



Subject:	Local Tourism Update and proposed future investment approach
Date:	12 September 2018
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Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Some time in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

Call-in	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

1.0	Purpose of Report or Summary of main Issues
1.1	The purpose of the report is to update the Committee on Council investment to support tourism product development all across the city, including in the city's neighbourhoods.
1.2	The report also sets out the proposed way forward for intervention activities led by the Council to invest in tourism product development with the objective of: <ul style="list-style-type: none">Increasing visitor spend and dwell-time and contributing towards the Belfast Agenda target of increasing the value of out-of-state tourism to £500 millionCapitalising on the significant private sector investment, particularly within the hotel and leisure sectors

	<ul style="list-style-type: none"> Ensuring that the benefits of tourism investment and growth are felt across the city and that local organisations and businesses are supported to maximise these benefits.
2.0	Recommendations
	<p>It is recommended that the Committee:</p> <ul style="list-style-type: none"> Notes the work underway across the Council to support tourism product development – including local tourism products Notes and agrees the proposed way forward (3.14) to support tactical investment in local areas to ensure that product development opportunities are maximised and that local organisations and businesses get the support that they need to help bring forward high quality, sustainable tourism products Considers the potential for the development of a feasibility fund to develop tourist products to concept stage. The establishment of this fund by the Strategic Policy and Resources Committee would need to be considered as part of the half-year finance report in November 2018.
3.0	<u>Key Issues</u>
3.1	The mid-term review of the current Tourism Strategy highlighted the need for the Council and partners to enhance efforts to support high quality tourism product development in order to complement private sector investment in the hotels and wider hospitality sector in Belfast.
3.2	This challenge is not unique to Belfast. Tourism NI have been identifying for some time the need to bring forward additional tourism products that respond to changing visitor trends and demands. The work that is currently under way as part of the Belfast Region City Deal (BRCD) includes a commitment to enhance the investment in tourism as a key economic generator. In Belfast, there are already almost 20,000 people employed in the hospitality and leisure industry and recent investment by the private sector will see those numbers grow. The sector currently accounts for around 6% of GVA. In many other successful cities and tourism destinations, the figure is almost double that. This demonstrates the fact that there is still some way to go if Belfast is to capitalise of the tourism growth potential in the city.
3.3	Titanic Belfast has been a game changer for Belfast in terms of the city's confidence as a tourism destination. It was voted the World's Leading Visitor Attraction in 2016. That designation helped put Belfast on the map in the highly competitive global tourism market. While the venue attracted over 840,000 visitors last year, it is recognised that many of these

visitors were day trippers who came to Titanic Belfast as part of a short visit to the city but who did not stay in Belfast. This reduces the economic potential of the visitor spend.

3.4 The 2015 City Centre Regeneration and Investment Strategy identified the need for another stand-out visitor attraction in the city in order to increase visitor dwell-time and, by default, visitor spend in the city. Members will be aware that work is under way on the development of the Outline Business Case (OBC) for the “Destination Hub” – a unique project bringing together visual arts, new technology and media to tell the story of Belfast. The ambition is for this project to act as another “anchor” in terms of tourism offer in the city which will change visitor behaviour from considering Belfast as a day trip location to thinking about it as somewhere that visitors think that they should stay at least one night in order to experience the breadth of the city tourism offer. If this is successful, the result will be a significant uplift in tourists staying overnight in Belfast and having time to explore the other products and experiences on offer.

3.5 At the June meeting of the City Growth and Regeneration Committee, members received an update presentation from the consultancy team working on the OBC for the Destination Hub. That presentation identified a number of emerging “themes” for the building – reflecting the city’s heritage and unique offer. The presentation also identified the opportunity for this investment to act as a catalyst for new products and experiences which may also reflect these themes but take a different perspective or offer a specific insight. One example might be the theme of music. Belfast has a long and diverse musical history and it is likely that, if the Destination Hub project is to progress, it will consider the importance and role of music in the Belfast Story. However there are lots of specific angles that could be developed into new products and experiences across the city including the Van Morrison story; the origins of punk; traditional music; piping; music classes and summer schools; tours of music venues. It is likely that many of these products and experiences will have their roots not only in the city centre but also in locations outside of the city centre. This offers an opportunity to support investment in the “local tourism” product and to help bring that forward and take it to the market.

3.6 Belfast City Council has, over many years, supported the tourism industry in the city. This includes an annual investment of around £1.9million in Visit Belfast – the Destination Marketing and Management Organisation (DMMO) for the city. The Council has also invested in a range of local capital schemes to support tourism growth across Belfast. This has included investment from the Local Investment Fund (LIF), Belfast Investment Fund

(BIF) and Social Outcomes Fund (SOF). An assessment of the investment to date in these schemes indicates that the Council investment will be in the region of £36million and that this will lever a further £154million from other public and private sector partners. The Council was also a significant investor in the Belfast Waterfront Conference and Exhibition Centre. This £30million development has transformed the facilities for business tourism in Belfast and acted as a catalyst to the recent wave of hotel investments in the city.

3.7 In addition to capital investment, the Council has also provided revenue support for local organisations working across the city to promote tourism in the city’s neighbourhoods. Only two parts of the city – east Belfast and west Belfast – have dedicated organisations that are focused on increasing the number of tourists visiting those respective areas. These organisations are important conduits for encouraging more local organisations to develop new products and experiences targeted at tourists. Last year, funding from the Tourism Unit’s budget (£80,000) was used to support local tourism promotion and engagement in east and west Belfast through Eastside Tourism and Fáilte Feirste Thiar. The initial evaluation from that work has identified that these organisations play an important role on the ground involved in championing local tourism investment and that there is an appetite to develop the local offer further. However, in addition to the “bottom-up” approach, it also pointed to the scale of investment required in capacity building support that is “market-led” i.e. shares intelligence on who visitors are, when they come to the city and what they want to do and helps local businesses to bring forward new products and experiences to meet their needs. This highlights the importance of engagement with Tourism Ireland, Tourism Northern Ireland and Visit Belfast. Finally, a recurring theme is the need to identify and bring forward tourism product that can be financially sustainable and not continue to rely on public funding.

3.8 Members will also be aware that the Council has been supporting the tourism sector – and a number of other growth sectors – through investment in skills development activities. Our Hotel Academy programme has helped over 150 people into sustainable employment and we are also working with Titanic Belfast and the other tourism assets in the Titanic Quarter to help Belfast residents find employment.

3.9 Given the findings of the Tourism Strategy review around the need for increased investment in product development, there is a need to consider a targeted approach from the Council and partners. The proposed Destination Hub will be a critical “anchor” that will raise the profile of the city’s tourism offer. However, there is clearly significant potential for investment

in high quality, authentic and sustainable product development and experience development initiatives across the city.

3.10 In order to inform the Council's approach to its investment in this work, Deloitte have been commissioned to develop a product development narrative and framework. This work is still at draft stage but there are a number of principles and potential assessment criteria emerging which, it is suggested, should be used to inform any future decision-making on investment in tourism products – for both capital and revenue investment.

3.11 Future investment in local tourism: proposed approach

The proposed approach is set out in the Deloitte document (see attached – **Appendix 1**). At this stage, it is proposed that this should be along the following lines:

Key principles:

- A clear focus on authentic experiences
- Use of market intelligence to develop what the visitor wants
- An emphasis on out-of-state visitors
- Collaborative planning and development to develop better experiences
- Harnessing digital technology – from website design to on-site visitor experience
- Nurturing skills
- Recognising the contribution to both economic and social outcomes (unique to local tourism).

Potential assessment criteria

- Is it tourism? Does it focus on key market segments: is it informed by market intelligence; is it more than regeneration?
- Does it align with the wider tourism narrative? Does it complement the key tourism themes/product areas (e.g. maritime; music; literature; outdoor leisure; “Beyond Peace”)?
- Does the promoter have the requisite skills and ability? It will be important to recognise that there are varying degrees of ability and capacity and support will need to be flexible in line with need and taking account of the Council's ambition for local tourism investment to be part of the approach to promoting inclusive growth
- Is it supported by market testing? This approach assumes a significant change to how product development initiatives currently come forward. There will be a need for the Council to invest in visitor intelligence (activities already underway with Smart

Cities Team and Tourism NI) and to ensure that research and insights are made available to inform new investment

- Economic impact and viability: the starting point for engagement should be to consider how investment can contribute to specific targets (particularly Belfast Agenda targets). In addition, it will be important to consider whether Council/other public investment can pump-prime investment as opposed to the project being reliant on subvention on an ongoing basis
- Social impact: it is clear that many local tourism activities are starting from a lower base than other activities that are clearly market-led. In order to demonstrate a recognition of this, it is proposed that wider contribution to social impact is considered as part of the assessment process (e.g. opportunities for local employment/training; ability to complement regeneration investment).

3.12 The identification of the local tourism projects as ‘connectors’ to other key tourism ‘anchors’ in the city (e.g. Titanic Belfast, proposed Destination Hub) is an important part of developing a clear tourism proposition that distinguishes Belfast from other cities and ensures a coherent set of “experiences” that the visit can expect to get when they come to Belfast.

3.13 The Council is only one funder in this field and it is important to consider alignment with the approaches of other funders, particularly Tourism NI. Officers have been working closely with Tourism NI on this approach and are proposing alignment with their ‘Tourism Clusters’ model. This involves bringing together local organisations to look at how to capitalise on tourism growth and to develop new products and services as well as building skills. Tourism Ireland projections suggest that tourism is likely to grow at a rate of at least 6% in the coming year and, with an enhanced profile for Belfast on the back of initiatives such as the Lonely Planet Designation as the Number 1 place to visit in 2018, there is likely to be a commensurate increase in visitor numbers. Intelligence suggests that the overseas (USA, China) markets are growing significantly while there are specific EU countries with a particular interest in Ireland/Northern Ireland (France, Germany, Spain, Netherlands). These visitors have specific interests and requirements (e.g. language skills) and successful tourism activities need to be able to provide these services to meet demand and take advantage of consumer interest.

3.14 It is therefore proposed that the Council develops and manages a significant programme of capacity building and information sharing to improve the quality of existing products, bring forward new products and help develop coherent packages and experiences that are aligned

	<p>to visitor needs. It is proposed that the focus of activity for the remainder of the financial year will include:</p> <ul style="list-style-type: none"> • Use of local conduits where possible to increase engagement and promote the benefits of participation (e.g Fáilte Feirste Thiar, Eastside Tourism) – up to £60,000 to be allocated • Testing out of potential new products – support for initial feasibility to help bring forward ideas emerging from the local consultations and engagement activity and working with new capital schemes coming forward from Council funds – up to £25,000 to be allocated • Capacity building and development work on cluster approach, in conjunction with Tourism NI - involvement of industry experts and practitioners who have first-hand experience of this activity - £45,000. <p>3.15 Following the initial investment, the Tourism Development Plan for 2019/20 will take account of the learning and the potential for engagement with partners on this work. It will detail proposals for engagement and activity from April 2019 onwards, in line with the proposals set out in this report.</p> <p>3.16 <u>Financial & Resource Implications</u> At present, TCA Unit has set aside £130,000 for expenditure on Local Tourism in financial year 2018/19. An indicative breakdown of the expenditure is set out in 3.14.</p> <p>3.17 An indicative allocation of £4m has been set aside to match-fund projects under the Social Outcomes Fund (currently at varying stages of due diligence).</p> <p>3.18 Currently, there are no Council funds available to support further capital investment in neighbourhood tourist products. Members will therefore need to consider this priority in the context of the Medium Term Financial Plan and the rate setting process. In the first instance, a feasibility fund would be required to develop tourist products to concept stage. The establishment of this fund by the Strategic Policy and Resources Committee would need to be considered as part of the half-year finance report in November 2018.</p>
4.0	Appendices
	Appendix 1: Draft Local Tourism Narrative and Framework - Deloitte