

Agenda item:

Title of meeting: Culture, Leisure and Sport Decision Meeting

Date of meeting: 21 March 2014

Subject: Employment trends associated with culture and tourism in Portsmouth and the impact of PCC initiatives

Report by: Head of City Development and Cultural Services

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1 The purpose of this report is to summarise for the cabinet member tourism-related employment growth nationally and regionally and to highlight the positive impact of PCC initiatives and developments on job growth and the visitor economy over the last four years.

2. Recommendations

- 2.1 The Cabinet Member notes the successful initiatives explained in this report and that PCC continues to support these strategies through City Development and Cultural Services.**
- 2.2 That this report is forwarded for information to the Chief Executive, The Minister for Portsmouth and the Strategic Director for Regeneration.**
- 2.3 That a report is conducted annually to review local employment trends associated with culture and tourism in Portsmouth and to review the impact of PCC-led initiatives.**

3. Background - National

- 3.1 VisitBritain recently commissioned a report by Deloitte, (November 2013) entitled 'Tourism: jobs and growth'. Key findings of this report state that tourism in Britain as a whole supports as many as '3 million jobs, over 200,000 small and medium- sized enterprises and contributes £127 billion to the country's GDP each year.'
- 3.2 The report states that 'inbound tourism will continue to be the fastest growing tourism sector - with spend by international visitors forecast to grow by over 6% a

year' and that it is forecast to grow nationally from over £21bn in 2013 to £57bn by 2025.

4. Background - Regional

- 4.1 In the South East, research carried out by Tourism South East in 2012, calculated a 6% rise in the number of overnight trips taken since the study of 2010. Their research also indicated a 14% rise in tourism-related expenditure during 2012 in the region, increasing to £2.9 billion (based on predictive modelling methods). These findings provide a positive backdrop for tourism-related employment growth in the South East.

5. Background - Local

- 5.1 Portsmouth has followed similar upward trends according to the predictive modelling carried out by Tourism South East. Their research shows a positive increase in the number of total jobs supported by tourism in the city, rising by 9% between 2010 and 2012. (www.tourismsoutheast.com).
- 5.2 The last three TSE reports show annual overall visitor numbers to Portsmouth, annual day trips, numbers of staying visitors; spend for day trips and tourism-related employment all rising. The table below provides an overview -

Categories	2008	2010	2012	Overall % Increase over 4 years
Overall visitor numbers (day visits plus staying visits)	8,051,000	8,466,000	8,645,000	7%
Staying visitors	628,000	638,000	715,000	14%
Domestic (UK) staying visitors	539,000	547,000	616,000	14%
Domestic (Overseas) staying visitors	89,000	91,000	99,000	11%
Spend for Day Trips	250,045,000	269,990,000	282,990,000	13%
Total expenditure (all trips)	375,569,000	400,676,000	428,246,000	14%
Total local business turnover supported by all tourism activity	519,601,000	550,498,000	557,598,000	7%
Day trips	7,423,000	7,828,000	7,930,000	7%
Jobs	10,142	10,713	11,675	15%

Source: The Economic Impact of Tourism in Portsmouth, Tourism South East, 2008, 2010 and 2012.

The research in these reports is based on the 'Cambridge Model' and provides indicative estimates of 'the volume, value and resultant economic impact of tourism on Portsmouth'.

5.3 The key headlines from this reports show that over the last four years -

- Overall visitor numbers to Portsmouth increased by 7% to 8,645,000
- The volume of staying visitors rose by 14% to 715,000
- The total breakdown of expenditure associated with all trips was in the region of £428,246,000, up 14%
- Total jobs supported by tourism expenditure in Portsmouth grew by 15% between 2008 and 2012

These figures exceed the anticipated growth targets set internally such as "to achieve a 5% increase by 2015 in the total annual number of overnight stays from 2010". The 12% increases in overnight stays is another indication of the growth of the visitor economy.

5.4 The Portsmouth Local Economic Assessment study (2012) commissioned by Portsmouth City Council and produced by the University of Portsmouth Centre for Economic Analysis and Policy (CEAP), affirmed that 'Portsmouth's cultural sector, and in particular tourism, provides significant direct and indirect employment and acts as a catalyst for enhancing employment prospects and investment in the city.'

5.5 An additional example may be seen in the growth of Portsmouth International Port. Owned by Portsmouth City Council and the second largest passenger ferry terminal in the UK, the port welcomes over 2 million passengers passing through each year and has seen a six-fold increase in cruise calls since becoming a cruise port in 2001. The Port contributes significantly to the local economy and a £16.5 million investment saw the opening of a new terminal building in 2011 to upgrade passenger facilities.

5.6 In terms of current hotel demand and growth, the Hampshire Hotel Trends study published in 2014 (2012 data set) suggests that further demand exists for high quality leisure breaks in the city. The current hotel situation in Portsmouth is characterised by:

- High occupancy rates by industry standards in 3/4 Star hotels and budget hotels reaching up to 80% occupancy
- High volumes of corporate business trade
- Buoyant leisure demand at weekends and in the summer for city breaks, overseas tourists, group tours, ferry and cruise passengers

The study also recognised immediate opportunities for the future to include:

- Additional budget and serviced apartment hotel provision
- Further development of the international 4 star brand
- A prime opportunity to grow the boutique hotel market

It also noted that anticipated new hotel development projects in Portsmouth could provide 1,350 additional rooms. The delivery of these projects would substantially increase the supply of quality accommodation in the city.

- 5.7 Further evidence of the strong visitor economy and subsequent increase in culture and tourism-related employment, is highlighted in the PCC initiatives that have been developed with our partners in the private and third sectors such as:
- Regeneration of heritage sites and increase in number of seafront concessions
 - Cultural Events
 - Working in partnership across City Development and Cultural Services
 - Marketing campaigns

These initiatives are explained in further detail below.

6. Regeneration of heritage sites

- 6.1 When regenerating historic sites Portsmouth City Council carefully balances conservation of the city's unique historic environment whilst developing new opportunities for regeneration of heritage sites and other cultural assets. This includes empathetic renovations of the Square Tower, the Round Tower and Southsea Castle and encouraging the growth of social enterprises such as the Yellow Kite at Southsea Castle.
- 6.2 These initiatives align with the PCC Business Growth and Skills Plan to support the seeding of new businesses and the promotion of local entrepreneurial spirit, supporting future employment in the city.
- 6.3 **The Square Tower**
- 6.3.1 In the 1960s the Square Tower was given to the City Council who renovated the building and in 2011, the council leased the building enabling it to be brought in to new use, primarily as a wedding venue.
- 6.3.2 PCC has supported renovations to the Square Tower including £215,000 for re-roofing and repairs to the parapet and stonework. This heritage asset now supports a new local entrepreneurial initiative, working always to ensure that the intrinsic value of the site is not lost or compromised.
- 6.3.3 The Square Tower now operates as a small business run by a local entrepreneur. The Tower is a popular venue for civil weddings, naming ceremonies, funerals and has proudly hosted many public events including; musical evenings, plays, recitals, dances, gigs, craft fairs, poetry festivals, cinema evenings, medieval banquets, corporate dinners and book launches.
- 6.3.4 The number of weddings has increased and the Square Tower now provides jobs for 6 people. These initiatives contribute both directly and indirectly to local

employment. This year (2014) shows every sign of continuing growth for the Square Tower.

6.4 **The ARTches**

6.4.1 The proposal for the ARTches development explores the idea of re-using the arches at Point Battery, Old Portsmouth and was set out in the 2011 Portsmouth City Council Seafront Strategy. The proposal aims to sympathetically convert the currently vacant arches in to studio space for local artists creating new jobs, a vibrant arts and crafts quarter, as well as supporting emerging creative industries.

6.4.2 The briefing report on the ARTches Project (Portsmouth City Council, 18th October 2013), details that 'at the heart of this project, and that which represents its core driver, is the widely supported principle that the city's historic assets are best conserved and protected by securing their sustainable, long-term re-use.' The project aims to offer opportunities to create both direct (at the facility) and indirect employment in associated businesses.

6.5 **Eastney Pumping Station and Hilsea Lines**

6.5.1 Further regeneration of heritage sites includes Eastney Pumping station and Hilsea lines. The development of these sites has supported employment opportunities which include:

At Eastney Pumping Station:

- Recent development of the Busy B's doggy day care facility which involved the refurbishment of a derelict building and also provides employment and a useful service to residents
- Boleh Trust a Heritage lottery funded project employing several full time staff including apprentices drawn from local colleges working to restore a sail training vessel
- Portsmouth Metal works employing 3 full time staff members
- Iron Maid, an arts and crafts Blacksmiths forge
- Somerville Stone (stone masonry) employing 3 full time staff members

6.5.2 **At Hilsea Lines**

- Re letting of the Casemates Music studios, employing several full and part time staff providing rehearsal and recording space to local bands and schools.
- Development of a Boxing club, providing a training and competition space to local residents and working with local schools.
- Refurbishment of Bastion 6, a joint project to restore part of Hilsea lines involving PCC, Local Territorial Army Units and the Trustees of the First World War Museum.

6.6 **Seafront Concessions**

6.6.1 The PCC Southsea Seafront Strategy 2010-2026, outlines the vision that 'Portsmouth and Southsea become a European city break destination with world

class attractions.' One of the aspirations is that 'local people will benefit from the significant investment in infrastructure, jobs will be created and large and small businesses (will be) supported.'

6.6.2 The case studies below are illustrative of successful PCC initiatives unlocking new seafront concessions. These contribute both directly and indirectly to local employment. It is estimated that the concessions and provisions below, now support a total of approximately 25 ³/₄ FTE jobs (some seasonal, as detailed).

- Watkins and Faux at the Pavilion Café, Southsea Tennis Club (2013 onwards), operating 7 days a week
- 3 children's seasonal activity centres (2011 and 2012 onwards) running 6 months of the year, operating 7 days a week
- Fish and Chip shop (late 2012 onwards)
- An Asian Food outlet operating for 9 months of the year
- Rib rides (2012 onwards) operating 6 months of the year
- Southsea Splash Pool
- Trampoline on the beach, operating 6 months of the year, 7 days a week
- Lifeguard provision now extended to 3 sites during July and August from 8am - 6pm daily

7. Cultural Events

- 7.1 The PCC Events Team work to ensure that local events support the experiences of all who visit, work or live in the city. All are carefully planned and the hosting of major events, as set out in the key strategic documents for the Seafront, especially the Seafront Strategy and Seafront Masterplan clearly highlight the desire of the city to use high profile events to attract people to the area, which too has a beneficial impact upon local business and supports local employment.
- 7.2 The events team have focused on large scale events in the city over the past 3 years. Analysis conducted by PCC shows that attendance at annual events in the city is rising. Estimated attendances at major events in 2013 (those supporting crowds of over 1,000 visitors), show approximately 70,000 more visitors attending than in 2012.
- 7.3 The number of events bringing in over 1,000 visitors has both a direct and indirect impact upon the visitor economy and this growth also supports tourism-related jobs.
- 7.4 An example of the impact on the city of a large scale event is the Great South Run, which in 2013 saw the maximum numbers of entrants for the adult race at 25,000. The adult 5K run in 2013 saw an increase of 34% in registrations.
- 7.5 In a survey conducted by Bluegrass Research, results showed that 57% of participant respondents had people travelling from outside Portsmouth and Southsea to support them for the race. Additional findings from their survey in terms of impact calculations indicated that 30% took an overnight stay away from home, with over half staying in Portsmouth and Southsea, staying for an average of 1.72 nights. An economic impact evaluation calculated that non-resident runners who stayed overnight spent an average of £201.16 and the direct economic impact from

runners was estimated to be in the region of £1,339,850. For spectators, it was estimated to be in the region of £1,153,424.

- 7.6 Large events will continue to be a focus, including the proposed 2014 Victorious Festival. The proposal is for a 2-day event over the August Bank Holiday weekend on Saturday 23rd and Sunday 24th August 2014 and to combine it with the existing successful International Kite Festival, so Portsmouth has an improved quality offer over the same weekend. The event is aiming to attract a minimum of 30,000 paying visitors per day.
- 7.7 The proposed event would raise the national and international profile of the city with the expected media coverage generated by such an event at no direct cost to PCC.
- 7.8 The event will support tourism jobs in the city which are already a growth sector for Portsmouth as we are aiming to increase this sector to 12.9% of total jobs employed.

8. Working in Partnership across City Development

8.1 Employment and Skills Plans

- 8.1.1 The PCC Business Growth and Skills Plan states that major developments in the city can, and should bring with them opportunities for local residents in addition to the jobs that they create. It continues by detailing that 'these opportunities include supported employment for unemployed people, apprenticeships and other vocational training with work experience placements and curriculum activities in schools and colleges.
- 8.1.2 A future initiative that will support local jobs for the city and will impact on culture and tourism-related employment is employment and skills plans through a Section 106 Agreement for residential developments of 30 or more units and commercial development of 1000m² floor space or larger.
- 8.1.3 An Employment Initiatives Manager, Skills and Training Development Advisor and SME Development Officer all now work within the directorate of City Development and Cultural Services and their focus also includes supporting business, skills and employment within the cultural and tourist sectors.

8.2 The Library Service

- 8.2.1 Cultural spaces in the city are venues that can help to signpost local people to careers, information and support, getting people back to work. Portsmouth Libraries provide free internet access to support job searching, courses for those wishing to develop their skills and have a Business Development Officer providing information to individuals wishing to start their own business. During 2012/13 Portsmouth Libraries provided 468 hours of courses throughout the year and in 2013/14 they will provide on average an increased offer of 1230 hours of courses supporting the future skills and employment agendas.

9. Marketing Campaigns

- 9.1 PCC-led marketing campaigns, including those promoting Portsmouth as 'The Great Waterfront City' and 'a destination out of the ordinary', help to support the growth of the visitor economy and bring new visitors to the city by showcasing iconic attractions, centuries of history, naval and maritime heritage and our world-class visitor attractions. This also helps to strengthen and grow tourism-related employment.
- 9.2 Campaigns with partners focus not only on day visits but also on staying visits and the importance that the city's cultural offer and the evening economy bring. PCC marketing includes the Visit England domestic campaigns - English Cities, Coastal Escapes and Hair Raising Histories, the Destination TV Campaign, London Underground campaigns and other activity with the Destination Marketing Partnership (DMP). PCC Visitor Services continues to develop International Campaigns with partners and to produce publications including the Visit Portsmouth guide.
- 9.3 A main focus of the PCC marketing activity is around increasing digital marketing of the city. This has led to the Visit Portsmouth website receiving approximately 770,000 hits in the last 12 months, showing an increase of 66%. Visit Portsmouth is acknowledged as the events site for the city. Other recent developments include an increase in social media activity, the creation of mobile sites in English and French, iPhone and Android Apps and the launch of our Visit Portsmouth YouTube channel. All this helps to unlock the gems of the city for new visitors and to support associated jobs.

10. Reasons for recommendations

- 10.1 Evidence shows that the visitor economy in Portsmouth supports an increasing number of tourism-related jobs in the city. Successful PCC initiatives detailed in this report, including the regeneration of heritage sites, increase in number of seafront concessions, hosting of major Cultural Events, partnership working and marketing campaigns all contribute towards these positive outcomes.
- 10.2 The PCC Business, Growth and Skills Plan outlines the importance of sharing intelligence and strategies to support the growth of employment and development of skills, it is therefore recommended that this report is conducted annually to share good practice.

11. Equality impact assessment (EIA)

- 11.1 An equality impact assessment is not required as the recommendation does not have a negative impact on any of the protected characteristics as described in the Equality Act 2010 and is not recommending a change to service delivery.

12. Legal Implications

- 12.1 No specific legal implication other than to say that the Council is empowered by Section 2 of the Local Government Act 2000 to promote economic, social and environmental well-being. Continuing support to the strategies in this report would

seek to increase the number of visitor to Portsmouth and encourage business tourism.

13. Finance Comments

- 13.1 The initiatives contained within this report have been financed from PCC approved budget resources.
- 13.2 In order to further develop these successful initiatives, alternative business models and sources of additional funding are continually being explored.

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 Signed by:
Stephen Baily
 Head of City Development and Cultural Services

Appendices: None

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
The Economic Impact of Tourism - Portsmouth 2008 (Tourism South East)	http://www.visitportsmouth.co.uk/tourism-industry
The Economic Impact of Tourism - Portsmouth 2010 (Tourism South East)	http://www.visitportsmouth.co.uk/tourism-industry
The Economic Impact of Tourism - Portsmouth 2012 (Tourism South East)	http://www.visitportsmouth.co.uk/tourism-industry
Deloitte, 'Tourism: jobs and growth'. (November 2013)	http://www.visitbritain.org/insightsandstatistics/vi-sitoreconomyfacts/
Portsmouth Local Economic Assessment Study 2012	http://www.portsmouth.gov.uk/media/API_STR_J_SNA_SEC_EMP_ECON_AREA_AX2012.pdf
PCC Business Growth and Skills Plan	http://shapingportsmouth.co.uk/
PCC Seafront Strategy	http://www.portsmouth.gov.uk/living/17346.html
PCC Seafront Masterplan	http://www.portsmouth.gov.uk/living/25964.html
ARTches Project Briefing Paper October 2013	http://www.portsmouth.gov.uk/living/30339.html

The recommendation(s) set out above were approved/ approved as amended/ deferred/
rejected by Cabinet Member for Culture, Leisure and Sport on 21 March 2014.

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Signed by:
Cabinet Member for Culture, Leisure and Sport