that Newcastle Gateshead Initiative and Visit County Durham have adapted most quickly, partly due to the ongoing financial support of their local authorities. Whilst this process has necessitated a degree of introspection, the main tourism organisations in the region have been meeting as the Northern Tourism Alliance and are working collaboratively on events such as London 2012 and the visit of the Lindisfarne Gospels in 2013. There is every sign that the Desti.ne system will

continue in some form, and there are some potential resources for destination marketing available through Visit England.

There is no doubt that the work of One North East and its partners has achieved a substantial impact on the growth of the visitor economy in the region. The structure put in place to achieve this impact now needs to adapt again to meet new challenges, and secure greater investment from the private sector in particular in destination management and marketing. As well as achieving the impact reference above, the investment and work of One North East has however transformed the understanding, capacity and expertise of the region to face these new challenges.

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