

14th February 2006

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Dear Eileen

Review of Regional Economic Strategy for South East England 2006 – 2016

Thank you for the opportunity to comment on the consultation document, these comments represent the views of Tourism South East and our key stakeholders. Tourism South East as a key delivery partner for SEEDA is pleased to be engaged in this vital piece of work. We have attended and participated in the majority of the very stimulating consultation events held across the region recently. SEEDA is to be commended on summarising the challenges and issues facing the South East economy in such a concise and readable format. It is clear that we face formidable challenges which provide an opportunity to focus resources, and work in partnership to deliver clear benefits for the region.

We believe tourism must be fully recognised as a vital dynamic sector, which forms an important ingredient of the South East economy going forward. Our partnership with SEEDA is well founded, to unlock the potential of the visitor economy we must:

- *Overcome complacency.*
- *Build partnerships based on real teamwork and trust.*
- *Raise skill levels to international standards.*
- *Invest in environmental quality.*
- *Improve management and professionalism.*

Context

The RES consultation document recognises Tourism South East as a focus for working with the regions hospitality and tourism industry, and we are pleased that there is recognition through the document of the **role that tourism and culture can play in delivering the vision for sustainable prosperity.**

It should be recognised that tourism is not just about people on holiday and embraces a wide diversity of activity ranging from business and conferences to visiting friends and relatives. For this reason we often refer to tourism as **'the visitor economy'** which we feel better describes this diversity.

Tourism South East in partnership with SEEDA has published Tourism ExSEllence a tourism strategy for the region. This recognises **tourism as a vital business sector** throughout the South East, an essential element in both rural and urban economies, **a force for regeneration** and a prime contributor to the **regions quality of life.**

- Tourism is currently generating **£10 billion** of spending equivalent to 7% of regional GDP, and with potential for sustainable growth.
- Tourism already supports an estimated **225,000 jobs**.
- Tourism is a force for **economic regeneration** and helps support community and cultural facilities
- Tourism projects a **positive image** for the region and assists wider inward investment.
- Tourism will **continue to grow** and the South East is well placed to benefit from this.

However there are significant challenges to be addressed including retaining our market share in the face of increasing international and domestic competition, there is an urgent need to invest in infrastructure, address skills shortages and tackle environmental issues.

Our business plan and resulting work programmes are shaped to deliver SEEDA's strategic objectives and we look forward to refining and aligning our activity once the new RES is finalised.

The South East Spatial Plan now contains a range of tourism specific planning policies, which, if allied to appropriate actions in the RES have the potential to make a significant contribution to regeneration and sustainable growth across a range of identified priority areas such as the South Coast, and growth areas including the Thames Gateway, and the rural economy.

We believe it important that the **RES and South East Plan** are carefully co-ordinated and cross-referenced to maximise opportunity and impact.

In terms of the six specific questions posed in the consultation document we would respond as follows;

1. Which of these or other challenges do you believe are most important for the future of the South East economy?

Principal Challenges

We agree entirely that the South East is a world class region with the potential to compete with the very best. Although we start with enviable strengths, there is considerable work to do to achieve this ambition. **Complacency is a major barrier** and we may have rested on our laurels for too long. Perhaps a **lack of regional identity** is also a key challenge facing us, particularly when measured against competitor regions such as the North East and North West. The economic and geographical make up of the South East also offers a challenge with widely differing aspirations, incomes and access to markets.

We believe that there are also other economic factors, which offer a challenge to us particularly the restrictions on the deployment of public sector funds within the South East. **Government funding is weak** in our region compared to other regions and there is particular financial pressure on local authority budgets. Nevertheless we believe more reference needs to be made to the **role of local authorities as key delivery agencies**. Other macro economic factors will also impact with a high level of consumer debt in the South East making the region vulnerable to movements in interest rates.

There is of course a wide range of other external influences, which could impact such as global security and terrorism, pandemics and exchange rate movements.

We believe the principal challenges facing us are:

- *Maintaining South East market share in the face of huge and growing competition from new products and destinations at home and abroad.*
- *Making the best of limited resources, reducing duplication, achieving best value.*
- *Tackling labour supply and skills issues.*
- *Making the most of our assets, particularly the south coast and rural economy.*
- *Securing environmental quality in the face of massive development pressure.*
- *Making sure that everyone shares in the success of the South East.*

The consultation document identifies three groupings for the challenges facing the South East, these being:

- **The Global Challenge**
- **Smart Growth**
- **Prosperity and Sustainability.**

Within each of these areas we have highlighted those we consider most important for the future of the South East economy.

Key Challenge 1 - The Global Challenge

The challenge offered by the radical transformation of the global economy is huge and we entirely concur with the principal issues identified. We believe that tourism has a role within both the macro and micro level actions identified. For instance inbound tourism builds up **international understanding and establishes trading links** with established and emerging economic powerhouses. Business and conference tourism is an important market segment in the South East playing a vital role in global markets and international trade.

At a more micro level it will be vital to **raise skill levels** to match those of international competitors and we provide a further comment on this later in our response.

Entrepreneurship across business sectors and particularly tourism is also a key challenge. We believe that the regions unique position as the gateway to England, its proximity to London, and the potential offered by 2012 all offer a particular opportunity.

Key Challenge 2 - Smart Growth

The six drivers of prosperity identified are entirely supported by Tourism South East and we comment in more detail on these later. In particular we would highlight the **need to address skills gaps and shortages**. The tourism and hospitality sector has major problems in recruiting and retaining staff plus finding people with the right skills. This is evident across the South East, including business and conference hotels within the inner area and our traditional south coast resorts, which are marked by lower work force skills and professionalism.

Investment in infrastructure is also critical particularly in transport. Although a unique strength is the role of the region as a major gateway, travel within the region is not easy and can be tortuous and often congested. There is an extensive rail network but quality and reliability are poor and travel to and from London is easier than cross regional transport.

Key Challenge 3 - Prosperity and Sustainability

The challenges facing the South East region are comprehensively and succinctly dealt with in this section and are of fundamental importance. **The quality of the natural and built environment** is not only a major element in the quality of life in the South East, it is also the main reason that people come to the region as they are drawn to the quality and character of its countryside and coast, towns, villages, and heritage.

This is the regions key asset and once lost it cannot readily be reinstated. A key strand of the RES must therefore be to ensure that this **basic resource is properly cared for, improves over time and is not eroded by poor development**. Other partners including The National Trust, private landowners and farmers, and local authorities all have an important role to play here. The tension between the quality of life as a competitive advantage and the problems associated with congestion, a high cost of living and skill shortages is well made and must be addressed.

Issues that need to be addressed include:

- *The growing public concern about environmental issues.*
- *Over development at the expense of the environment.*
- *Financial constraints on local authorities which threaten standards of maintenance and upkeep of the public realm.*
- *Strong development pressure in the inner South East contrasted with difficulties in attracting investment in peripheral areas and parts of the coast.*
- *Increasing uniformity and loss of local distinctiveness.*
- *Increasing congestion and pressure on infrastructure.*

2. Which are the key issues and opportunities for intervention, and who should intervene?

Key Issues and Opportunities for Intervention:

Although the consultation document provides an indication of actions in the three defined geographic areas these have yet to be translated into detailed actions and plans with clear roles and responsibilities both for SEEDA itself and the multitude of partners operating in the South East economy. The forthcoming implementation plan is therefore fundamental to delivery of RES objectives and **we undertake to work with SEEDA as a key delivery partner for the visitor economy and cultural sector.**

As we have stated, in terms of public funding, the South East is financially disadvantaged compared to other regions and there is increasing financial pressure on local authority budgets. This means some hard choices are inevitable and selective intervention must be subject to vigorous testing to achieve quantifiable outputs to generate maximum return. In this context SEEDA has a prominent leadership role to achieve maximum return on limited intervention funds. It is clear that Central Government will not provide much of the essential infrastructure. There is a need to rethink our approach to jump over the classic 'bale out' solution in areas such as the south coast. **We need to think imaginatively and creatively, prioritise our limited resources and focus on areas of maximum opportunity.**

The successful realisation of the strategy is the concept of **real partnership based on trust and teamwork**. Engagement at sub regional level will be vital, working with partners to devise action programmes at local level.

Local authorities play a vital role through their direct engagement and the way they shape the environment. In addition a wide range of regional agencies need to be fully engaged. These include the DCMS sponsored agencies, Culture SE, LSCs and SEERA. We must also ensure **buy in from the private and voluntary sectors** that are at the sharp end of delivery, without their commitment and support the strategy will not be implemented on the ground.

3. What Future inspiration or vision do you have for the South East economy?

Future Vision for the South East Economy:

To succeed we must have a **clear sense of direction and a unifying vision** for the future. Of course we can subscribe to the South East being 'A World Class Region Achieving Sustainable Prosperity' and agree that this simple statement belies a wide range of complex issues and challenges.

You have correctly identified an increase in polarisation of communities resulting from the demand for more services leading to the creation of an hourglass economy. In addition there is a danger that whole communities will remain relatively disadvantaged and unable to share in the wider South East success.

Some resorts for instance have become locked into a cycle of decline where falling numbers have led to reduced investment in the product and infrastructure resulting in a further loss of appeal and market share. This does matter, they are a major under-utilised asset capable of achieving an urban renaissance for the benefit of residents, visitors and those looking to invest in the region.

Notwithstanding these issues we fully subscribe to the vision in the consultation draft and will work with SEEDA to fulfil our stated vision for the region, namely:

'To develop a high quality, thriving, competitive and sustainable tourism industry in the region which generates wealth, promotes environmental quality, enriches the quality of life and brings enjoyment to visitors and residents alike.'

4. Which of these or other objectives, measures and key tasks would you prioritise?

Objectives, Measures and Key Tasks

The priority must be to achieve a balance between competitiveness and growth with social inclusion and sustainability, priority tasks must be those directed at:

- *Addressing market failure in deprived areas and communities.*

- *Promoting sustainable business practises including local purchasing, energy efficiency, waste minimisation etc.*
- *Improving skills and knowledge transfer.*
- *Promoting flexible business practises and use of ICT.*
- *Provision of major infrastructure in targeted growth areas.*

5. What will your organisation contribute to the achievement of the objectives and key tasks?

Tourism South East Contribution:

Tourism South East is the primary agency for tourism in the region, our strategy for tourism in the South East, Tourism Excellence, is endorsed by SEEDA and our business plan and work programmes are **directed toward achieving SEEDA's wider economic objectives**. We note that the consultation document is built on the six identified drivers of regional prosperity, namely;

- Employment
- Enterprise
- Innovation and Creativity
- Skills
- Competition and business regulation
- Investment in infrastructure

We also note the broad division of the region into the Inner South East, Outer South East and Coastal South East and the indicative action points for each of these geographic areas.

In this part of our response we highlight where Tourism South East will work with SEEDA and other stakeholders to achieve the various objectives and key tasks on the identified drivers of regional prosperity.

Key Driver 1 – Employment

The visitor economy offers jobs at entry-level for some of the 250,000 economically inactive people who want to work, particularly in the seaside resorts and eastern urban areas. The key will be to ensure that we **create quality jobs and clear career development paths** to avoid adding to the hour glass economy and to help develop a diverse workforce. The **urban renaissance programmes need to include tourism and hospitality** in their delivery to offer these employment opportunities.

As people are increasingly having to stay in work longer to accumulate sufficient pension funds there is a strategic employment phenomenon emerging relating to mid-life and end of career job shifts away from higher level managerial roles into less stressful, more lifestyle-based jobs. The tourism sector offers opportunity for these people who move into heritage and countryside management and the voluntary sector supporting community programmes. This is likely to be exacerbated by the withdrawal of final salary schemes in company pensions that may encourage “down-shifting” earlier in the career cycle without the loss of final salary benefits.

Tourism South East will work with SEEDA to:

- *To provide training and skills development programmes.*

- *To work with businesses to create quality jobs with clear career paths.*
- *To identify and help develop high quality tourism and hospitality facilities in urban renaissance programmes.*

Key Driver 2 – Enterprise

The route to a competitive tourism sector lies in **improving the management and professionalism of tourism businesses**. Managers face a tough challenge in keeping abreast of employment, health and safety regulations, market trends, new technology and good business practice.

Information technology has revolutionised the way in which people access and purchase holidays and travel. Tourism South East in partnership with SEEDA has already undertaken pioneering work in this area with the development of the VISIT system and we need to make sure that **all tourism businesses and destinations in the region understand the potential of these developments** and how they can benefit. This is a continuous process in such a complex and rapidly developing area.

Tourism South East is identified in the consultation document to work closely with business to deliver a step change in performance and make the South East a 'Must Visit' region.

Tourism South East will work with SEEDA to:

- *Establish a joined up business advice package for tourism, provide timely, relevant and current market intelligence to the tourism sector.*
- *Continue to develop the potential of VISIT and England Net for the benefit of South East tourism businesses.*
- *Host regular business advice seminars and workshops.*
- *Continue to raise awareness of IT developments through training sessions, workshops and other activities.*
- *Continue to develop the potential of TSE's consumer website for the benefit of South East businesses.*

We note the rural aspects for enterprise identified in this section which is also a particular priority within our business plan. Clearly the regions countryside is a great asset for tourism which brings significant benefits to these areas. **Tourism plays a vital role in supporting the rural economy**, providing jobs and supplementing farm incomes, supporting village shops and other services.

We wish to continue to work with the SEEDA and other partners on:

- *Developing a sustainability programme for operators including green accreditation.*
- *Encouraging tourism businesses to use local food/products.*
- *Continue to develop the rural area tourism health check methodology.*

Key Driver 3 -Innovation and Creativity

This is a cross cutting theme of fundamental importance to all our work programmes. **Our mission is to deliver a step change** in the performance of the tourism industry and in order to compete, the tourism sector needs to offer something different and special, and foresee and adapt to change.

We are pleased that Tourism South East is recognised as the focus for working with the regions hospitality and tourism industry. Our role is to communicate effectively with the tourism sector to bring more innovation to market. **The South East must compete effectively for customers** and we will continue to improve the level of understanding of

consumer needs and expectations and work with others to promote appropriate brands and provide destination information throughout the region.

This is vital in marketing and we will **develop innovative, thematic and experiential brands** to create a critical mass of interest and provide a marketing platform for lesser known places or smaller attractions.

Market intelligence and research remains vital to our role as a centre for tourism research excellence and to the competitiveness of tourism of businesses. Tourism South East will continue to undertake a wide range of product development studies and consumer research, which will form the basis for wider strategic alliances and marketing programmes. For instance our work on equestrian tourism has led to the formation of a high level marketing consortium with the regions racecourses.

Engagement with the tourism industry is vital and **Tourism South East is uniquely placed to communicate with the tourism sector** to bring forward innovative product development and disseminate market intelligence and research.

The consultation document highlights the potential of coastal towns and cities to become centres of creativity. This point was very well made at the RES event – Maximising the Potential of the Coastal Area. We agree that tourism culture and heritage can be used to change the image of these areas. **Coastal towns should be places to be celebrated, restored and renewed.** Our coastal resorts should be a key part of the competitive advantage of the South East and it is clear that **tourism along side other cultural activity will remain a vital component of the economy of the south coast.**

Tourism South East will work with SEEDA to:

- *Use innovative brands and themes as a marketing tool to increase competitiveness and create distinctiveness.*
- *Undertake new product development and market intelligence research.*
- *Work with regional cultural agencies and local authorities on targeted resort regeneration initiatives.*

Key Driver 4 – Skills

Tourism employment is one of the South East's most important economic sectors, with tourism employing some 7% of the work force. Recent research concluded that a dearth of skilled employees is holding back growth and competitiveness. The impending 2012 London Olympics also brings fresh impetus to finding solutions to skill gaps and to benefit from this unique opportunity the region will need a well motivated skilled and customer focussed work force.

A flourishing South East economy and tourism sector needs good people. It needs a **committed, skilled and motivated workforce** that can provide the warm welcome and high standards of service that leads to satisfied customers. It also needs **professional and enterprising owners**, managers and workers who understand the sector and can build profitable and sustainable businesses.

With SEEDA's help we have already **established a tourism skills network** along with the support of People First. Modest pump priming funding from SEEDA has secured the commitment of a wide range of sub regional partners and is the sound foundation for the

delivery of region wide approaches to skills issues. We have a regional co-ordinator and six sub regional skills co-ordinators in place together with a tourism skills and work force development strategy launched in conjunction with SEEDA and People First. The work we are already undertaking with SEEDA provides a very close strategic fit with the draft RES and we look forward to continued partnership working in this important area.

The issues that we need to address are:

- *Rising expectations from consumers demanding higher standards of hospitality.*
- *Competition from other sectors attracting the brightest and best.*
- *The costs of a high turnover of staff.*
- *The poor image of the industry as an employer.*
- *The lack of training and career development compared to other sectors.*

Tourism South East will work with SEEDA to:

- *Tackle recruitment problems.*
- *Improve career development and working conditions.*
- *Raise skill levels and develop a training culture.*
- *Help businesses to become more competitive.*

Key Driver 5 – Competition and Business Regulation

We agree that the sustainability is a core principal, vital to the regions future economic success. For instance tourism has potential for further growth but it can only be sustained in the region if we **maintain the quality of the natural and built environment** which underpins our appeal and if it is welcomed by the communities where it takes place. Alienating people and destroying the environment will result in inevitable decline. We believe that all measures need to be tested against the **criteria of sustainable development** to ensure that they contribute to economic diversity and stability, protect and enhance the environment, generate benefits for people and communities and minimise the use of natural resources.

Tourism South East will continue to **undertake a direct hands on approach** with the business sector by providing for instance legal and spatial planning advice. This will be done using specialist advisors, business links and sub-regional tourism skills partnerships. We will also continue with our green accreditation programme to provide a broad entry quality mark scheme for the industry.

Tourism South East has made substantial representations on the South East Plan which now has a range of direct tourism policies which local authorities will need to build into their local development frameworks. Tourism South East has also provided generic tourism advice and policies to guide local authorities when producing their LDFs.

Clearly the high premium on residential land values can put pressure on tourism businesses and accommodation to apply for change of use to residential. We believe that it is **important**

to identify core areas for tourism within our resorts to ensure that a critical mass of activity is maintained to secure the long-term viability of these destinations.

In the rural context we also wish to ensure that tourism is recognised and encouraged as an economic activity and that local planning policies allow for conversion of redundant buildings to high quality self catering etc.

Tourism South East will work with SEEDA to:

- *Provide input to regional and local planning policy.*
- *Identify sites, test feasibility, and bring forward development opportunities.*
- *Draw up visitor management strategies for key areas and set up partnerships for implementation.*

Key Driver 6 – Investment in Infrastructure

The consultation document talks about infrastructure in terms of bricks and mortar and hard wiring. It is very important that the **rural fabric of the region** – its landscape, rights of way network, bio-diversity and heritage – is also seen as vital infrastructure. **It underpins much of the quality of life agenda.**

It drives inward investment programmes, generates a significant number of visits within and to the region, provides access into the countryside which, when it is withdrawn as we saw with the foot and mouth crisis has a significant impact on the rural economy, and is the raw material for the environmental economy and the agricultural sector.

Tourism South East will work with SEEDA to:

- *Promote the region's landscapes, heritage and outdoor activity product as visitor destinations and activities.*
- *Support rural tourism businesses whose product offer is the region's rural fabric and the creation of greater links between them and the countryside and community managers.*

Transport priorities are:

- Continuing the improvements to rolling stock, cleanliness, reliability and travelling environment.
- Better marketing of public transport as a means of travel both to and within the region.
- Upgrading the Ashford to Hastings line linking the system to the Channel Tunnel route.
- Implementation of key road schemes that would alleviate congestion and improve accessibility to coastal towns e.g. Hindhead By Pass.

- Securing the future of regional hub and national gateway airports as a key component of regional advantage.
- Ensuring our major ports continue to develop and cater for a wide range of visitor markets.

Tourism South East will work with SEEDA to:

- *Make a tourism case for increased rail investment.*
- *Promote integrated transport facilities.*
- *Establish marketing packages with attractions and destinations, and train operators.*

6. How should SEEDA's own activities be concentrated in contributing to the objectives and key tasks?

We recognise that SEEDA has only relatively limited funds for intervention compared to other regions and for this reason SEEDA must continue its important leadership role with the emphasis on smart growth and effective partnerships. These partnerships must be based on real trust and genuine teamwork.

SEEDA has a vital role in bringing market intelligence and product investment opportunities to the attention of stakeholders, which must include the private sector as well as regional agencies and local authorities.

Resources should be concentrated in areas of greatest need in terms of deprivation and social exclusion. It is in these areas that some of the greatest opportunities exist to achieve a real renaissance for the benefit for the whole region e.g. the south coast.

A priority must remain the rural economy where we must work together to realise economic diversity whilst maintaining the basic resource which a key selling point for the region.

SEEDA must continue to act as a champion for the region and fight our corner with central government and develop and foster international relationships with the EU and other sources of inward investment.

Yours sincerely

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c.c. James Brathwaite CBE



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