AMION CONSULTING

Liverpool City Region Growth Company

Short Term LCR Visitor Economy Recovery Strategy to March 2023

Report

July 2021

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Background and context

This Visitor Economy Recovery Strategy for the Liverpool City Region (LCR) has been produced by AMION Consulting on behalf of the Liverpool City Region Growth Company, in consultation with key stakeholders across the visitor economy sector. It has been produced in 2021 as the UK is progressing its plans for recovery from the Covid-19 pandemic. It updates the LCR's Visitor Economy Strategy and Destination Management Plan (published in 2016) to take account of the impact of the pandemic, focusing specifically on the **two year period from 2021 to 2023**, but also looking towards what is going to be needed to enable the sector to rebuild in the medium term.

The focus of the strategy is on rebuilding private sector confidence, post pandemic, and from this identifying a sustainable long term funding model to support the future development of the visitor economy.

The strategy sets out a revised set of priorities for the city region, grouped under five key headings, which reflect the priorities identified by the LCR Visitor Economy Board in July 2020 and which informed the LCR Combined Authority's wider Covid recovery plan and the DCMS recovery plan.

Evidence of impact

The evidence of the impact that the pandemic has had on the visitor economy sector is stark with the Liverpool City Region broadly following international and national trends. Although all parts of the region were affected, the core visitor hubs of Liverpool city, Southport, Wirral and St Helens showed evidence of the greatest impact in terms of occupancy levels and footfall. The business events sector was also decimated. Overall, the economic value of the visitor economy fell from c£5bn in 2019, to just over£2bn in 2020 - a drop of around 58%.

Visit Britain's international and domestic Covid research suggests that some of the City Region's priority overseas markets, such as US, Italy, Spain and Norway, intend to visit Britain in the near future but that coastal areas have greater appeal at this time than cities. The Government's current traffic light system is of course, impacting on the ability of overseas tourists to visit. Within domestic markets, people in the pre-family and family life stages, from socio-economic groups AB, have expressed the strongest intentions to take domestic holidays this year. The business tourism sector remains one of the most affected sectors of the economy with ACC Liverpool indicating that 2022 presents a particular problem.

Visitor forecasts for the coming years

The LCR Combined Authority has developed a range of scenarios for the visitor economy for the next five years. The most likely scenario for all visits (day and staying) shows the number of visits increasing from just over 66m in 2019 to nearly 75m in 2022. Within this, the anticipated growth will come from domestic staying and day visits initially, with short haul international visits beginning to return from 2022. Overall however, international staying trips are not predicted to return to pre pandemic levels before 2025. Similarly, business trips will not return to 2019 levels within this time frame, although the LCR's historic strength in leisure markets reduces the impact of this to some extent.

The forecast also estimates that total visitor spend to the city region is projected to return to a similar level to that seen in 2019 by 2022.

The forecasts have been based on the assumption that the city region is able to retain a competitive market position through the interventions outlined in this strategy.

The funding picture and the impact of the pandemic on funding

Across the UK, the way that tourism is funded varies significantly from place to place. The impact of this inequality will inevitably come into sharp focus as the country emerges from the pandemic and destinations compete to rebuild their economies. The city region is going to have to work hard to rebuild its market share.

In the 2021 budget, the Chancellor specifically referenced the importance of the tourism and hospitality sector. In recent years Strategic Investment Fund (SIF) funding, through the Combined Authority, has provided critical financial support to develop the sector and this will remain key over the next two to three years. A revised Destination Marketing bid has been submitted (July 2021) for SIF3 funding and further bids to support Business Events and to develop other key strands of the visitor economy (such as sports events) will be submitted later in the year.

In the coming years, funding for business support and skills will come primarily through mainstream programmes which need to be tailored to support the sector's specific needs. The Comprehensive Spending Review, expected in autumn 2021, is likely to be used by DCMS to support the national recovery plan and therefore may include opportunities for tailored business support and skills for the sector as well as funding to respond to the findings from the Destination Management Organisation (DMO) review.

Recovery strategy - future actions

The Recovery Strategy future actions have been grouped into five priority areas which have been aligned with the priorities of the DCMS tourism recovery plan. Two of these relate to rebuilding demand and confidence amongst key markets (demand side interventions) and two relate to developing and supporting the visitor offer and experience (supply side interventions). The final cross cutting priority relates to developing resilient support structures for the sector.

1. Market demand generation for leisure and business tourists;
2. Market demand generation for business events markets;
3. Market readiness – support for visitor economy businesses;
4. Market readiness – skills support for visitor economy staff; and
5. Developing resilient support structures – ensuring that the DMO network is sustainable and can provide a support mechanism to the sector

1. Demand Generation - Refocusing Marketing

The immediate need for refocused marketing

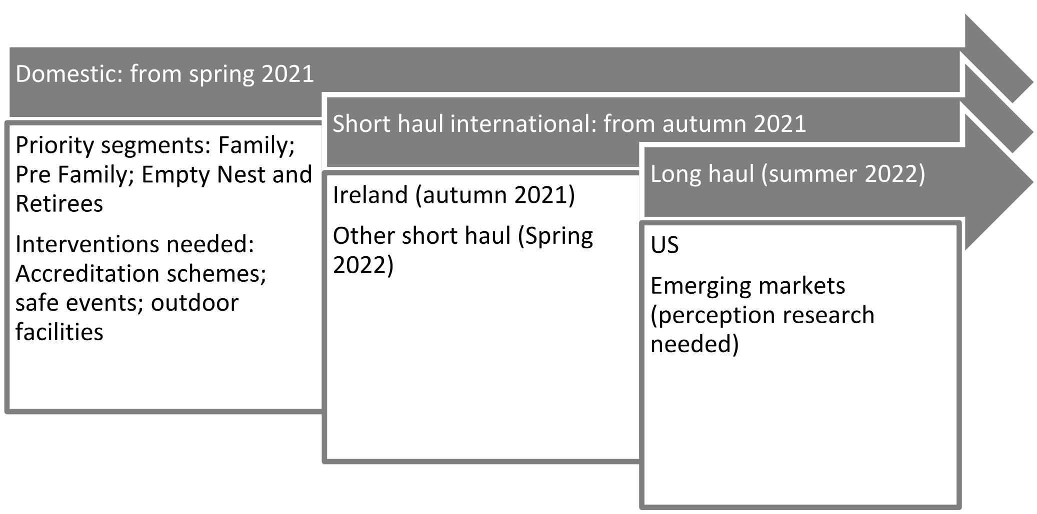
After over a year where most people have largely been confined to their homes and local neighbourhoods, there is significant pent-up demand for leisure trips – both day trips and overnight stays. There will, however, be significant competition from international destinations as well as other destinations across the UK to attract visitors. For the Liverpool City Region, which is heavily dependent on its leisure and hospitality businesses, it will be particularly important that it retains and rebuilds its share of the market in the coming years.

In July 2021, a refocused SIF application for £1.5m towards a total project cost of £3.2m, was submitted to the Combined Authority. The objective of the application is to support activity which will bring tourists back to the city region, rebuilding confidence amongst existing markets and developing new visitor markets that have emerged as a result of the pandemic. In doing so, it will also help all businesses in the hospitality, retail, attractions, and cultural sectors to resume successful trading and will establish a route for sustaining destination marketing activity in the future. The funds will support marketing activity that reflect the changing market requirements, with a revised focus on city coast and rural experiences, digital and the ongoing need to ensure the sector acts responsibly in ensuring public health. Ongoing research will be needed to ensure that activity continues to reflect changing needs.

Priority markets & priorities

The strategy sets out the priority markets for the LCR over the next two years. It is based on the city region's target markets prior to the pandemic but updated to reflect the impact of the pandemic on the likely propensity of different market segments to make a visit.

Key changes include: a new emphasis on 'in region' visits; a need to build on the appeal of the area to younger visitors; the importance of retaining and bringing back older visitors; and the need for a phased return of international markets (with an assessment of potential changes in demand from emerging markets). Whilst these are likely to remain the priorities in the short to medium term, ongoing research will be needed to monitor how consumer perceptions change.



Over the next two years, when demand from international visitors will be reduced but competition for domestic visitors will be key, events will be an essential marketing hook for the city region. Over the next two years, the city region's ability to host events however will remain under threat both from Covid restrictions and from the reduction in critical public sector funding.

There is an immediate need therefore for a co-ordinated Events Strategy which sets out the annual events calendar and maintains year-round demand.

In the immediate short term, the resubmitted SIF bid, which places greater emphasis on public sector funding over the next two years, will be critical to the sector's recovery. It will also pave the way for a longer-term transition to the commercial model through appropriate funding vehicles such as Business Improvement Districts (BIDs).

2. Business events

Impact of the pandemic on the business events sector

When the global pandemic struck in March 2020, the business events sector as a whole was decimated. ACC Liverpool, Liverpool's major conference and events venue, saw the immediate cancellation of events with a value of just over £4 million, and whilst the second half of 2021 looks reasonably buoyant for the venue, 2022 is likely to prove more challenging. In May 2020, as a direct result of the pandemic, the Southport Theatre and Convention Centre (STCC) was put into liquidation by its operator Bliss Space (Southport) Ltd, blaming significant cancellations.

As the visitor economy forecast above shows, it is likely that business tourism as a whole will not recover fully to 2019 levels over the next five years, linked to changes such as the adoption of online meetings. Business event visitors however (as opposed to people travelling independently for business meetings) are the only sub segment of the market which has the potential to return strongly in the short term and will play a critical role in the recovery.

Existing support and future funding

In response to the crisis, the Business Events SIF was repurposed from its original seven-year time frame to a three year period. This funding has helped to head off the immediate risk to local businesses although when the bid was resubmitted, it included acknowledgement that a second bid would be required to continue to support the sector from 2023 until 2027.

The SIF bid also provided funding for a reassessment of the commercial model that is required to generate subvention funding into the future.

Developing a sustainable funding model for business events, which allows ACCL, STCC and the Convention Bureau to bid competitively for conferences and events, remains a critical requirement for the sector – not only for the venues but for the businesses which provide supporting services.

Prior to the pandemic, initial modelling work and consultation showed that the legislative framework of Business Improvement Districts (BIDs) provided the most credible basis for such a funding model. Two mechanisms are now being explored for how this could be used: a commission based model, with all hotels within the BID area subject to the standard percentage business rate levy with a supplementary percentage commission payable on top; or an increased business levy for accommodation providers based on rateable value.

Either of these two mechanisms could be replicated in Southport and the other tourism centres within the Liverpool City Region and have the potential to fund wider visitor economy related activities including destination marketing and major events.

In June 2021 Liverpool's main waterfront areas, taking in many of Liverpool's major visitor attractions and venues, voted to create a Culture and Commerce Business Improvement District.

While discussions are at an early stage, and there will be a requirement for full and detailed consultation with hoteliers, the principle of creating of a separate Accommodation BID is broadly accepted as the best mechanism for supplementing the income currently being generated by the existing BIDs. If successful, the accommodation BID would apply to all hotels within Liverpool city centre and supersede the arrangements for those accommodation providers currently contributing to the Culture and Commerce BID.

3. Business support – Market Readiness

The importance of business support for the visitor economy sector

Business support and skills (which follow) are interconnected, with business support largely concentrating on business owners and management, whilst the skills agenda supports their teams. Both are critical to the delivery of a compelling and competitive visitor offer. Retention of the business base, which is dominated by SME's, is clearly a prerequisite for the ongoing success of the City Region as a destination. Existing programmes support businesses in four key areas Business Growth (identifying barriers that stop expansion, helping to access new markets etc.); Business Improvement (developing capacity, knowledge sharing etc.); Business Resilience (aiding their diversification etc.); and Start-Up Support.

According to the latest data there are 7,840 active businesses in the Visitor Economy registered in the Liverpool City Region. ONS data shows that the output from these sectors in 2021 has dropped by between 39% and 89% compared to early 2020.

Whilst in many ways the needs of visitor economy businesses are the same as for all business, there are two key factors which create specific challenges: the premises-based nature of the sector (which impacts on fixed costs, growth rates and flexibility); and the 'operational imperative' (operational responsibilities impact on the time available to access business support). Linked to these fundamental issues, there are some specific challenges that are faced by visitor economy businesses: low productivity, especially in coastal and rural locations; large numbers of 'lifestyle' businesses with few growth aspirations; and a lack of generic business, financial and marketing skills amongst business owners (especially caterers).

Prior to Covid, the demand for business support specifically for the visitor economy sector was limited, largely because the sector was performing well. As a result, specific business support programmes that addressed these challenges were not developed for the sector. That situation changed dramatically when Covid hit, leading to a renewed focus from public bodies and the provision of tailored support such as the reduced VAT scheme and furlough/employee retention scheme.

As a result, a valuable by-product of the pandemic is that better relationships have now been built between visitor economy businesses and the public sector which could form the basis for more engagement in the future. There is a need however to radically alter the approach to business support currently being adopted if these relationships are to develop and grow. As the country transitions out of Covid, the 'hard' initiatives, such as fiscal support, that have been in place for the last year, need to be supplemented by appropriate 'soft' business support, such as mentoring, network development and other services.

Research carried out by the Growth Company in July 2020, supported by consultation as part of this study, illustrates the immediate visitor economy business support requirements: a need for accreditation especially Covid compliance; Covid Compliance guidance; specific support on the adoption of digital technologies (e.g. online sales/ booking mechanisms and e-marketing); 'Return to Work' programme; online and flexible delivery of business support; signposting to allow businesses to take advantage of all relevant existing and new schemes.

In terms of financial needs, although these are broadly aligned with other sectors, there are two that are specific to the sector: a high requirement for working capital to fund stock and fittings purchases, particularly after shut down; and the high (premises based) cost of entry and relatively slow growth rates. A short-term (two year) grant regime is needed to overcome uncertainty, provide confidence in taking on debt for development and increase the levels of investment. Ideally this would be achieved by removing the barriers to access for VE businesses to allow them to take advantage of grants from existing funds. If this is not possible, a dedicated VE grant regime could be considered.

Specific Covid accreditation schemes (e.g. VisitBritain 'Good to Go' Initiative) illustrate the ongoing need from both the sector and consumers for independent standards at this time.

One of the key challenges which runs through the whole area of business support for the sector relates to the relatively low levels of engagement between businesses in the sector and business support schemes available. A key need, therefore, is to ensure that all barriers to engagement are addressed through tailored business support schemes with appropriate eligibility criteria, delivered in a way which is accessible to VE businesses.

Existing schemes, gaps & the way forward

There are c10 business support and skills initiatives available to VE businesses out of a total of 38 promoted or delivered by the Growth Company on behalf of BEIS/ CA and whilst VE business can theoretically access all of these services, eligibility criteria (such as a need to be in the business-to-business sector) can mean they are often excluded from some of these general schemes.

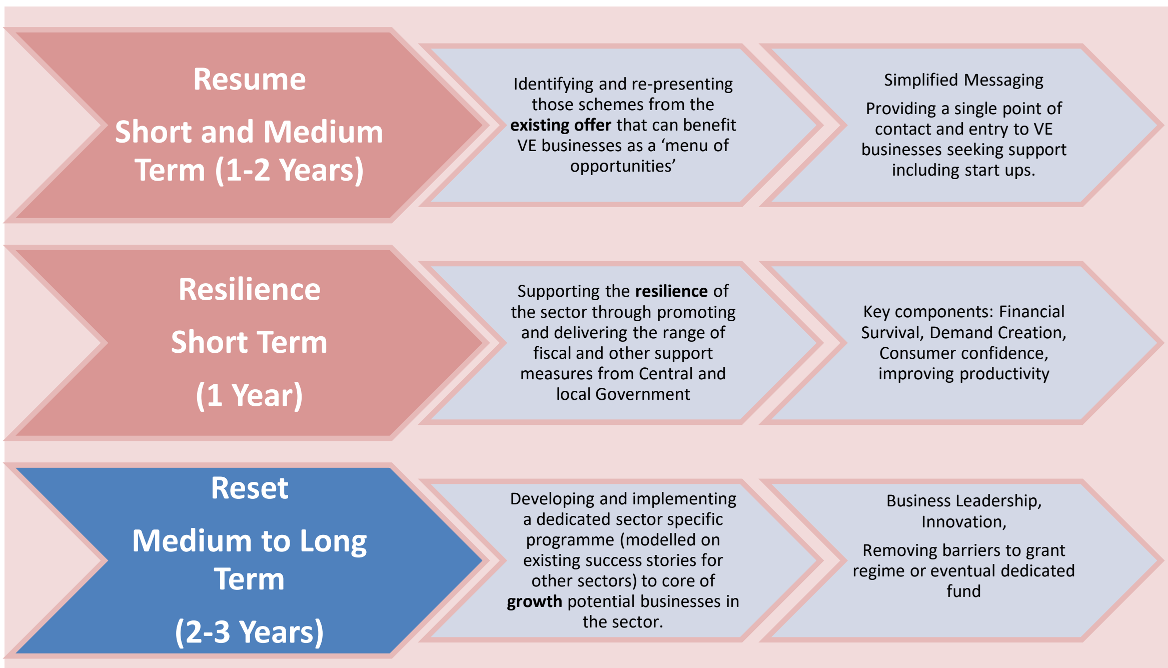
Communications and member-based support activities however are accessible to all businesses and are a crucial first point of contact. The pandemic has brought to the fore the importance of these from both local and national bodies.

The analysis of needs and existing provision has identified a number of gaps in existing provision: the need to broaden programmes to include business-to-consumer businesses; the need for a dedicated grant support programme; simplification/streamlining of the existing business growth programme; the importance of the contribution of VE businesses to be gauged not only on their growth potential but also in terms of their ability to provide mass employment; the need for transitional support to allow appropriate VE businesses to access the 'high growth' funding; and a need to address specific gaps in leadership and management, recruitment, business resilience, new operating models and digital trends adoption.

In order to address the gaps identified there is a need for a radical new approach.

Firstly, the VE sector should be reclassified as a 'foundation' rather than 'growth' sector. This would allow the specific sector issues to be recognized alongside the specific economic benefits that it delivers (employment opportunities to 16–24-year-olds; high volume of jobs-especially entry-level and semi-skilled). Recognising and articulating the sector in this way will enable it to compete more effectively for resources and will provide better access to services and grants for VE businesses.

Alongside this, a new phased and flexible approach, which can adapt to the post-Covid environment and changes in the trading environment, is needed. This would require development of a dedicated Business Support Programme with dedicated resources.



Outwith the core approach which will be adopted by Growth Company with partners, a more local and bespoke delivery approach is likely to be needed across the City Region, reflecting local context and needs at a sub-regional level.

In addition to the drawing down of already announced funding from central government to support the sector, there will be a need to fund the re-presentation of existing schemes and the marketing to the sector. There is currently no dedicated funding stream for this although there may be opportunities from: reprofiling of existing budgets; working cross sector with existing boards (such as the Immersive board); and working with the relevant project teams to support a proactive marketing campaign to the VE businesses. The DCMS recovery plan is also important and may lead to future opportunities.

For the third stage however (2 -3 year plan), substantial funds will be required. An allocation and approach from SIF3 is the most obvious source for funding and approaches should be made to the CA at the earliest possible stage. The positive relationships that are in place between the LCR

DMO, the Growth Company and Government will also be important in ensuring that the sector can access any future opportunities that emerge.

4. Skills

Skills challenges and the way forward

Prior to Covid, there were a number of key concerns at a national and regional level: the sector is 'transient' and skills retention is an issue; it is perceived to be low wage, with limited opportunities for development and unsociable/long working hours; there is limited supply of key skills particularly within hospitality; the provision of skills development did not always meet employers' needs; and the lack of suitable staff was a key constraint on capacity, profitability and business growth.

The strategic direction for skills in the VE in the Liverpool City Region was set by the Skills For Growth (SFG) Action Plan, developed by the Growth Company, working in partnership with key stakeholders. Post Covid, this has been superseded by the Liverpool City Region Skills Action Plan 2021-22 which identifies the key skills/employment issues that have resulted from the crisis: an immediate focus on business survival and the skills to support this; future skills planning to address known skills shortages; an urgent requirement for digital skills; critical importance of employer led programmes; immediate need to support those people who have lost jobs and businesses.

The implementation plan developed by the Growth Company and its partners to deliver against this is largely unfunded but remains valid. The four components are: Global Hospitality Certification (recognising the skills and experience of those working in hospitality at all levels with an extra element for those who have become unemployed); Employer Skills Academies (employers working together to deliver on-the-job, two level, training for entrants into the sector); Visitor Economy Passport (five areas deemed essential by employers are delivered with participants guaranteed a placement and job interview); and Visitor Economy Week (extension of the scope to promote careers to young people).

Under the current SIF-funded programmes, only the second of these four components can be funded. There is an urgent need therefore to review the existing funding regime to enable the project to be funded in its entirety. SIF3 must also be designed to ensure that schemes identified, developed and managed by employers can achieve funding. One of the key ways in which funding needs to be adjusted in the short to medium term will be to ensure that the most critical existing schemes are fully funded, reflecting the fact that in the immediate aftermath of the pandemic, employers do not have the match funds to access programmes like Be More. In the interim, to address the critical recruitment needs of the sector, Growth Company is working in partnership with DWP to combine existing programmes such as Sector Work-based Academy Programme (SWAP) and the Kickstart Scheme as part of a simplified people pipeline, to attract entry level jobseekers into the sector. Once recruited, talent development and longer-term sector retention can be achieved through access to existing skills development programmes such as Be More, if 100% funded.

The option to make these programmes fully funded in the short term therefore should be considered in order to increase retention rates and develop work ready skills.

5. Resilient Structures and the DCMS Review

Although their role varies in different places, Destination Management Organisations (DMOs) are the bodies that have responsibility for the visitor economy, facilitating the growth and development of the tourism and hospitality sectors and playing an increasingly important role in the delivery of local and regional economies and placemaking. The Liverpool City Region DMO network has evolved over time and includes a network of sub-regional DMOs (for Liverpool, Southport and Wirral) which sit under a regional DMO structure. At regional level, the City Region DMO is located within the LEP/Combined Authority and is delivered through the Growth Company and a commissioning arrangement with Marketing Liverpool. Governance comes through the Visitor Economy Board which is made up of the private sector chairs of the region's local authority visitor economy networks and sector specialists.

Both the DMO structure and the funding model for the city region's DMOs have evolved over time. Funding now comes from a combination of local authority support and grant income with a small amount of funding from the Local Enterprise Partnership (LEP). Overall, however, the network has become heavily dependent on commercial income.

The devasting impact that Covid had on the visitor economy placed immediate and significant new demands on the DMO network but the funding model, which was heavily reliant on private sector buy in, was unachievable. In the short term, some crisis funding was secured for marketing and core services but looking to the future, the region's DMOs face significant uncertainty in terms of the time it will take for their commercial income streams to recover and the obvious pressures on local goverment finances to maintain statutory services.

In March 2021, DCMS announced an independent review to assess how DMOs across England are funded and structured and how they perform their roles. The findings of the review could lead to decisions about future structures and funding.

The City Region's combined response set out the case for a four year agreement with government whereby a network of strategic DMOs would be established with a direct relationship with Government/ Visit Britain. Whilst recognising that it is unlikely that a one size fits all solution was either desirable or achievable, it proposed that for the Liverpool City Region there is already a robust governance structure that could be built upon.

The key ask from the DMO review is for core funding and, whilst a strong case has been made to government for this outcome, it will ultimately be a decision for the government minister to progress through Treasury and the CSR in October.

The immediate challenge therefore, is safeguarding the funds for the next two or three years to ensure that LCR DMO network can exist and will have the capability to build back commercial revenue streams. Around £6m will be needed to support core DMO services and marketing activity.

The areas 'asks' therefore are: a two-year commitment from LA's and Growth Company to fund DMO resources (without which the SIF programme cannot be delivered) ; the need to review and discuss core funding with the Combined Authority; to address the funding requirement for the city region's events programme (as above).

Whilst the creation of the proposed DMO network is a Government decision, there is local support to move towards this model within the city region. In the short term however, the recently awarded SIF funding has provided an opportunity for improved private sector led governance arrangements.

In the short to medium term, the current/proposed SIF funded programmes will be essential in providing the governance arrangements for operational /strategic delivery and developing the future, long term funding model and structure. As such, it will be used to inform future delivery arrangements during the transitionary period.

Beyond this however, DMO resources will be needed to deliver the SIF programmes that are essential for recovery. In the event that the DMO review does not provide core funding, the Local Authorities, LEP and CA will need to underwrite staff resource and overheads so the projects outlined in this plan can be delivered. These resources will also be instrumental in developing the sustainable funding model (for events, conferences, and destination marketing) over the next two years by establishing the business case for the Accommodation BID. By this time core funds from Government will have been secured, commercial income streams rebuilt and new private sector led governance arrangements established.

Part 1 – Context

1 Introduction

1.1 Purpose of this Strategy

This Visitor Economy Strategy for the Liverpool City Region (LCR) has been produced by AMION Consulting on behalf of the Liverpool City Region Growth Company, in consultation with key stakeholders across the visitor economy sector. It has been produced in 2021 as the UK is progressing its plans for recovery from the Covid-19 pandemic.

There is a clear reason why this strategy is being produced at this time.

In 2014, the LCR published a Visitor Economy Strategy and Destination Management Plan to 2025. In 2016, a Visitor Economy Investment Plan set out the key interventions which would be required to deliver it[1]. Whilst some elements of the strategic direction within these documents remain valid, the pandemic has fundamentally changed the policy and operating landscape and, therefore, it is important that they are refreshed to take account of this shift.

A core strand of the previous strategy was to set out a route for achieving a sustainable visitor economy support structure that was based on a stronger mix of private and public sector funding. A new model was under consideration at the time that the pandemic struck. The principle of establishing a new funding model remains valid but the timescales for achieving this have changed. This strategy, therefore, recognises that private sector confidence needs to return before any changes can be implemented. In the interim, public sector support will be needed more than ever to kick start the visitor economy and rebuild private sector confidence.

This strategy, therefore, sets out a revised set of priorities for the city region, focussing specifically on the two year period from 2021 to 2023 but also looking towards what is going to be needed to enable the sector to rebuild in the medium term.

Across the country and across all sectors of the economy, the response to the pandemic has meant that a lot of things have had to change very quickly. The visitor economy, as a sector that has been particularly affected by the crisis, has been at the forefront of this change. Before Covid struck, the visitor economy sector was generating £4.9bn into the LCR economy, supporting 57,000 jobs. The sudden and catastrophic loss of this contribution to the economy brought into sharp focus the need for an effective and targeted response that will protect businesses in the short term and help them to emerge resilient as soon as possible.

In July 2020, the LCR Visitor Economy Board[1] agreed four immediate core priorities to help the sector:

- providing business support to ensure survival:
    - accessing government grants and financial support;
    - ensuring extension of government initiatives to ensure survival of the sector;

[1] Both documents were produced by the Visitor Economy Development Team of the Liverpool City Region Local Enterprise Partnership on behalf of the LCR Visitor Economy Board. The Visitor Economy Board (VEB) is made up of sector leaders and was created in 2013 to represent the economic interests of the sector and provide strategic direction. Responsibility for the visitor economy has now passed to the Growth Company with the VEB continuing to provide strategic direction and governance.

    - providing access to sector specific advice; and
    - providing dedicated Covid guidance;
- protecting Destination Management Organisations as key enablers of the sector:
    - ensuring business continuity; and
    - streamlining delivery and strengthening commercial viability;
- building back business tourism and events as a major strand of the sector's economy:
    - building resilience of the Liverpool and Southport convention bureau; and
    - developing the subvention funding model.
- building back demand across leisure markets:
    - developing sector skills retention and recruitment;
    - securing a mechanism to deliver major events; and
    - promotion to domestic and international markets.

These four priorities were incorporated into the LCR Combined Authority's wider recovery plan. This strategy picks up and develops each of these core priorities.

A key focus of this Strategy is to identify the funding sources that will enable it to be delivered. In particular, it recognises that nearly all businesses within the visitor economy, whether in the private or the not for profit sectors are, at best, in survival mode. They will need public sector support to enable them to emerge fit, strong and sustainable for the future. The requirement for short term public funding, therefore, is recognised and accepted.

The 2021 budget has provided some clarity around where much of this funding will come from. In particular, there are a number of business support schemes and place-based development grants which will be available over the next year. This strategy sets out how the City Region will take advantage of these new funding streams to support the sector and how any specific gaps in provision could be addressed.

It also considers how the funding streams that existed before the pandemic (and which are still available and relevant) will be repurposed to meet these new priorities, particularly the funding from the Strategic Investment Fund (SIF)[2] through the Combined Authority (CA). In 2019, the LCR Growth Company made two applications for SIF funding to support the visitor economy. A £1.5m SIF bid (total project costs £3m) which had been agreed in 2019 to support business events was reprofiled in 2020 to allow for the loss of contribution from the private sector in the short term. In light of the pandemic, however, there is now a new need for further support for a number of reasons. Firstly, the pandemic has hindered the implementation of the commercial model, in terms of the private sector's ability to fund it and, thus, the commercial subvention model needs to be reassessed. Furthermore, its implementation will take longer, as the private sector

[2] The SIF is the key funding tool for promoting economic growth for the Liverpool City Region. It supports the delivery of the City Region's strategic priorities as well as unlocking economic potential and accelerating growth. Prior to Covid, two SIF bids had been agreed to support the visitor economy. These are explored later in this document.

confidence needs to be rebuilt. Finally, without a credible means of subvention beyond March 2023, the ACC Liverpool (the city region's major conference and event venue) and the city as a whole, will be unable to bid for the high yield national and international association, political and corporate conferences. While the new commercial model will be developed this year, SIF funding will be needed to fund the gap left by reduced private sector funds beyond this period.

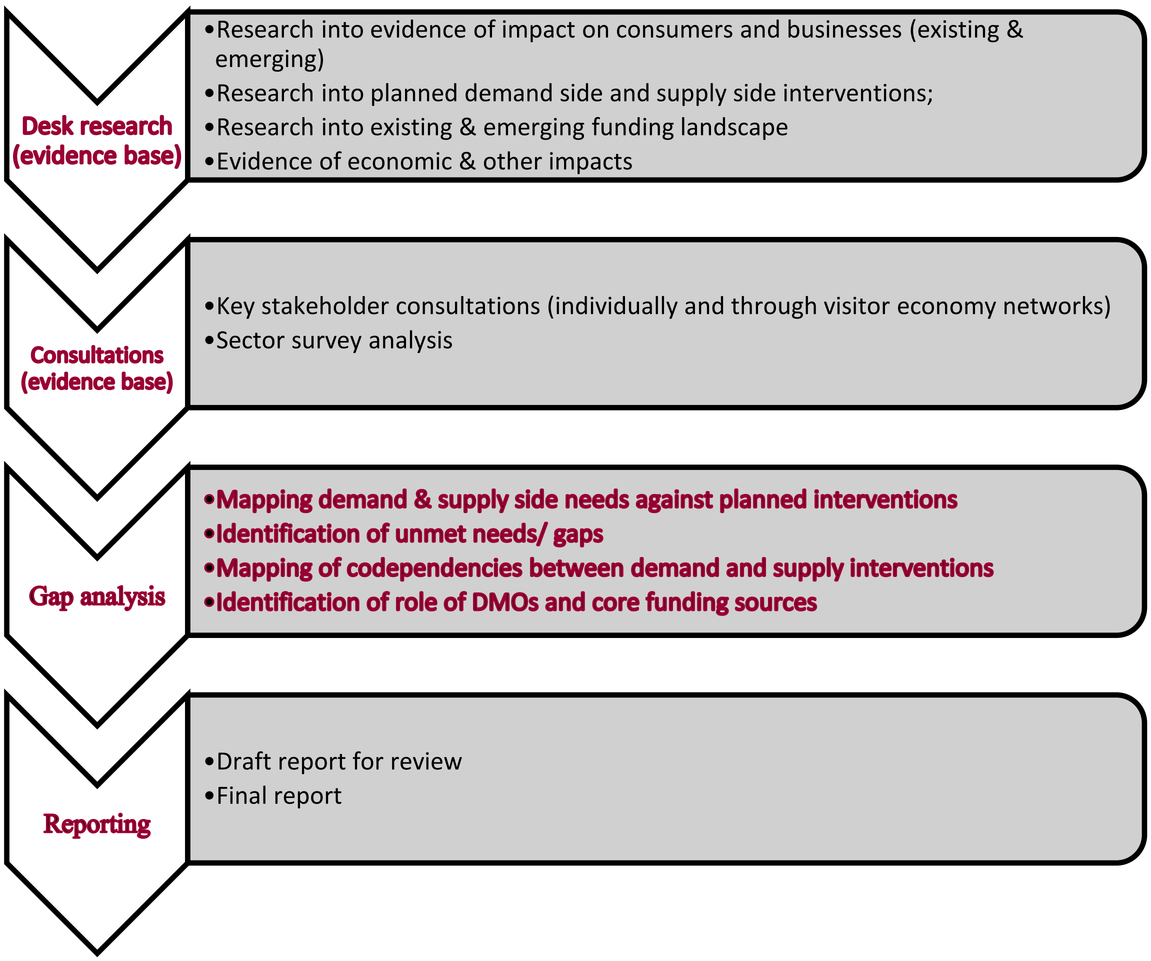
Beyond this, there is also the need to for the city region to assess how it can develop a funding model which will allow it to bid for major sporting events. As there will clearly be a link between the funding models for both conferences and major events, it would be advantageous for them to be assessed jointly as part of a revised scheme, potentially linked to a proposed accommodation Business Improvement District (BID) for Liverpool.

In 2019, an outline SIF application for £1.6 million (representing 40% of the £4 million project cost) was also submitted to the CA to support Destination Marketing . The application was based on the priority markets and interventions which had been identified in the 2016 Visitor Economy Strategy for the city region. This bid now also needs to be repurposed to reflect how market needs have changed in light of the pandemic.

1.2 Methodology

As there is an immediate need for action and with the rapidly changing landscape, this document has been developed in a much shorter timeframe than would normally be the case for a strategic document of this type.

In order to meet the required deadlines, the following methodology has been adopted:



The document is divided into three sections. The first section provides the context. It summarises the key evidence of impact of the pandemic and the visitor economy forecasts for the coming years. Section two sets out an the assessment of the demand side and supply side interventions that will be needed to support recovery and the co-dependencies between each as well as an assessment of the role of the City Region's DMOs in the delivery of the strategy, the structures and the importance of core funding.

Section 3 provides the detailed evidence of impact and detailed visitor market forecasts.

1.3 Consultations

In preparing this report AMION consulted with a range of stakeholders including:

- the Liverpool City Region Visitor Economy Board members;
- the Liverpool Visitor Economy Network;
- the Visitor Economy Network Boards for Southport, St. Helens and Halton;
- the Visitor Economy Network Chair for Wirral;

- Liverpool City Region Combined Authority;
- Liverpool City Region Local Authorities;
- Liverpool City Region Growth Company;
- Visit Britain;
- DCMS;
- Cities and Local Growth Unit (BEIS/HCLG); and
- sector representatives from across the city region.

A full list is provided in Appendix A.

2 Impact of the pandemic on the sector

2.1 Summary of impact of evidence

The evidence of the impact that the pandemic has had on the visitor economy sector is stark. Section 3 includes the full evidence base, but in summary:

- the pandemic has had a seismic impact on tourism across the world, with major cities seeing the biggest drop in visitors as people avoided busy urban destinations either for leisure or business;
- hotel and other accommodation occupancy rates plummeted with the first wave of lockdowns globally, recovering slightly before dropping off again during the second wave. Footfall to town centres and visits to attractions followed similar patterns;
- evidence shows that the Liverpool City Region has broadly followed international and national trends. Hotel occupancy for the city region as a whole fell from just under 78% in 2019 to just over 38% in 2020. In the same period, footfall to the city region's attractions fell by 77%, Liverpool One footfall was down by 45% and Southport Town Centre's footfall fell by 37%;
- although all parts of the region were affected, in keeping with international trends, Liverpool city showed evidence of the greatest impact in terms of occupancy levels and footfall;
- the business events sector was also decimated. ACCL, Liverpool's major conference and events venue, saw the cancellation of all events from March 20th 2020 with a value of £4.18m. The STCC, Southport's convention centre also saw the cancellation of 30 events causing the operator to go into liquidation;
- the economic value of the visitor economy fell from c£5bn in 2019, to just over£3bn in 2020 - a drop of around 38%;
- the following summarises the key metrics relating to occupancy rates, rates per available room (RevPar) and footfall to attractions and major shopping centres:

	2019	*2020*	*% change*
Room occupancy			
Liverpool city	77.9%	38.4%	39.5%
City Region	78.4%	38.3%	40.1%
RevPar			
Liverpool city	£59.62	£23.87	60.0%
City Region	£55.40	£21.63	61.0%
Visitor attractions (City Region)			
Footfall	10,638,771	2,407,147	77.4%
Shopping footfall			
Liverpool One	28,190,569	15,429,224	45.3%
Southport town centre	11,973,071	7,581,839	36.7%

Impact of Covid key metrics. Source: LCR Growth Company. AMION analysis

- there was, however, also some evidence of recovery in late autumn 2020, when the city region, having faced particularly stringent lockdown rules, was subjected to lighter restrictions than the rest of the UK for around a month. For this brief period, prior to the second national lockdown, accommodation occupancy rates in much of the city region were buoyant and there was a strong resurgence of footfall into the city and town centres. This bounce illustrates how quickly the sector has been able to adapt and the important impact that this has on the wider economy. As the UK potentially moves into a time of economic uncertainty, this evidence of a rapid return to growth will become particularly important.

	Sept. 2019	*Sept. 2020*
Room occupancy		
Liverpool City Centre	79.8%	44.9%
Southport	75.8%	63.9%
Wirral	81.3%	62.5%
REVPAR		
Liverpool City Centre	£ 58.27	£ 27.26
Southport	£ 44.73	£ 40.23
Wirral	£ 44.56	£ 29.08

- at the time that this report has been written, the UK is emerging from lockdown and although early evidence relating to domestic tourism and leisure spend suggests that these markets have bounced back well, businesses are currently still facing restrictions, particularly on capacity. The implications for overseas travel are also still largely unknown and the time it will take for inbound markets to recover remains uncertain. Challenges around staff recruitment and staff shortages have also emerged, with hospitality businesses and visitor attractions particularly impacted.

2.2 Consumer confidence trends

Whilst it is useful to look at evidence of the impact that Covid has had on the visitor economy sector over the last twelve months, predicting what the future will look like is clearly far more complex. Research which aims to inform future projections has generally focused on two areas: levels of consumer confidence around travel and how that is likely to change over time and whether there have been any fundamental shifts in behaviour which might lead to a need for changes in products, services or experience.

The appendix also summarises the evidence base for consumer confidence trends. The key findings from Visit Britain's international and domestic Covid research are:

- in terms of international markets, within long haul markets, Britain appears to be perceived relatively well as a potential destination for 2021. The picture is more varied in short haul markets with Nordic and Southern-European markets expressing a reasonably strong level of intention to travel to Britain in 2021, whilst some core European markets like France, Germany and the Netherlands appear to be more cautious;
- looking specifically at the LCR's priority overseas markets, people in the US, Italy and Spain have the greatest intention to visit Britain. Norwegians who are prepared to travel are also

quite likely to see Britain as a prospective destination. Irish, French and German markets may take longer to return or require greater encouragement;

- with the exception of the US, Spain and Italy, all markets have indicated that coastal areas have greater appeal at this time than cities and all markets are seeking less crowded destinations;
- at the time of writing, Government policy regarding international travel restrictions is continuing to change. A traffic light system is currently in place, with countries placed on green, amber or red lists with different levels of restriction on each tier. The list is being reviewed approximately every two weeks although this may change depending on the emergence of evidence relating to new variants. The system is, of course, impacting on the ability of overseas tourists to visit the country over the summer and potentially into the rest of the year;
- within domestic markets, there is clear evidence that people in the pre-family and family life stages, from socio-economic groups AB have expressed the strongest intentions to take domestic holidays this year; and
- although the North West is viewed as a strong potential destination by domestic markets, it is primarily Cumbria that is seen as appealing. The Liverpool City Region is currently lagging some way behind with just 7% of respondents in the most recent survey stating an intention to visit.

There is less evidence relating to business tourism confidence (and VisitBritain includes business tourism in its staying visitor projections). In late 2020, however, the United Nations World Tourism Organisation reported that the business tourism sector remained one of the most affected sectors of the economy. Evidence from ACC Liverpool indicates that although bookings for 2021 are reasonably healthy in Q3 and Q4, with a number of rescheduled events, 2022 presents a greater challenge. Assuming lockdown restrictions are eased in line with government proposals, the venue expects to host c34% of the number of events that would normally have been hosted with c39% of the number of delegates[3]. In 2019, ACCL was responsible for generating 23% of the Liverpool's 562,000 business tourist bednights. The venue is currently able to compete for larger domestic events with support from the SIF, but without this, beyond 2022, it will be very difficult to attract new business in a very competitive market.

2.3 Changes in consumer behaviour

Since the pandemic began, various studies have sought to understand whether there might be any long term behavioural changes that could cause significant shifts in the needs and expectations of visitors. Although often drawing on perception research, future predictions are inevitably based on speculation and judgement.

A synthesis of several of these studies suggests that there are four key changes which are likely to have a long term impact on the visitor economy:

[3] The average number of delegates per event is slightly higher for a number of events linked to cancellations and rebooking rather than underlying trends.

- **increased use of digital technologies**: although the shift towards online shopping was being felt prior to 2020, the pandemic has caused a step change shift in people using digital platforms for day-to-day needs. The implications for the visitor economy range from the need for nearly all businesses to offer online booking, managing visitors/ensuring visitor safety through to a requirement for cultural and business event venues to give more equal weighting to in-person and virtual experiences;
- **change in mobility patterns**: the move towards remote working and virtual meetings is another behavioural change that is likely to have a profound impact on the way people behave and their needs from destinations. City centres, in particular, are likely to feel the impact of the shift most keenly as fewer people travel for work and the infrastructure that supported these communities becomes unsustainable. Instead, there is some conjecture that small towns and local neighbourhoods will benefit from this change as people seek facilities and services closer to their homes. As a result, local neighbourhoods could emerge as vibrant destinations, attracting a greater percentage of visitor footfall;
- **increased awareness of health**: the behaviours which have been necessary during the pandemic, such as wearing masks, increased hygiene and healthy eating may become part of the way that we live our lives in future. As a result, destinations and leisure experiences which facilitate healthier behaviours could become more popular and businesses will be expected to provide environments where safety and hygiene are explicit priorities; and
- **changes in interpersonal behaviour**: wider societal changes such as increased divorce rates, the importance of extended families and greater pet ownership have all escalated during the pandemic. Inevitably, destinations will be expected to facilitate the different needs that these changes will bring by providing appropriate travel, accommodation, facilities and services.

The implications of these changes will impact on the way in which visitor economy businesses across the City Region will need operate in the future. Interventions which will allow destinations and businesses to adapt to meet these needs are addressed in the second section of this report.

Whilst most studies recognise the immediate threat that the pandemic poses to tourism, there are also a number of reports and studies which posit the theory that the crisis could be the basis for much needed change in global tourism. The Future of Tourism Coalition, an alliance between the Travel Foundation and six NGOs, has developed a set of thirteen guiding principles which aims to place destination community needs at the centre of 'tourism's new future' as the world emerges from the pandemic. The principles include:

- enhancing resident quality of life;
- protecting biodiversity;
- creating quality employment;
- ensuring more equitable distribution of benefits; and
- supporting local supply chains.

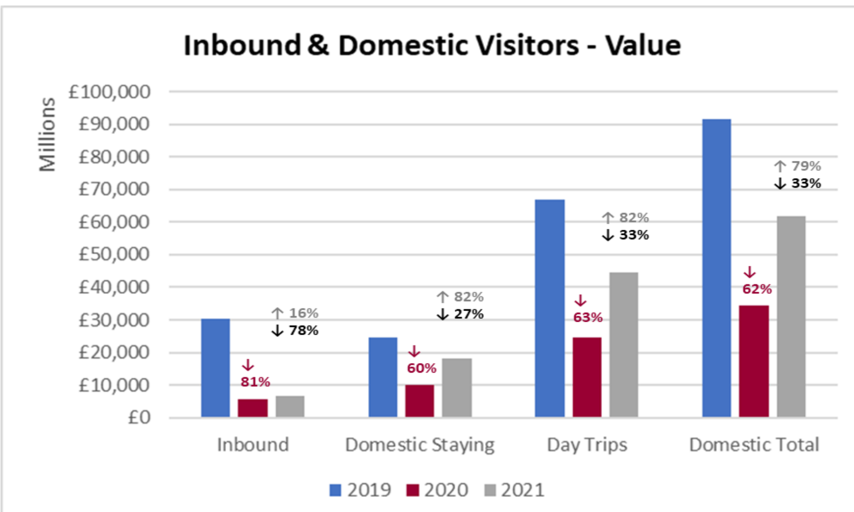
2.4 Visitor forecasts for the coming years

2.4.1 A time of some uncertainty

Whilst there might be cause for underlying optimism, as VisitBritain recognises, forecasting at the current time is difficult. Events are moving fast and the future outlook, therefore, is subject to change rapidly. Any scenario planning can at best be based on a range of assumptions and may need to be revised over the coming year.

Revised national forecast

VisitBritain's current forecast for 2021 (updated 28th January 2021) provides an estimate for inbound tourism of 11.7 million visits, up 21% on 2020 but only 29% of the 2019 level. The associated spend of £6.6 billion for the year is up by 16% on 2020 but is only 23% of the 2019 level.



Source VisitBritain. AMION analysis

Inbound tourism is expected to remain at a very low level for the early months of the year with some recovery from some European markets, increasing in the summer and autumn. This is contingent, however, on the gradual easing of restrictions on visitors from other countries and could be affected by the emergence of new variants. Generally, European inbound markets are forecast to recover quicker than long haul markets but with some individual variation between different countries.

Within this forecast VB predicts 9.3 million visits from Europe in 2021, 34% of the 2019 level and 2.5 million visits from long haul markets, 18% of the 2019 level. The value of visitor spending in 2021 is forecast to be £3.5 billion and £3.1 billion from European and long haul visitors respectively.

The forecast does not distinguish between purpose of trip but assumes that visits to friends and relatives will recover faster than average; business trips will recover slower than average; and holiday visits are likely to recover at a rate in between.

VisitBritain has also provided a **domestic tourism forecast** based on a range of key assumptions.

The forecast models each of the four journey purposes for overnight tourism (holidays, business, visiting friends and relatives and miscellaneous journeys) and 17 categories of spending for leisure day trips, separately.

The total domestic forecast for 2021 is for a recovery to £61.7bn in domestic tourism spending, up 79% compared to 2020 but still only 67% of the level of spending seen in 2019. This includes £18.0bn in domestic overnight tourism spending (82% growth on 2020 but 73% of the 2019 level) and £44.6bn in leisure day trip spending (82% growth on 2020 and 67% of the 2019 level).

2.4.2 Revised city region forecast

The LCR Combined Authority has developed a range of scenarios for the visitor economy for the next five years. The forecasts, which are shown in full in appendix E, build on a range of data sources including VisitBritain's international and national forecasts and the OBR Economic forecasts. The projections also take into consideration the impact that SARS and the last recession had on the economy at national and city region level.

Of the scenarios developed, Scenario 2 is seen to represent the most likely position. It is based on the following assumptions that:

- the visitor economy for the LCR will need to retain a strong focus on domestic markets (day and staying visits) for the short to medium term;
- international barriers (both perceived and actual) will remain, with travel restrictions in place for at least some countries into 2022;
- as a result, there will be a surge in demand for domestic visits from both daycation and staycation markets. Some market segments will remain cost-conscious, however, and lower spending visiting friends and relatives (VFR) markets are likely to form a large percentage of the market into 2022 and beyond;
- international leisure markets will be slow to return particularly from long haul markets and some short haul destinations although some markets, such as Ireland, which have good travel routes will return by 2022; and
- domestic business visitors to the ACCL and on independent trips will start to recover from 2021, although the number of international business visitors, primarily independent travellers, will remain below 2019 levels for the next five years.

It is important to state however that the forecasts have been based on the assumption that the city region is able to retain a competitive market position through the interventions outlined in the section which follow.

As the following forecasts illustrate, if the city region is able to maintain a competitive position amongst other UK (and later international) destinations, this will play a critical role in stabilising hospitality and attraction businesses, contributing to an overall economic recovery for the city region.

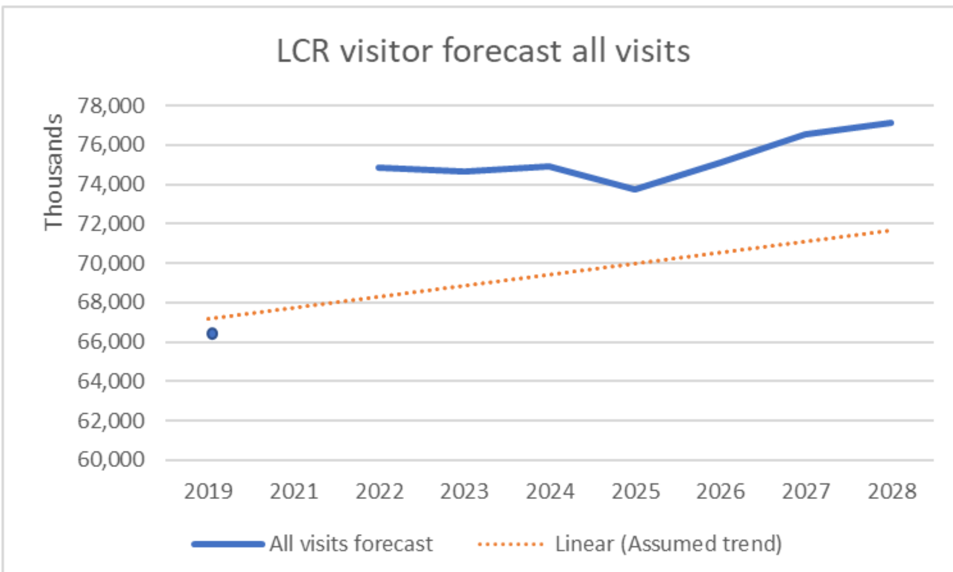
Without these interventions, the city region will lose market share to other UK destinations initially, and other UK and international destinations later as overseas travel returns.

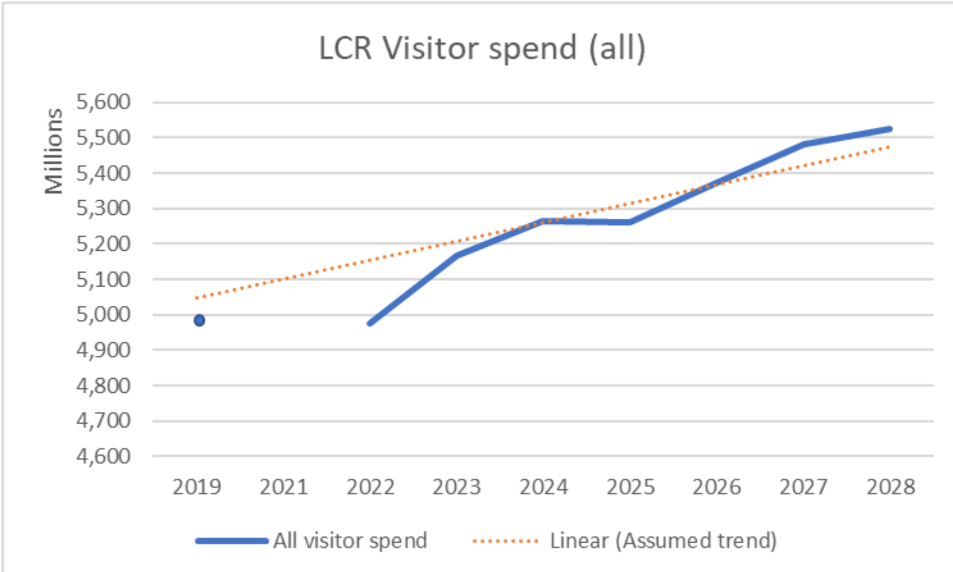
(The implications for specific markets are set out in Section 2 below).

The trendline in the graphs that follow show the forecast prior to the pandemic.

2.4.3 All visits trends

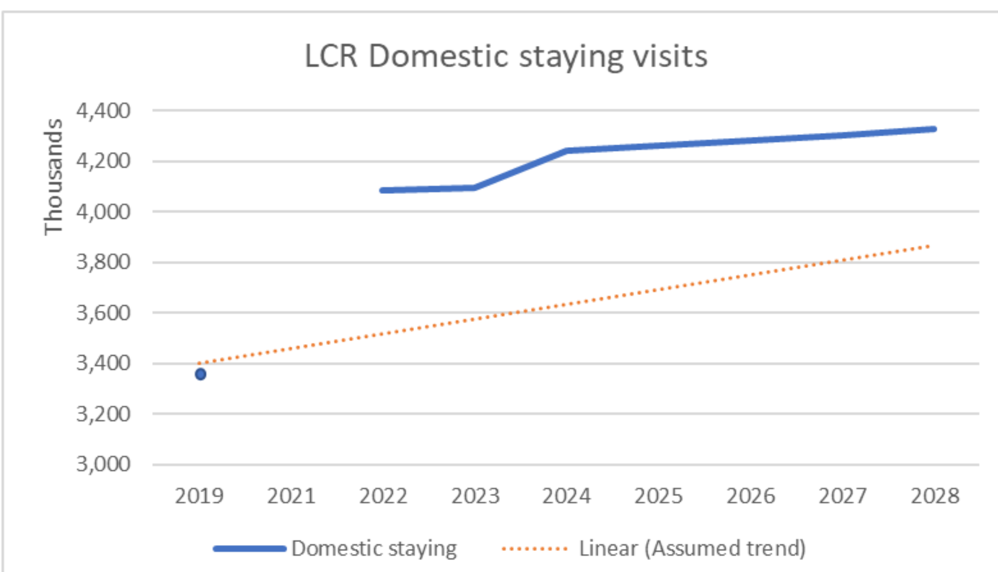
The forecast for all visits, day and staying, shows the number of visits increasing from just over 66m in 2019 to nearly 75m in 2022. Within this however, the growth is coming from domestic staying and day visits, with a downturn in overseas and business visits (see graphs below). As a result, total visitor spend to the city region is projected to return to a similar level to that seen in 2019.





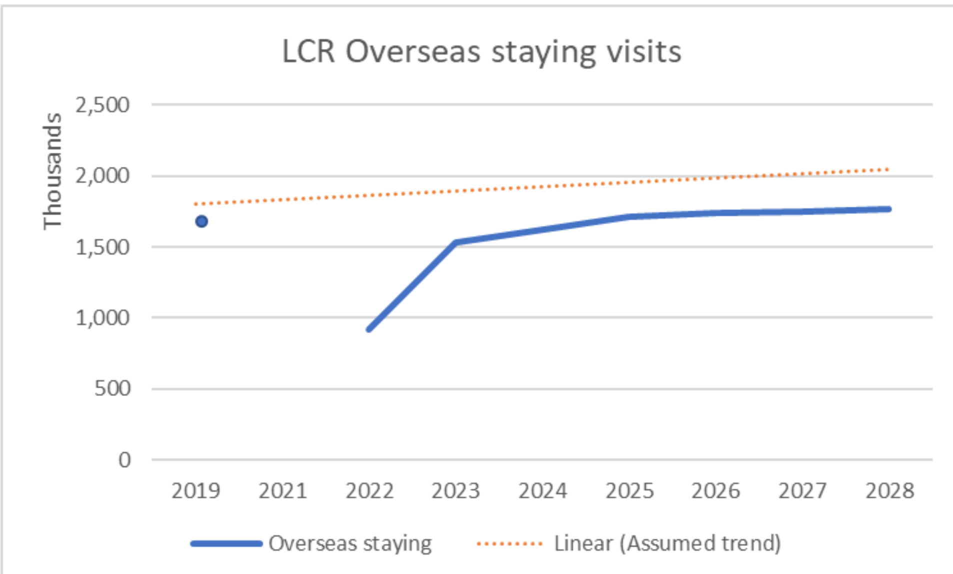
2.4.4 *Domestic staying visits trends*

The projected growth in domestic staying visits reflects ongoing restrictions to international travel which will make staycation holidays a more attractive proposition. The ability of the city region to benefit from this growth however is heavily dependent on its ability to remain competitive amongst other destinations which are investing heavily in their Covid recovery plans (see Section 3.2 below). Without the projected interventions in market demand stimulation, business support and skills and the DMO infrastructure (i.e. the interventions which follow throughout this document), the city region will be unable to benefit from this potential growth.



2.4.5 *Overseas staying visits trends*

Overall, the number of international staying visitors to the city region will remain below 2019 levels (1.8m visits) to 2028, reflecting the restrictions which are likely to remain in place for some time as well as a level of international economic uncertainty. Only the Irish market is likely to return strongly initially, with a slower return from other short haul markets. (See section 2.2 below for an assessment of how markets will return and the implications for demand generation).

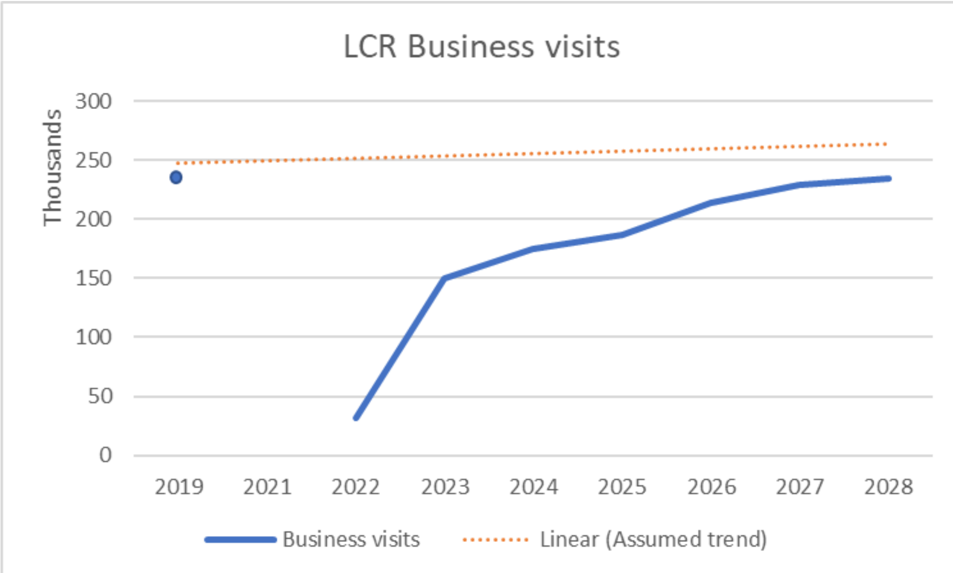


2.4.6 *Business visits trends*

The forecast for business visits includes both people travelling for conferences and events as well as independent business travellers, attending meetings. This shows that overall, the number of business visitors will remain depressed in 2022 and will not return to 2019 levels before 2028.

Within this however, there is a different scenario for conference visitors compared to independent business travellers. The forecast for conference and business event visitors, based on evidence from venues including ACC Liverpool, assumes that the conference and business events market will begin to recover quickly, particularly since the city region primarily attracts domestic business visitors to these events. Again, it is important to note however that this projected strong return is predicated on the interventions which are set out in section 3 below which will be critical in ensuring that the city region's venues have both subvention funding and marketing activity to compete for the return of this market.

The overall downturn however, which is based on OBR forecasts (as with the other trends in this section), reflects two key factors. Firstly it assumes a loss of international independent business visits linked to travel restrictions. It also reflects an assumed downturn in independent domestic business travel as people continue to use online rather than face to face meetings into the future.



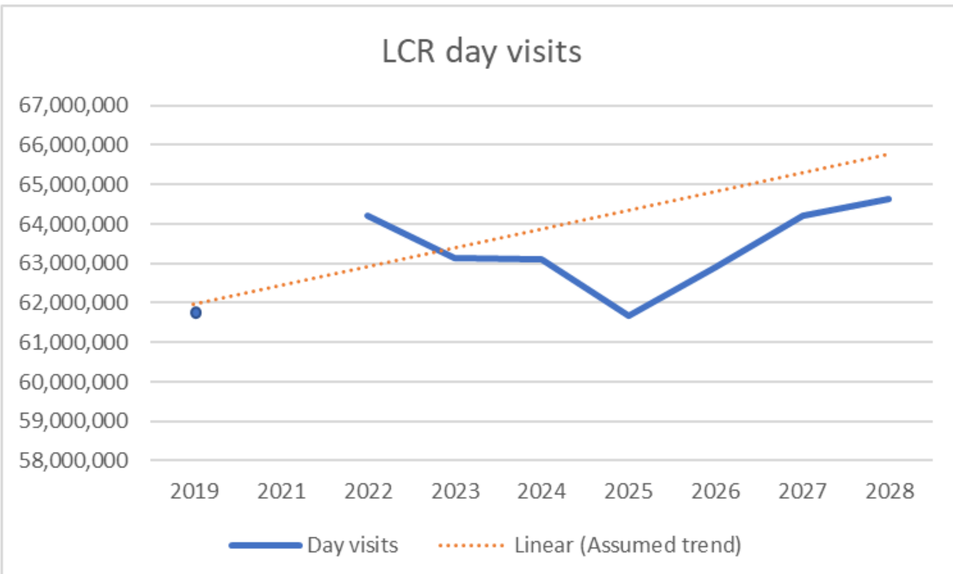
2.4.7 *All staying visits trends*

Overall, staying visits are forecast to return to above 2019 levels (5.4m visits) by 2023, entirely driven by the projected growth in domestic staying visits. As referenced above, this is predicated on the interventions outlined in this report being delivered.

2.4.8 *Day visits trends*

Day visits are projected to rise sharply in 2022 as people begin to return to leisure activities. The number of day trips is likely to be boosted by the restrictions on international travel which will encourage some people in the UK to take day trips to supplement staycation holidays. The subsequent drop that is predicted reflects the return to international travel and potential economic uncertainty into the medium term.

Overall, the upturn in day visits in 2022 will be particular critical in ensuring that hospitality businesses and attractions are able to stabilise in the short term. As with the domestic staying visitor segments however, there will be significant competition for this market amongst UK destinations over the next two years. The interventions set out in this plan therefore will play a critical role in the economic recovery that will be achieved.



3 Road map to recovery

3.1 Key milestones

In February 2021, during the second national lockdown, the UK government published a timetable for the reopening of businesses and venues. The following table shows the key dates for reopening with implications for the visitor economy sub sectors.

Step & Date	Measures/Opening
Step 1 -29th March	• Stay at Home Order ends

Step 2-12th April	• Non Essential Retail
	• 'Public Buildings' – Libraries
	• Outdoor Attractions
	• Outdoor Hospitality
	  ○ Table Service Only
	  ○ Drinks without food
	  ○ No Curfew
	• Self Contained Accommodation
	• Weddings max 15
	• Event Pilots

Step 3 – 17th May	• Outdoor Performance (Cinema & Theatre) • Indoor Hospitality • Entertainment Venues (with restrictions e.g. 50%) • Outdoor Venues (restrictions e.g. 25% -50%) • All Other Accommodation • Museums & Art Galleries • Weddings max 30 & Christenings • International Travel Review
Step 4 – 21st June	• Nightclubs • Restrictions removed on large events, performances and 'life events'

Source gov.uk. AMION analysis

At the time of writing, Step 3 has been implemented with hospitality businesses and attractions now able to operate indoors but with restrictions on capacity. The latest indication is that Step 4, which will see the removal of all further restrictions, will go ahead as planned although there is still uncertainty around the implications of new variants. Whilst it is, of course, sensible to retain flexibility as far as possible, it is important to plan for a full return of operations from this time.

3.2 The funding picture

3.2.1 How the Visitor Economy is funded

Across the UK, the way that tourism is funded varies significantly from place to place. The impact of this inequality will inevitably come into sharp focus as the country emerges from the pandemic and destinations compete to rebuild their economies. For many years, Scotland, Wales and Northern Ireland, with devolved responsibility for tourism, have been able to prioritise investment into their visitor economies. Scotland has recently announced a £25 million short term tourism recovery plan which will fund domestic and international marketing campaigns as well as business support schemes. Visit Wales has announced a £60 million funding programme which will include the establishment of Event Wales and the delivery of two themed years. Elsewhere in England, other destinations are beginning to announce their tourism recovery plans, supported by increased investment in marketing activity and product development. The competition for domestic visitors, therefore, will be intense throughout 2021 with competition for international visitors ramping up as soon as restrictions allow.

Against this backdrop, the city region is going to have to work hard to rebuild its market share.

In recent years, the city region has been developing a funding model that has nurtured both private and public sector support for marketing campaigns, events and travel trade initiatives. The businesses which were supporting these schemes, however, from the hospitality, retail and attractions sectors, have been amongst the most badly affected by the pandemic. In the short term, their focus will be on reopening and rebuilding their businesses and most are stating that it will take at least two to three years before they are in a position to invest in joint schemes once again.

The emphasis will, therefore, need to be on public sector funding to fill that gap and to allow the sector to build a sustainable model for the future. This will include funding to support the interventions set out in the sections which follow, but also the funding for Destination Management Organisations which is covered in Section 6.

3.2.2 The Visitor Economy Recovery Plan

In 2020, in response to the pandemic, the visitor economy was able to take advantage of a range of exceptional funding schemes to help businesses and support structures to survive. The funding sources were set out in the LCR Visitor Economy Recovery Action Plan in July 2020, a document which fed into the Combined Authority's Covid Recovery Plan.

Funding support was grouped under four headings: business support, advice and guidance**;** **s**ustaining the LCR's DMOs; business events**;** and people and destination**.**

In addition to the national support that visitor economy businesses were able to access (such as furlough, the reduction in VAT and the Cultural Recovery Fund), a number of local schemes were implemented including a destination marketing campaign delivered by Marketing Liverpool and funded by VisitBritain and Liverpool Without Walls, a scheme to support hospitality businesses providing an outdoor offer. The business events SIF funding application was also reprofiled to allow the funding to be spent over a shorter period to attract new conference business and to compete effectively with other destinations.

3.2.3 Funding landscape 2021

In the 2021 budget, the Chancellor specifically referenced the importance of the tourism and hospitality sector, noting the importance of the 150,000 businesses and c2.4 million that the sector supports nationally.

In recognition of the significant impact that the pandemic has had on the sector, a number of measures and schemes were announced aimed specifically at supporting visitor economy businesses. This included the extension of the 5% VAT rate until the end of September, followed by a further six months at 12.5% until the end of the financial year; business rates relief for hospitality businesses, support for self-employed people and discretionary grants with a specific focus on restart grants.

In addition, the budget included a number of new or extended capital investment schemes aimed at improving destinations including the Levelling Up Fund, the Towns Fund, the Future High Streets Fund and the Community renewal fund. In most cases, local authorities individually or jointly need to submit proposals for these schemes and prioritised lists of destinations have been drawn up. Within LCR, there were a number of successful proposals and allocations were awarded to Birkenhead - £25m, New Ferry - £3.2m, Runcorn - £23.6m, Southport - £37.5m and St Helens - £25m.

In recent years SIF funding, through the Combined Authority, has provided important financial support to develop the sector and this will remain critical over the next two to three years. In spring 2021, the Combined Authority made a request for a revised Destination Marketing bid which will be submitted for SIF3 funding, based on the evidence in this report. Further bids will also be submitted in 2021 to further support Business Events and also to develop other key strands of the visitor economy including sports events.

In terms of business support, funding for visitor economy businesses will come through a combination of mainstream business growth programmes which need to be tailored to support the sector's specific needs for short term recovery. There is also the potential for visitor economy businesses to be included in the high growth and innovation programmes.

Similarly, funding for skills and recruitment programmes that meet the needs of the sector will need to be aligned with wider programmes such as Kick Start and Restart in order to meet the visitor economy's specific and immediate training and recruitment needs.

In addition to these known sources, there are number of potentially important opportunities on the horizon.

A further Comprehensive Spending Review is expected in autumn 2021, following the one year review in November 2020. The implications of this are currently unknown but it is likely to be used by DCMS to support the national recovery plan.

The LCR Combined Authority is clearly a significant source of potential funding for the sector. The Building Back Better Recovery Plan has been used to request further funding to rebuild the economy and, in the light of the importance placed on the visitor economy in the plan, this could also benefit the sector. Other potential opportunities stem from the £150 million fund that has been committed by the CA following the Metro Mayor election in May 2021.

The actions which follow in the next section reflect the opportunities presented by these funding sources but also importantly they aim to make the connections between them. For example, the investment that is being made in destinations and places needs to be supported by destination marketing in order to generate more visitors. Visitor economy businesses need to be supported in order to survive and flourish in these destinations and the workforce needs to be trained to meet the needs of future visitors.

A full list of the funding sources is included in the second section of this report.

3.3 The Strategic Context

The actions included within this strategy will deliver on the two strategic drivers of rebuilding demand and supporting and developing supply. Alignment with both is critical in order to secure the funding required to deliver the interventions set out in the sections which follow.

The LCR Combined Authority's Building Back Better Recovery Plan lists its priorities under five workstreams. Under the theme of Place, the plan sets out an intention to work with government to develop and deliver a number of national schemes to support the visitor economy sector including:

- support the resilience of the cultural and visitor economy and its transition to the new normal, with a particular focus on targeted business support, modifications to tax relief and marketing campaigns;
- repurpose the Tourism Sector Deal (now superseded the Tourism Recovery Plan which will be published shortly);
- funding for destination management organisations to overcome losses in commercial funding;
- develop a national destination programme which enhances the vibrancy and attractiveness of local places through culture led initiatives (as a national pilot);
- develop a financial package of support for the voluntary and community sector; and
- scale up the Liverpool Without Walls pilot nationally.

The strategy also sets out an intention to support the development of a number of destinations, leading with the waterfront, city centre, Sefton coast, Wirral coast and countryside and Shakespeare 'Triangle' in Prescot and to use the cultural offer as 'rocket fuel for regeneration'.

Under the workstream of The Business Ecosystem, a number of actions are relevant to the Visitor Economy including providing targeted support for culture and visitor economy businesses through national schemes, as well as local schemes to enable digitalisation and to finance local business needs.

The priorities identified within this strategy will play a key role in helping, directly or indirectly, to deliver against the city region's priorities for the visitor economy.

At national level, DCMS has announced that it will be producing a Tourism Recovery Plan that will replace the 2019 Tourism Sector Deal. Although the Recovery Plan had not been published when this report was written, consultation with officers from DCMS indicated that the department had identified six priorities areas for their activity over the next 12 months.

The following summarises how the priorities within this strategy (which also informed the LCR Building Back Better Recovery Plan) align with DCMS' priorities:

- **Reopening safely** – this strategy sets out a framework for the development of packages of local business support and skills programmes to support the LCR visitor economy with specific training and accreditation programmes. These will align with national standards and support customer safety and welcome. This also includes investment in digital and retraining for those coming back into the sector.
- **Providing effective business support** – the evidence base provided by establishing sector needs and review of the national/local business support and skills programmes will improve awareness, identify the barriers that are currently preventing access and develop recommendations for addressing the identified gaps in provision.
- **Stimulating demand** – the growth trajectory for recovery to pre pandemic levels will not be realised unless early interventions are put in place to stimulate demand. This relates to short term interventions for destination marketing, events and conferences/exhibitions to ensure the City Region remains competitive in attracting leisure and business markets. The interventions will be used to build back the confidence of the private sector to sustain investment over the long term.
- **Levelling up** – the balance of visitors to the UK is weighted to the south. The interventions identified in this plan will make the city region more competitive, developing a compelling offer that will appeal to these markets. Interventions have also been identified to work with key intermediaries – transport providers, tour operators, other DMO and Visit Britain – to provide access to these markets. At a local level, a range of interventions including marketing and transport packages, will also work effectively to disperse visitors and their spend, levelling up locally.
- **Business events** – the city region is pioneering new and sustainable ways of attracting business events through greater collaboration across its convention bureaus and venues. It is also developing a new and sustainable approach to generating subvention funding. This will enable the city region to compete effectively for major national and international conferences as well as supporting the UK's competitiveness in attracting large scale international events.
- **Building back better** – the package of interventions in this strategy will develop the resilience of the city region's visitor economy so that the risk of future global economic shocks will be minimised. The comprehensive approach to developing and integrating both demand side and supply side interventions is central to achieving that end. Backed by the investment the city region itself is making across these areas and the importance it places on its local DMO

arrangements for delivery, the city region will have a solid basis for a co-ordinated and strategic relationship with government.

LCR priorities (Building Back Better & this plan) / *DCMS priorities*	*Market demand – leisure markets*	*Market demand – business events*	*Market readiness – business support*	*Market readiness - skills*	*Resilient support structures*
Reopening safely and sustainably			Support schemes for visitor economy businesses	Skills development schemes for staff working in the visitor economy	Ensuring a resilient DMO network (sustainable structures and funding)
Providing effective business support					
Stimulating Demand	Market demand generation for leisure and business tourism	Market demand generation for business events			
Levelling Up					
Business Events					
Building Back Better: inclusivity, resilience and innovation			Support schemes for visitor economy businesses	Skills development schemes for staff working in the visitor economy	Ensuring a resilient DMO network (sustainable structures and funding)

Although Building Back Better and the DCMS priorities have particular relevance to this plan, the Evidence Base Section includes a matrix which sets out all of the national, regional and local strategies which have relevance to the visitor economy and which will be supported, directly or indirectly, by the proposed interventions in this strategy (see Section 8.1).

3.4 How the destination is developing

Whilst it is not the focus of this strategy to deliver place based recovery plans, investment in product and experiences will be essential in ensuring that the city region remains competitive and that the visitor economy continues to grow, with the economic benefit dispersed across the city region.

Identified below are the major destination schemes that form part of the city region's future plans. With a few exceptions, most of the schemes set out in this section form part of medium to long term plans that have been identified within each sub-region's local development plans and, thus, they will not impact on the visitor projections over the next two years. They will, however, play a critical role in delivering the visitor economy growth predicted in Section 2.4.2. Some of the schemes have already secured significant levels of funding (as shown) but there are still some significant gaps. Identifying funding streams to support these developments will, therefore, remain a priority in the years to follow and must remain firmly on the radar of the Visitor Economy Board and its partners.

As this new product is developed, it also needs to form part of future marketing plans and be used as hooks for marketing campaigns. As these schemes develop, partners should:

- factor in the needs of the visitor economy as plans develop and take shape;
- consider opportunities for destination marketing, linked into the destination marketing plan; and
- work with the Growth Company to consider the impact on longer term visitor number projections as the schemes are completed.

Scheme	*The headlines*	*Indicative timeframe*
	Liverpool	
International Slavery Museum	The International Slavery Museum, housed within the Albert Dock, is part of National Museums Liverpool. The recent worldwide events associated with the Black Lives Matter movement has brought issues around how we confront our colonial past into sharp focus. The plan forms part of major £10 million regeneration scheme for the waterfront. The Combined Authority has awarded a grant to NML for a placemaking competition	*TBC*
Bramley Moore Dock	After a 25 year search for a new home, Everton Football Club now has plans to develop a new 52,000 seat stadium at Bramley Moore Dock – a significant £500 million private sector investment scheme which will initiate the regeneration of the northern docks area of Liverpool. The scheme has been given planning permission by LCC but is currently being considered by the Secretary of State for Housing, Communities and Local Government. As part of the project, Everton FC is quoted to have committed to spending £55 million in preserving and celebrating the heritage assets as well as creating a heritage centre around the currently derelict Hydraulic Tower.	*TBC*
St. George's Hall	Liverpool City Council has been awarded £250,000 from Heritage Recovery fund to develop an augmented reality-based experience using the historic cells and the Hall's role as a Court of Justice as the 'story'. The project will be delivered in two stages: Phase 1 will be free to enter and Phase 2 will be ticketed.	*Phase 1 2021*
New Cruise Terminal	An upgraded, expanded cruise liner terminal, with an estimated cost of £120 million is planned to replace the existing temporary facility. The new terminal would enable the City Region to accommodate larger vessels carrying up to 3,600 passengers.	*TBC*

Scheme	*The headlines*	*Indicative timeframe*
Public transport improvements	New trains to be introduced onto Merseyrail services which will provide better access and improve travel around the city region. Ongoing improvements through the smart ticketing scheme will also provide easier access to public transport tickets for visitors.	*Ongoing*
	Southport	
Southport Marine Lake Events Centre	The new Marine Lake Events Centre is planned to replace the current Southport Theatre and Convention Centre. The new Events Centre is the anchor project of the successful Southport Town Deal. The £70 million Events Centre will include a 1,400 flexible seated auditorium, 1,500 m2 Exhibition Hall, meeting rooms capable of hosting over 1,000 delegates along with high quality work space and food and beverage units. The new Events centre will be capable of hosting entertainment events, conferences, private functions and e-sports, on the adjacent Marine Lake will be a £3 million water and light show. The new Centre will be open in 2024/25	*Town Deal fund awarded.*
Southport Seafront	The operator of Pleasureland has developed plans for an internationally recognised, branded visitor attraction as part of a £50 million project. The project will be delivered in a number of stages and will transform the existing site as well as adding new attractions. Southport Cover will see a world class £40m surf attraction built on the Southport Seafront. An all year round attraction will also include a 4 start hotel, spar and a number of other leisure attractions. Southport cove is planned for completion in 2024.	*Ongoing*
Bootle Canal Side	The Bootle Canal side Is next to Bootle Strand and will see the space transformed into an attractive events & leisure space. The new site will host a number of food and beverage units, events space and an urban garden. In addition to this a Flying Theatre is planned to compliment and add to the overall visitor offer.	*TBC*
	Wirral	
Eureka	Eureka Mersey is a new £12 million children's attraction which is opening in the Seacombe ferry terminal in 2022. The project will be run by Eureka!, the trust which has been running the UK's most successful children's museum in Halifax for over 30 years. The project has been funded by Liverpool City Region Combined Authority SIF (£6.442 million); the Wellcome Trust and BEIS (£3 million); Private Trusts & Foundations (£1.1 million); Wirral Council (£508,000); and Orsted UK (£100,000).	2022

Scheme	***The headlines***	***Indicative timeframe***
Wirral Left Bank	Wirral Left Bank is a regeneration framework which covers the areas adjacent to the River Mersey from Birkenhead around and up the peninsula, taking in Seacombe and the resort of New Brighton. The scheme, which will take at least 20 years to deliver, includes significant plans to position the Wirral coastline as 'the Left Bank' of the Mersey – like Brooklyn to New York. Specific schemes include a new Birkenhead market, a green transport corridor and a new large objects store. Regeneration plans for Birkenhead would reposition the town as an independent centre with a strong creative industries presence.	*20 year+ plan. First phase 2022*
Birkenhead Town Deal Fund	The £25m allocation funding will support a series of transformational projects which will play a "pivotal role" in the renaissance of Birkenhead and its visitor economy including the development of visitor attractions, public realm improvements, live music skills venue and a cultural and community space.	*Town Deal Funding*
New Ferry Future High Street Fund	A £3.2m allocation of funding to support improvements to parking, highways and landscaping to encourage footfall and underpin the wider New Ferry masterplan.	*Future High Street Fund*
	Knowsley	
Shakespeare North	Shakespeare North is an ambitious scheme to develop a new 350 seat Elizabethan style theatre which will form the third point on the 'Shakespeare triangle' with London and Stratford. The new venue will include an outdoor performance garden, exhibition and visitor centre and educational facilities and will spearhead culture-led revival of Prescot. To date, funding has been secured from Knowsley Council (£12 million), central government(£5 million) and the Liverpool City Region Combined Authority (£10.5 million). It was recently awarded a £3 million Capital Kickstart Grant as part of the government's funding package to help protect the UK's culture and heritage sector from the economic impact of COVID-19. Alongside this public sector support, the project has also secured contributions from two grant making trusts and a major donation of £700,000 from the Sir Ken Dodd Charitable Foundation Trust. It is due to open in 2022.	2022
	Halton	
Borough regeneration	Although the visitor economy has been a lower profile in the borough than other employment sectors, the important role that it plays in providing local employment is clearly recognised the award of the £23.6m Town Deal funding will impact on the visitor economy including the redevelopment of Runcorn Old Town and	*Town Deal Funding*

Scheme	***The headlines***	***Indicative timeframe***
	development of the Brindley Theatre. The Hidden Halton scheme also includes marketing and trails which connect the 'hidden gem' attractions including Norton Priory and the Lewis Carrol centre.	
	St Helens	
Borough regeneration	The successful £25m St Helens Town Deal plan includes a number of schemes which will enhance the appeal of the destination including a reimagined World of Glass. This is supported by a living and regeneration project to transform the town centre coupled with public realm enhancements, new park and digitally enabled heritage trail. A healthy communities project to address health inequalities; improvements to the movement infrastructure delivering sustainable travel options and investment into digital infrastructure will also do much to enhance the visitor offer.	*Town Deal Funding*

Part 2 – Future actions

1 Introduction

This section sets out the priorities for the visitor economy across the Liverpool City Region over the next two years.

The Visitor Economy Investment Strategy, produced in 2016, identified the four priority areas of: connectivity and skills; business events; leisure marketing; and product development. These priorities are all still relevant but their focus has changed as a result of Covid and new interventions are needed including dedicated business support.

Central to the VE Investment Strategy was the need for less reliance on the public sector funding, with greater emphasis placed on the private sector businesses (that are sustainable in their own right) making a larger contribution towards destination led activity. The rationale for this was simple – that this will generate a greater return on investment for them in the long run - for example through increased buying power/reach for marketing; a sustainable subvention pot to attract large conferences and more investment in destination welcome; etc.

In the short term, however, as businesses begin to recover and rebuild from Covid, they will not be in a position to contribute to destination focused investment plans in the way that was set out at that time. The interventions which follow in this section, therefore, will be essential in rebuilding the confidence of the private sector to invest at a destination level. **This will have to be led by the public sector over the lifetime of this strategy (2 years) but on the premise that - in the longer term - it will provide the basis for securing private sector investment.**

In that sense, the short-term interventions being proposed to support recovery in this strategy cannot be developed in isolation of the longer-term funding model. Attracting public sector investment now will be dependent on achieving a model that minimises dependency in the future. Similarly, the private sector will need assurances now that any future funding arrangements will provide an acceptable return on its investment.

With these factors in mind, the opportunities being presented by the Commercial and Culture Business Improvement District (BID), that was voted in in June 2021, is being given serious consideration. While these initiatives will take a period of time to establish, they offer the potential to be effective mechanisms for generating private sector investment that can be reinvested back into the visitor economy. The short term interventions being proposed in this strategy provide a critical and effective transition whilst these models are being developed.

The priorities that follow, therefore, have been grouped into five areas: two of which relate to rebuilding demand and confidence amongst key markets (demand side interventions) and two of which relate to developing and supporting the visitor offer and experience (supply side interventions). The final cross cutting priority relates to developing resilient support structures for the sector.

The priority areas are:

1. market demand generation for leisure and business tourists;
2. market demand generation for business events markets;
3. market readiness – support for visitor economy businesses;
4. market readiness – skills support for visitor economy staff; and

5. developing resilient support structures – ensuring that the DMO network is sustainable and can provide a support mechanism to the sector.

2 Refocussing marketing – demand generation

2.1 Importance of leisure and business tourists to the city region

In 2019, the Liverpool City Region attracted 5.4 million leisure and business staying visitors, collectively generating c£5 billion into the regional economy. The evidence base in Section 3 of this report (and summarised above) shows the devasting impact that Covid had across the sector with the value of the visitor economy falling by around 38%.

After over a year where most people have largely been confined to their homes and local neighbourhoods, there is significant pent up demand for leisure trips – both day trips and overnight stays. There will, however, be significant competition from international destinations as well as other destinations across the UK to attract visitors - Scotland has launched a £25 million tourism recovery scheme, Visit Wales has identified a £60 million funding pot over the next five years, both of which have identified domestic and international marketing as priorities. The Irish Tourism Recovery Plan is supported by an increased domestic marketing budget of €30 million (up from €10 million) for 2021 and an international marketing budget of € 94 million, increased from €47 million.

For the Liverpool City Region, which is heavily dependent on its leisure and hospitality businesses, it will be particularly important that it retains and rebuilds its share of the market in the coming years. The growth projections set out in Section 2.4.2 describe the rate of recovery to 2019 levels. This is predicated, however, on the assumption that the city region can reach the markets that have been prioritised and can remain competitive with other regions within the UK.

To kick start this process, the first priority relates to marketing activity to stimulate demand from leisure and business visitors to the city region.

2.1.1 2019 Destination Marketing SIF Bid

A Destination Marketing (DM) SIF bid was submitted in 2019 that set out a proposal for support for a marketing delivery plan aimed at the growing staying visitors to the city region.

The DM bid was based on marketing plans for Liverpool, Wirral and Southport as the main destination brands for the city region. It focused on using the pulling power of Liverpool and the wider international product of the city region's districts, to attract far domestic and short haul (international) staying visitor markets. Visitors would then be dispersed around the city region. The bid also included plans to help Wirral and Southport attract their regional markets. It was based on developing thematic marketing campaigns and using major events as the pillars to anchor the marketing around[4].

The bid also included a rationale for investment in destination welcome, digital infrastructure development and market research.

There were a number of aims outlined in the bid, all of which remain valid and are much needed at this time:

[4] This marketing strategy clearly needs revisiting and updating post-Covid through the revised DM bid.

- creating a mechanism for sustaining destination marketing activity by demonstrating the economies of scale that could be achieved by operating at a destination level. The private sector would sustain this investment because it generated a return on investment for them. Ultimately, it would provide further justification for a wider commercial model that is currently being explored for Liverpool. This model could also be used in the city region's other destinations, particularly Southport and possibly Wirral;
- enhancing the region's image with subsequent benefits for investment and place positioning;
- reducing seasonality to improve sector productivity and address market failures;
- dispersing the economic benefits across the city region through 'attract and disperse';
- increasing length of stay and yield; and
- investing in digital infrastructure, route development and visitor welcome.

The plan was underpinned by an evidence base which set out the city region's target markets. A number of interventions were outlined which collectively would deliver an additional 323,000 day and staying visits, generating £122 million in additional expenditure over a three year programme of activity.

2.1.2 Refocusing the DM Bid Post Covid

This funding is now needed more than ever in order to:

- bring tourists back to the city region, rebuilding confidence amongst existing markets when they are ready to come back and ensuring that the city region remains competitive;
- develop new visitor markets that have emerged as a result of the pandemic;
- attract markets that can come mid-week to replace the loss of international business visits;
- help all businesses in the hospitality, retail, attraction and cultural sectors to resume successful trading;
- establish a new sustainable funding model to support future marketing campaigns beyond the next two years; and
- support the emerging destinations which have been (or are in the process of being) transformed through the regeneration schemes around the city region.

2.2 Priority markets and timing

2.2.1 Identifying priority markets

Deciding on which market segments to target and when has to be based on a combination factors – aiming activity at market segments which are known to have an interest in the city region but which have also expressed an intention to make trips in the short to medium term.

The LCR's 2018 Destination Marketing Strategy set out the city region's target markets prior to the pandemic. The evidence base in the following section (and which is summarised in Section 2 above), sets out the evidence from VisitBritain's research that relates to consumer perceptions for the Liverpool City Region's target markets. The following section shows how these target markets have changed due to the pandemic.

It is important to note, however, that consumer perceptions are changing constantly at the current time, based on a wide range of factors. Therefore, whilst the following markets represent the best prospects at this time, a key part of the strategy will be to invest in ongoing research, both into visitors and non-visitors, to monitor how this changes in the next two to three years.

2.2.2 Short term importance of 'within region' visits

One important factor which has come into sharp focus in light of the Covid pandemic is the importance of stimulating tourism *within* regions in the short term. In the past this was something which was generally seen as simply displacing spend across the local economy but now it is recognised as having more significant regional benefit. Firstly, there is an immediate priority to encourage people to stay and spend within this country rather than going abroad. This will include encouraging people from other parts of the UK to visit the city region but also encouraging people to make more leisure trips near to home – effectively moving away from a single big spend international trip to making a number of domestic staying and day trips.

Secondly, the crisis has highlighted the fact that all consumer expenditure is not equal in terms of the value that it puts into the local economy. Expenditure made in hospitality, cultural or leisure businesses typically results in more money circulating in the local economy than the same amount spent on buying goods manufactured elsewhere in the world.

Finally, the importance of 'levelling up' the economy across the UK is a key priority in the 2021 budget and a priority area for DCMS. By definition, in order to level up, there will need to be displacement of spend from some areas within the region into others that have greater needs.

For these reasons, this strategy also now recognises the importance in the short term of marketing activity which is aimed at stimulating visits from people within the region, alongside marketing activity aimed at out of region visitors.

2.2.3 New market segment definition

Prior to 2019, the Growth Company used Mosaic to segment domestic visitors and 'matched' these against the Lion segmentation model used by VisitBritain. International visitors were profiled using Mangrove.

Since the pandemic, VisitBritain has identified that its Lion and Mangrove segmentation models are no longer a useful tool for assessing propensity to make trips since people's reactions (both in the UK and internationally) cut across these market segments. They have therefore developed a bespoke segmentation tool for the UK market which classifies visitors around intentions to make trips (spring intenders etc.). International visitors are classified only by country of origin. In order to align with this research we have, therefore, used the same broad classifications which include place of origin, age/ life stage and (for domestic markets) socio-economic groups. It is useful to use this specific segmentation whilst VisitBritain is continuing to carry out perception research to allow the city region to take advantage of it.

Although the 2019 bid targeted both leisure and business visitors, the segmentation primarily related to leisure staying visits since independent business travellers are generally coming for specific meetings. (Those attending conferences are different and are addressed in the following section). Post Covid, however, there is a new requirement to attract workers back into the city and towns to support hospitality and retail businesses. Encouraging workers to return to offices and encouraging independent meetings (independent business visitors) has, therefore, become a new priority for the city region.

In the immediate short term, the primary market is people living within the North West, followed by households living in major conurbations within a c3 hour travel time of the city region. Marketing Liverpool has received funding from VisitBritain to deliver a campaign aimed at these markets over late spring and summer 2021, particularly focusing on the pre-family (Gen z) and family/extended family markets. These markets will remain a key priority into 2022. By the autumn of 2021, there will be a particular need to stimulate domestic leisure demand, partly because the shoulder and off peak months are always quieter but especially into 2022, when business tourism numbers are projected to be lower than in previous years. These leisure visits will thus play an important role in supporting hotels, attractions and hospitality businesses.

Destination	*Markets 2019*	*Markets post Covid*
Liverpool	**Domestic leisure:** 180 minute drive time; London/ SE; Scotland; Northern Ireland; West Midlands. 25-34 years and 40-45 years	Drive time catchments remain valid. Focus over the next 12 months should be on pre-family and family visitors (18 to 34) from AB socioeconomic groups. Empty nest and retired visitors from autumn 2021
	Inbound leisure: France, Germany; North America; Italy; Norway; Ireland. Mix of segments including younger independent travellers, families and mature couples	Ireland from autumn 2021 Other short haul from spring 2022 US; China from summer 2022 Other long haul from summer/ autumn 2022 depending on research & restrictions
	Domestic business: not previously a priority	Office workers and people who have been home working who can return to places of work in the city centre. Immediate
Sefton	**Domestic leisure**: 90 minute drive time (within region); other NW; North Wales. Affluent older family groups; younger aspirational families.	Drive time catchments remain valid. Focus over the next 12 months should be on pre-family and family visitors (18 to 34) from AB socioeconomic groups. Empty nest, retired visitors and aspirational families from autumn 2021
	Domestic business: not previously a priority	Office workers and people who have been home working who can return to places of work in the city centre.

Destination	*Markets 2019*	*Markets post Covid*
Wirral	**Domestic leisure:** 90 minute drive time Younger and middle aged family groups; older visitors	Drive time catchments remain valid. Focus over the next 12 months should be on pre-family and family visitors (18 to 34) from AB socioeconomic groups. Empty nest and retired visitors from autumn 2021
	Domestic business: not previously a priority	Office workers and people who have been home working who can return to places of work in the city centre. Immediate
**St Helens, Knowsley and Halton	**Domestic leisure:** 90 minute drive time Younger and middle aged family groups; older visitors	Focus over the next 12 months should be on pre-family and family visitors (18 to 34) from AB socioeconomic groups. Empty nest and retired visitors from autumn 2021. Major venues/attractions (Haydock Park, St Helens Rugby League, Norton Priory, Knowsley Safari) will enhance the opportunity to disperse far domestic and international visitors.
	Domestic business: not previously a priority	Office workers and people who have been home working who can return to places of work in the city centre. Immediate

*** Assumed as no prior research pre Covid audiences is available.*

2.2.4 *Attracting younger markets*

Younger people i.e. those in the pre family life stage, have become a more important priority market since these people have a particular desire to resume travel and leisure activities.

Prior to Covid, there was evidence of the appeal of the city region to younger adults aged between 16 and 34. People in this age cohort accounted for just over 36% of all visitors to the city region, compared to 25% of the UK population as a whole.

Within this age range, however, 24% were people aged 25 to 34 (typically those in the young family life stage) who make up just 13% of the UK population. People in the pre-family life stage (16 to 24 years) make up a smaller percentage of the market, accounting for just 12% of the city region's visitors – the same percentage as for the UK population as a whole. For Liverpool city, however, people in this age group made up nearly 14% of all visitors, suggesting the particular appeal of the city offer for these younger adults.

Unsurprisingly, people in this age range showed a particular interest in visiting museums and attractions (23%), shopping (11%) and eating out (12%) but events were also of particular importance to them (21%). Clearly the city region has a strong product offer for this market but targeted campaign activity and product development (see below) will all be key in developing this key market segment in the coming year.

2.2.5 The importance of older visitors

Although it will be important for the city region to develop its appeal to younger visitors, it is also critical that it retains market share amongst older domestic visitors who have historically been a dominant segment for the region.

These domestic empty nesters and retirees will become particularly important from autumn onwards since these people often have greater flexibility around travelling outside peak times. Although the last wave of research suggested that these segments were more hesitant about travel than younger markets, it will be important to monitor trends to see if, as anticipated, the vaccination roll out provides greater confidence for older travellers.

In reaching these audiences, some emphasis will need to be placed on engagement with the travel trade industry, especially coach and tour operators. (These group markets will continue to be of strategic importance for the city and city region based on the overall volume of visitors generated pre pandemic). The travel trade is clearly gearing up to service the pent up demand that has resulted from months of restrictions and coach trips are able to provide safe and carefully managed excursions, primarily for older visitors. For the destination, they also offer a prebooked and ‘guaranteed’ source of business.

In winning these markets back, however, emphasis needs to be placed on itinerary development, secure coach parking facilities that are in easy reach of attractions, advanced bookings and ease of access by road.

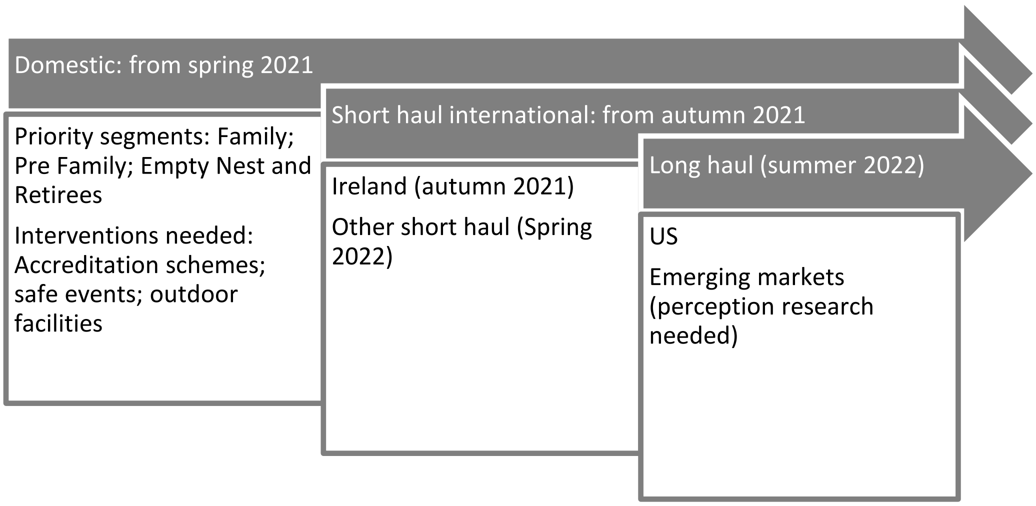
The ‘safe destination’ interventions identified in Section 2.3 below (accreditation schemes and safe events, etc.) will be important in ensuring that older visitors, or those who have felt vulnerable during the last year, have confidence in returning to the destination.

2.2.6 International markets

At the present time, there is still uncertainty around when international markets will be able to return. By autumn of 2021, however, assuming that this is not destabilised by a third wave and restrictions allow, marketing activity aimed at the Irish market, should be developed, working in partnership with Liverpool John Lennon Airport (LJLA) and the airlines.

Marketing to other international short haul markets may be realistic from spring 2022 although it will be essential to monitor trends carefully and retain as much flexibility as possible in planning (for example, committing to campaigns as late as possible and focussing on online activity which offers more flexibility). It is interesting to note that most destinations are refraining from making commitments about when they will resume marketing campaigns to international markets. As with domestic markets, however, when there is some certainty around the lifting of inbound restrictions, there will be significant global competition and as with domestic markets, LCR will need to be ready in order to protect its market share.

In terms of long haul markets, these are likely to take longer to return and even though US consumers appear to be expressing a high level of intent to visit the UK, all of the practicalities suggest that it will take longer for them to return. It seems unlikely that these visitors will return before the summer of 2022.



Finally, although emerging markets, particularly China, have not been a priority for Liverpool previously, the research suggests that emerging markets are expressing a strong interest in UK travel. The city region should invest in specific perception research through VisitBritain to understand whether these markets now present an opportunity, potentially from 2022 onwards.

(A more detailed analysis of the new markets is provided in Section 2.6).

Market summary

2.3 Developing the offer

In order to maximise the value of marketing campaigns there are a number of interventions that will be needed, either to attract the new market segments or to be able to cater for all visitor needs over the next two years. Some of these interventions formed part of the previous SIF bid whereas others are new requirements.

- **'Safe destination' accreditation schemes:** Accreditation schemes such as VisitBritain's 'We're Good To Go/ Safe Travels' stamp should feature prominently in marketing materials. This will be a particular priority for major cultural and heritage attractions and iconic sites which will remain important for international visitors;
- **Outdoor experiences: will also be highlighted in marketing campaigns. This will include the** wide range of outdoor eating and shopping that has been enabled through the Without Walls scheme;
- **The 'safe events' programme**: the city region is developing a strong programme of outdoor events, festivals and sporting events which should form part of the destination marketing message. Liverpool is currently part of a national pilot of safe events and this provides an opportunity for exploiting the city's credentials in terms of safe visitor management. Although not linked directly to the scheme, Liverpool City Council organised the River of Light event, which ran for two weeks from 23rd March 2021. To date, there are no plans for events in the Liverpool parks but there may be some which arranged on the waterfront over the summer.

- Somewhere is a city region-wide cultural programme that encourages engagement in outdoor art, building on the success of Anthony Gormley's Another Place, Jaume Plensa's The Dream and the work of the Liverpool Biennial. Plans for 2021 including hosting music and theatre in different locations including city streets, car parks, high streets and forests.
- **Digital development**: the previous SIF bid identified the need for improvement to the region's destination websites through investment in a new integrated operating platform and CRM system. A detailed specification has been developed for this. The need for this system is even more critical now to better support online marketing activity, customer management and user tracking. The potential growth opportunity identified from the pre-family market will also require a fully integrated online service to meet the needs of this tech-savvy generation. The need to be able to facilitate online content sharing and seamless online booking between different providers, also identified in the previous SIF bid, will form an important part of this;
- **Visitor welcome**: the SIF bid included three specific interventions relating to destination welcome:
    - **Enhancing visitor information and connectivity**: a package of measures to make it easier to disperse visitors around the city region and to provide better information to them at key interchanges and around the region. This remains very important for the new priority markets, particularly younger visitors and the off peak mid-week older markets for whom easy access to public transport will be particularly important. In addition to the proposed integration of Merseyrail and Merseytravel services, Avanti will be an important partner for attracting visitors from London. The revised bid should include joint activity with the rail operator who can work in partnership to provide: joint marketing activity in the South East, one-stop online booking integration of rail and other services and a Welcome desk at Lime Street station;
    - **LCR Welcome Programme:** provides an opportunity to offer visitors information about safe travel as well as wider information and will remain a key part of the delivery plan.
    - **Coach Welcome**: coach operators are confident about the demand for the return to coach travel from older visitors who have been vaccinated and, therefore, feel confident and willing to resume day trips and short breaks. Destinations including Liverpool, Southport and Port Sunlight offer particularly strong appeal for this market. There are, however, some gaps that need to be addressed, in particular in Liverpool where secure overnight parking and accessible city centre coach parking facilities are needed if the city is to retain its Coach Driver Friendly status.
- **Route development**: as air travel begins to return, there could be an opportunity to work with LJLA on route development. The airport operator has suggested that a number of short haul destinations could be developed as hub airports, including Amsterdam, Frankfurt, Munich, Paris, Madrid, Helsinki and Reykjavik. Two of these markets already form part of the city region's core short haul markets although demand from Helsinki and Reykjavik is unproven. The opportunity should be explored further through the Destination Marketing Plan and may require some joint research with the airlines.
- **Market research and evaluation**: research into changing market perceptions, the potential growth markets (identified above) and consumer travel behaviour will be absolutely central

to the success of future marketing activity. In addition to the interventions identified in the previous SIF, the plan should include funding for more online visitor tracking and specific perception research into the potential new markets identified above.

2.4 City Region Events Strategy

In recent years, the city region has hosted a diverse events programme including international cultural events, music festivals, major sporting events, family events and food festivals. In particular, the city region's reputation for hosting high profile cultural, music and sporting events has been an important component in the development of the appeal of Liverpool, Southport and Wirral as destination brands. This is supported by the current and emerging product across the wider city region including key brands and experiences such as Haydock Race Course, Knowsley Safari, Shakespeare North, Norton Priory and St Helens Rugby League to name a few.

Over the next two years, when demand from international visitors will be reduced but competition for domestic visitors will be keen, events will be an essential component in the destination's appeal. This is particularly critical given the link between major events and the destination brands.

Over the next two years, the city region's ability to host events, however, is seriously under threat. In part, this is linked to restrictions on gatherings because of Covid, with some event organisers choosing to cancel events in 2021 linked to operating uncertainty. More significantly, however, is the reduction in public sector funding, which has been essential to the events programme in the past, and continues to come under threat. This public sector funding, which was used in some cases to bid for footloose events (through event subvention) or in other cases to develop home grown events, has been reducing over a number of years. It has recently come under greater threat as resources have been diverted into other Covid recovery programmes. As a result, some destinations (particularly Wirral) are currently reviewing the viability of their entire events programme. Other destinations are having to reconsider what they will be able to support in future years.

Several events, such as the Southport Flower Show, Southport Air Show and the Wirral River Festival have been cancelled for 2021 (see Section 3.2 below for the latest known list of major events for 2021). As above, some of these were cancelled because of the uncertainty around operating restrictions but others have been cancelled because of public sector funding constraints. The following shows how the regional, national and international events programme for 2021, as it currently stands, compares to the comparable events programme that was hosted in 2019[5]. (Football fixtures have not been included in the analysis since the cancellation of football matches is only linked to Covid and not wider issues. Only major sporting and entertainment events hosted in ACC Liverpool have been included. Business events are assessed separately).

[5] Events data has been taken from the City Region Clash diary and, therefore, only includes those events which have been entered on to the system. As such it is probably not a comprehensive record of local events in particular.

	Local		Regional		National/ international	
	2019	2021	2019	2021	2019	2021
Cultural events	57	16	3	1	2	4
Outdoor events	45	5	4	2	1	1
Sporting events	11	13		1	2	1
ACCL sports events					10	3
ACCL entertainment			83	32		

In the post-Covid recovery period, the events programme will be particularly important as a marketing hook to all near domestic markets. Other major events such as the Biennial, International Beatle week and the Southport Flower Show will be important in attracting national domestic and, from 2022, international visitors.

The events programme will also be important in growing the pre-family and family markets, lengthening stays, increasing yields and extending demand in the shoulder months.

The importance of the events programme, therefore, means that there are two immediate needs. Firstly, there is a need for the development of a co-ordinated Events Strategy which sets out the annual events calendar which can be used as a basis for the targeted marketing campaigns.

Linked to this, however, is a need to develop a sustainable funding model to support those events which are most critical to delivering the visitor economy target set out in Section 2.4.2. Since some of these events, particularly the major sporting events, deliver similar impacts to business events and conferences, it is sensible to consider a funding model for these types of events linked to the commercial funding model discussed in Section 3.3 below. It may also be possible to consider whether support for other events, such as the major outdoor events, could be considered as part of the visitor economy funding model that is being assessed.

2.5 Key messages

All of the evidence in the first section of this report highlights the challenges that cities are facing in terms of consumer perceptions. Unsurprisingly, cities which are generally thought of as busy and potentially crowded places are perceived as less appealing than destinations which can offer space, calm and room to move.

Liverpool City Region, however, with its mix of city, coast, outstanding heritage and countryside, has the all of the destinations and experiences that meet the current need for safe, comfortable trips. It is in a strong position, therefore, to provide compelling itineraries and recommendations for visitors. Focusing marketing activity on the city, coast and countryside message, therefore, should remain central to campaign activity.

There are some general principles which the city region's promotional activity should be based on:

- activity to national and international markets will lead with Liverpool as the attack brand. Southport and Wirral will be promoted within region and within the 60 – 90 minute drive time. The outstanding experiences and attractions across the LCR's wider offer (St Helens, Knowsley and Halton) will be use build awareness of the region's wider offer and encourage visitor dispersal

- in the short to medium term, most visitors will be prioritising safety and confidence so marketing activity should encourage value over volume and avoid price led campaigns which drive volume;
- marketing activity should aim to disperse rather than cluster visitors. Campaigns should aim to promote more places and more attractions, encouraging visitors to explore and get away from the more widely recognised honeypots. The 'attract and disperse' principle and the connectivity interventions to the City Region's wider visitor offer outlined above will be important in achieving this;
- visitors should be encouraged to support local neighbourhoods and communities – because this is the best way to discover any destination and because people have come to value communities more over the last year. A number of the destination regeneration schemes, which are supporting neighbourhood developments, such as Birkenhead Left Bank, will provide opportunities for promoting new visitor destinations;
- there should be a specific campaign, aimed at encouraging workers back to their offices in city and town centres, aimed at both employers and employees;
- in order to get maximum impact as quickly as possible from marketing spend, when planning campaign activity, the city region should work with strategic partners. This could include:
  - working with VisitBritain, LJLA and other partners in the North West (for example, Cumbria and Manchester) to develop marketing campaigns aimed at international visitors;
  - working with Avanti on marketing campaigns and joint rail/attraction ticketing aimed at national and international markets;
  - working with Merseyrail/ Merseytravel specifically on within region campaigns; and
  - working with local authority partners/DMOs and businesses as product/experience providers and co-funders.

2.6 New priority markets summary

Market	Segments	Offer/ messages	Approach	Timescale
Domestic markets				
North West *Total no. of adults prepared to take a UK trip in Spring: 73k*	Families (25 – 45 years) Pre-family (18 – 24 years) – mid week/ off peak & peak Empty nesters (45 – 64 years) -mid week/ off peak Retirees (65+ years) – mid week/ off peak	Discover new places on the doorstep Safe events Outdoor city – outdoor eating, shopping, attractions	Individual destination marketing activity Joint and thematic campaigns facilitated amongst groups of businesses and destinations Joint marketing with rail and bus operators	Immediate ML has secured funding for a spring/ summer campaign 2021. Funding will be required to maintain activity into the autumn

Market	Segments	Offer/ messages	Approach	Timescale
South East/ Midlands *Total no. of adults prepared to take a UK trip in Spring: 2 million*	Pre-family (18 – 24 years) – mid/week/ off peak & peak Empty nesters (45 – 64 years) – mid week/ off peak Retirees (65+ years) – mid week/ off peak	Safe events Outdoor city – outdoor eating, shopping, attractions City/ coast countryside	LCR marketing activity, leading with Liverpool Thematic campaigns: culture/ heritage; sports; music; festivals & events Joint marketing with rail operators	2021 & 2022 to target mid-week visits and up and coming opportunities such as the Rugby League World Cup in 2022
Short haul markets				
Ireland *Total no. of adults prepared to travel to UK: 277k*	Families (25 – 45 years) Pre-family (18 – 24 years) Empty nesters (45 – 64 years) Retirees (65+ years)	Visiting friends & relatives Outdoor city (eating & drinking) Safe city (iconic attractions) City/ coast countryside	LCR marketing activity leading with Liverpool Route development/ marketing with airlines through LJA Joint marketing with ferry operators	Autumn 2021 & 2022 (dependent on travel restrictions)
Italy *Total no. of adults prepared to travel to UK: 7.2m*	Pre-family (18 – 24 years) Empty nesters (45 – 64 years) Retirees (65+ years)	Safe city (culture, heritage, iconic attractions) City/ coast countryside	LCR marketing activity leading with Liverpool Joint marketing with NW partners VB campaigns	Spring 2022, 2023
Spain *Total no. of adults prepared to travel to UK: 4.3m*	Pre-family Empty nest/ Retirees Family	Safe city (iconic attractions) Flexible travel planning	LCR marketing activity leading with Liverpool Joint marketing with NW partners VB campaigns	Spring 2022, 2023
France *Total no. of adults prepared to travel to UK: 3.7m*	Pre-family Empty nest/ Retirees	City/ coast countryside Flexible travel planning	LCR marketing activity leading with Liverpool Joint marketing with NW partners VB campaigns	Spring 2022, 2023
Germany *Total number of adults prepared to travel to UK: 2.8m*	Pre family Empty nest/ Retirees	City/ coast/ countryside Outdoor city (eating & drinking) Safe city (iconic attractions)	LCR marketing activity leading with Liverpool Joint marketing with NW partners VB campaigns	Spring 2022, 2023
Norway *Total no. of adults prepared to travel to UK: 367k*	Pre family Family	Outdoor city (eating & drinking) Safe events	Marketing through football tour operators	Spring 2022 linked to return of spectators to premiership football games

Market	Segments	Offer/ messages	Approach	Timescale
Long haul markets				
US *Total no. of adults prepared to travel to UK: 17.4m*	Empty nest/ Retiree Family Pre family	Outdoor city (eating & drinking) Safe city (iconic attractions)	LCR marketing activity Joint marketing with NW partners VB campaigns	Summer 2022 (dependent on travel restrictions)
Other long haul			LCR marketing activity Joint marketing with NW partners VB campaigns	Dependent on research and travel restrictions
Business markets				
Workers and employers based in Liverpool and Southport	Businesses and their employees	Importance of office networking & collaborative working; supporting your city/ town	Liverpool, Southport Partnership with major employers?	Summer 2021

2.7 Destination marketing funding

2.7.1 Short to medium term funding

The main opportunity for destination marketing funding is linked to the reprofiled SIF bid. The sections above set out the rationale for the priority markets and interventions needed to attract them.

The previous SIF bid was based on a three year campaign that would provide a strong basis from which to build business confidence in investing in destination marketing activity in the future. For the revised bid, it will be necessary to profile the matched funding differently, however, and to assume a smaller contribution from the private sector in 2021, building to 2022 and beyond.

The previous bid included public sector support for different elements of the plan from each of the partner local authorities. Their ability to contribute will also need to be checked and confirmed as the bid is finalised.

As with the previous bid, private sector match could come from a range of partners. It is important, however, that the new bid paves the way for a sustainable approach to destination marketing by providing businesses with the evidence of the return on investment that they can achieve through investment into campaign activity.

Other potential grant funding sources that should be explored to support destination marketing include Welcome Back Funding and the Community Renewal Fund which may have the potential to form part of match funding for destination marketing campaigns.

Further funding may become available linked to the outcome of the DCMS DMO review (see section 6.4) and, whilst this should not be expected, it will be important that the city region engages fully in the review and is ready to take advantage of any opportunities which emerge.

2.7.2 Long Term Funding

In the initial Outline Business Case that was submitted for SIF funding, it was explicit that the funding was for a transition project that will lead to a new working and funding relationship with the private sector. However, in moving to that model, the mechanisms for generating the level of investment required to sustain marketing activity must be established through an appropriate level of consultation.

This is a key issue and it is linked to the wider issues around creating a sustainable funding model for destination development and support. It is therefore addressed in section 3.3 and 3.4 below as part of the exploration of a new commercial funding model that could support a range of functions including business and sporting events subvention. It also addresses the implications for destination management delivery structures, including the role of Marketing Liverpool and the DMO network.

3 Business events markets

3.1 Impact of the pandemic on the business events sector

When the global pandemic struck in March 2020, the business events sector as a whole was decimated with the impacts being felt across the visitor economy.

ACC Liverpool, Liverpool's major conference and events venue, saw immediate cancellation of all events initially until April 2020. At the earliest, major events will not be permitted until June 2021 and international events, although only a small percentage of their market, are likely to be further affected by incoming travel bans or by travel restrictions imposed in countries of origin for some time to come. Indeed, the effects of the pandemic will almost inevitably stretch into future years because events which take place on annual and biennial rotation have now been rescheduled. To date, ACCL has seen the cancellation of 56 conferences with a value of just over £4 million. Bookings for the second half of 2021 are reasonably buoyant, mainly because of cancellations from 2020. 2022 is likely to prove more challenging however, and although both business to business and business to consumer exhibitions appear to be selling quite well, bookings for sports and entertainment events are less promising at this time.

In May 2020, as a direct result of the pandemic, the Southport Theatre and Convention Centre (STCC) was put into liquidation by its operator Bliss Space (Southport) Ltd which held a short term lease on the property. They blamed significant cancellations (including cancellation of 30 planned conferences) as a core reason for the decision. It is anticipated that the venue will return to Sefton Council until a proposed redevelopment is complete.

The impact of the pandemic will clearly have significant implications for sales and marketing, but also for the way in which business events will be managed in the short to medium and longer term. As the scenario in section 2.4.6 above shows, it is likely that business tourism as a whole will not recover fully to 2019 levels over the next five years since it is likely that the changes in travel behaviours, such as the wide scale adoption of online meetings, will have a permanent impact on the way in which business is conducted in future. Within this however, business event visitors (as opposed to people travelling independently for business meetings) are the only sub segment of the market which has the potential to return strongly in the short term. The importance of this segment therefore will play a critical role, not only in ensuring the stabilization of conference and event venues, but also in seeing a return of mid-week hotel occupancy levels and the restoration of trading for restaurants and other businesses that depend on this weekday market.

Some operators are also suggesting that in future, whilst there will always be demand for face to face conferences and networking, they anticipate that a percentage of delegates to most events will continue to attend through virtual channels. Conference and exhibition organisers therefore will have to facilitate this need and to work with venues that can offer the required services and support.

3.2 Existing support and funding

In response to the crisis, the Business Events SIF, which was approved in 2019, was repurposed from its original seven year time frame to a three year period. When the bid was resubmitted, it included acknowledgement that a second bid would be required to continue to support the sector from 2023 until 2027, the original end date of the bid programme. The purpose of the revised bid was threefold: to reset the original conference targets linked to the significant changes in the market; to assist venues in replacing lost conference business; and to protect business that was already secured. It also extended the resources that were made available to the Convention Bureau.

The SIF bid also provided funding for a reassessment of the commercial model that is required to generate subvention funding into the future. The timescales associated with revising and implementing this subvention model will, of course, be determined by the ability of the private sector to adopt it. Covid has compromised this ability in the short term and, therefore, further short term transitionary funding will be needed to bridge this gap until a viable model can be implemented.

3.3 Revising the approach to subvention

In the short term, the immediate risk to the sector has been managed through the SIF programme funding to 2023 which is protecting conference activity and the venues and local amenities that are reliant on delegate spend. This is, however, a short term solution. Developing a sustainable funding model for business events remains a critical requirement for the sector.

In order to secure larger scale association and political conferences post 2023, ACCL, in particular, will need certainty about future subvention funding. These larger events typically have a lead time of two to three years and, therefore, the venue needs to have certainty now about the availability of subvention funding in order to build its future pipeline of major events.

There are multiple risks if a viable model for subvention cannot be found. In particular, ACCL will be forced to attract lower yield conferences that do not bring wider economic impact (spend and bed nights) to the city region. It is also likely that the venue would be forced to compete for smaller corporate events to satisfy its commercial income targets, thus displacing business from other smaller venues in the City and city region.

Pre pandemic, the Business Events Strategy identified that the city region requires around £800k per annum to support business events activity. This includes c £450k per annum that would be required to allow ACCL to attract eight major conference events to the city plus a further £70k required for subvention for the rest of the city region. This latter amount would provide a subvention allowance for the Convention Bureau to attract smaller scale international and national association conferences to the city region’s other conference venues such as Anfield, bigger hotels and universities etc.

The requirements for the STCC are still being determined as part of the business modelling for the development of the proposed new venue. It is recognized, however, that having access to subvention will be crucial for building the reputation of the centre and winning back lost business during it closure. As with the ACCL, the approach to generating a sustainable subvention fund over the next two years will be crucial in enabling the venue to bid for events in time for the planned reopening in 2024.

Pre pandemic, work commissioned as part of the original SIF project provided modelling that concentrated on raising revenues through standard rateable value business contributions, supplemented by a separate levy on serviced accommodation providers. The supplementary charge was intended to reflect the value of business events to the accommodation sector (in terms of increased bed nights, rate and occupancy etc) and because revenue generated through the standard rateable value contribution alone (1.5% on top of existing business rate contributions), was not sufficient to meet the region's overall subvention requirement. The option also offered the potential to support other destination-based activities including destination marketing, destination management and bidding for leisure/sporting events.

In terms of the detailed modelling for the hotel/accommodation elements of the levy, the business events strategy assessed the options for a levy based on visitor nights and a zonal model whereby accommodation providers are charged based on their proximity to the conference venue. Whilst not insurmountable, the key issues with both options ranged from the unfairness of a tax on the accommodation sector that is not perceived to be equitable (when compared to the contributions made by other all sectors of the visitor economy), to the impracticalities of introducing a charging system that could incorporate multiple venues.

3.4 Alternative approaches

Given the weaknesses identified in both options, two alternative mechanisms are now being considered for levying accommodation providers. The first is a commission based model whereby all hotels within the BID area would be subject to the standard percentage business rate levy. A percentage commission payment would also be made after business has been generated and above an agreed baseline (potentially set every two years).

The second option is an increased business levy for accommodation providers of anywhere between 1.5% - 5% of their rateable value (RV). For fairness, the levy charge could be made in several different ways to achieve the required revenue target. This could range from the straight percentage contribution of RV, to a percentage RV contribution that varies according to the size (number of rooms, REVPAR) or proximity of the hotel to the city region's mass of attractions - conference and events venues, leisure attractions, retail centres etc. A detailed assessment of these two options will be undertaken in summer/ autumn 2021.

Importantly, both of these two mechanisms could be replicated in Southport and other parts of the Liverpool City Region, something which will be explored as part of the process.

Equally importantly, the wider model (irrespective of the mechanism chosen) also has the potential to fund wider visitor economy related activities including destination marketing and major events (see Section 2) and offers a realistic exit strategy for other SIF projects including Destination Marketing.

3.5 Immediate actions

Through the business events project board, the next stage of development work for the revised commercial model is currently being commissioned. There is consensus that the BID model provides the framework for implementation, however, the mechanism (based on the three options) for raising revenue to meet the overall requirement has not yet been determined.

There is acceptance that, once developed for the City, it can act as the pilot for other Southport and other LCR destinations.

The outputs of the SIF bid and associated subvention funding are dependent on the commercial model being developed and adopted. Detailed modelling now needs to be undertaken, as it will need to be tested during the project. Within this, the funding requirement and funding gaps will need to be identified.

The above will provide the business case for transitionary funds that will be needed to secure conference business while the economy recovers and the private sector is able to release the required level of investment.

In June 2021 businesses in the Liverpool main waterfront areas voted to create Culture and Commerce Business Improvement District. The BID will take in many of Liverpool's major visitor attractions and venues including National Museums Liverpool, the Arena and Convention Centre Liverpool and the Royal Albert Dock. It will also include many of the waterfront hotels including the Crowne Plaza and Pullman with all businesses contributing 1.5% of their rateable value to the BID. The Culture and Commerce BID will operate for 5 years

The Culture and Commerce BID will also be supplemented by the existing Retail BID covering much of the city centre's retail quarters but excluding Liverpool ONE.

As part of these arrangements, the potential of establishing a separate Accommodation BID has been discussed with Liverpool's hoteliers via Liverpool Hospitality (the City Region's trade association) and whilst more detailed consultation is planned as part of the financial modelling work, the principle of creating of a separate accommodation BID is broadly accepted as the best mechanism for supplementing the income currently being generated by the existing BIDs. If successful, the accommodation BID would apply to all hotels within Liverpool city centre and supersede the arrangements for those accommodation providers currently contributing to the Culture and Commerce BID.

Based on the above, external support (using current project funds) will be commissioned in mid 2021, focusing on:

- **economic analysis**: to establish the baseline and do nothing scenario without subvention support;
- **financial modelling**: to estimate the cost of capture, revenue projections, other associated overheads and cashflow etc.;
- **management**: including governance, legal implications and accountabilities; and
- **commercial**: Retained services for testing and implementation.Summary of Business Events Markets.

3.6 Priority market summary for Business Events

The following table summarises the priority markets for business events for the city region's venues and the timing for sales activity and anticipated return.

	Including	ACCL	Other Liverpool Conference Venues	STCC	Other Southport Conference Venues	Wirral Conference Venues	Timing
International Associations	Trade & professional Associations; education & academic institutions	X	X				Sales immediate; event return from 2022
National Associations	Trade & professional Associations; education & academic institutions	X	X	X		X	Sales immediate; event return from autumn 2021
Corporates	National and local meetings; training events; AGMs; Board meetings; sales events; product launches	X	X		X	X	Sales immediate; event return from autumn 2021
Government and public	Government department, Local Authority, NHS and Charity events	X	X	X			Sales immediate; event return from late spring 2021

4 Business support – Market Readiness

4.1 Introduction

The next two sections of the report cover business support and skills. Whilst these are presented separately, they are fundamentally connected. Both sections are integral to the sustained success of individual businesses and the Visitor Economy Sector as a whole. Business support largely concentrates on business owners and management, whilst the skills agenda seeks to support those businesses in ensuring that their teams have the required skills to deliver high quality experiences and services.

As well as being connected to each other, these two supply side interventions are also both clearly linked to the demand side interventions identified since they are critical to the delivery of a compelling and competitive visitor offer.

In the simplest terms, visitor economy businesses have suffered very badly from the pandemic and many are struggling in the first phases of the return to 'normality'. Whilst large sums have been spent in supporting business through grants and relaxed fiscal regimes, there is no guarantee that all businesses currently trading will continue to do so without direct support. Retention of the business base, secured through a pro-active and targeted support regime (amongst other interventions), is clearly a prerequisite for the ongoing success of the City Region as a destination. The fact that the sector is dominated by SMEs (more than three-quarters of firms in the Arts, Entertainment and Recreation sectors are "micro" businesses) heightens this risk and puts particular emphasis on the need for appropriate schemes which can support business resilience, re-scaling and innovation to allow the sector to recover to pre pandemic levels.

This section outlines the rationale and need for business support, the pre and post-Covid situation and goes on to suggest a new approach to understanding the sector with detailed analysis of the gaps in current provision and headline recommendations how they can be filled. These interventions are likely to be needed over the short to medium term.

In summary the proposed interventions will come through:

- emerging government business support programmes (DCMS recovery plan for example and the potential opportunities in CSR as well as the shared prosperity fund);
- repurposing or improving access to the current Business Growth Programme (agreed for one year via the Growth Hub); and
- influencing local support programmes being delivered through the CA/SIF - £150 million has been pledged by the CA as part of the metro mayor's manifesto.

4.1.1 What is business support?

The term 'business support' covers a range of initiatives whereby the public sector seeks to work directly with businesses (sometimes through intermediaries) to improve their performance in such areas as productivity and profitability.

The Growth Company advises that existing programmes aim to support businesses in four key areas and many have more than one expected outcome.

1. **Business Growth**. Helping businesses grow by identifying barriers that stop expansion. This could be access to new markets, hiring talent, access to finance and lack of resource for capital equipment etc.
2. **Business Improvement**. Developing businesses through skills capacity, knowledge sharing and network collaboration to make them more productive and competitive.
3. **Business Resilience**. Supporting businesses in their survival in the short term and aiding their diversification to make them more resilient.
4. **Start-Up Support**. Increasing the number of businesses to increase the competition and to make them more efficient.

4.1.2 Overview of the sector

According to Beauhurst and using the SIC codes listed at Appendix B, there are 7,840 active businesses in the Visitor Economy who are registered in the Liverpool City Region[6]:

- 391 are in the transportation sector (5%);
- 559 are in the accommodation sector (7%);
- 4,281 are in the food and drink services sector (55%);
- 467 are in the administrative and support service activities sector (6%);
- Note that this includes businesses who rent/lease cars and equipment, travel agents and tour guides, and activities of conference organisers; and
- 2,244 are in the arts, entertainment and recreation sector (29%).

Whilst in many ways the needs of businesses in the visitor economy sector are the same as for all business, there are, however, two key factors which create specific challenges for the sector and thus impact on their business support needs:

(i) the premises-based nature of the sector, which impacts on fixed costs, growth rates, makes any amendments or changes capital intensive and reduces flexibility/adaptability; and

(ii) the 'operational imperative' – which restricts the ability to access business support due to operational considerations, an absence of time to research the support available and a consequent lack of awareness / knowledge regarding appropriate schemes. Most managers/owners have operational responsibilities in a pressurised customer-facing and demand-led environment, particularly those in micro-businesses. They, therefore, need to prioritise these immediate needs over strategic planning and management issues, reducing the amount of time to both participate in and research business support programmes. Other

[6] NB: Percentages here will not add up to 100%, as businesses can have more than one SIC code and thus may fall into more than one sector. Note that this is only an estimation of the number of businesses in the City Region, as it is based on the head office location of these businesses. Some businesses may have significant operations in the Liverpool City Region but are not registered here. Alternatively, some businesses may be registered in the LCR, but do not operate here.

sectors, for example, those which are more office based, work on a project basis or have longer lead in times and deadlines, are both more receptive and better adapted to engaging with those programmes. To increase take up, support needs to be easy to find and research and delivered in a flexible and responsive way.

In part, linked to these fundamental issues, there are some specific challenges that are faced by visitor economy businesses and which have particular implications for business support. These include:

- low productivity, especially in coastal and rural locations;
- large numbers of 'lifestyle' businesses with few growth aspirations; and
- a lack of generic business, financial and marketing skills amongst business owners (especially caterers).

Prior to Covid, however, and despite these fundamental issues, the demand for business support specifically for the visitor economy sector was limited, largely because the sector was performing well. As a result, specific business support programmes that addressed these challenges were not developed for the sector. That situation changed dramatically when Covid hit and visitor economy businesses were amongst those which faced the greatest difficulties but, because of the historic lack of need, the support programmes that existed at that time did not meet the emerging needs of the sector well. Issues such as lack of eligibility for visitor economy businesses, poor levels of awareness about what support existed and a lack of understanding from the sector about how to access support were problems which have all came into sharp focus over the last year.

4.2 The impact of Covid on business support schemes

In the light of the pandemic, new impetus has been added to the Business Support agenda. The vulnerability of the sector to Covid-19 and the repeated requirement for closures that all businesses were forced to make during lockdowns has underlined the significance of the industry to local economies, particularly those in the Liverpool City Region.

This recognition has led to a renewed focus from the public bodies, determined to improve the resilience of visitor economy businesses through a range of measures. The most obvious of these have been the numerous 'hard' (i.e. financial) support initiatives (current ones are detailed in Section 4.2.3 in this report), including:

- grants that have enabled survival;
- changes to fiscal regimes – for example, property taxes and VAT;
- final grants to provide working capital .

Businesses were also encouraged and incentivised to adapt their provision. Where possible, a number have diversified into food sales or delivery and there has been an increased adoption of digital marketing, booking and management practices which have delivered efficiencies and enabled businesses to plan their capacity much better.

Interestingly, perhaps, is that one of the by-products of the crisis is that, in delivering the immediate support that was needed, there have been developments which could help to remove some of the pre-existing barriers to access to support schemes by the sector. In particular, through the administration of the grant process, relationships have been built between visitor economy businesses and the public sector which could form the basis for more engagement in the future.

Full details of the evidence to support this increased contact from businesses can be found Appendix B, but in summary:

- there has been a 284% increase in enquiries from businesses in the VE sector to the (Growth Hub);
- more than 22,000 businesses claimed the Small Business support grant scheme and the Retail, Hospitality and Leisure Grant; and
- approximately 1,800 businesses claimed £8.6m from the Local Restrictions Support Grant which provided support to businesses that did not have to close but were severely impacted due to local restrictions (Tier 2 or 3).
- locally, the Combined Authority allocated £40m specifically for the leisure, retail and hospitality sector, an allocation of ERDF kick start funding and the Growth Company has brought in a dedicated Business Development Manager to work with VE businesses

However, improved engagement between visitor economy businesses and the public sector has not just come from the distribution of grants. Membership bodies at a national and local level have also embraced the role of passing on information about grants and other support mechanisms and networks that bring the private and public sectors together. As a result, the sector is now more likely than ever before to take up the offer of business support schemes. As an example, from a sample of 108 businesses who received a Visitor Economy Recovery Grant, 29 went on to engage with the Growth Hub for the first time, representing a 12% increase in take-up from the overall sample.

Despite these interventions, the latest ONS data highlights the vulnerabilities that still exist in the sector:

- ONS figures show that output in Q1 2021 from the **Food & Beverage Services** sector across the UK is **51% below pre-pandemic levels**. In the LCR, there are nearly **4,000 businesses** in this sector, supporting approximately **37,000 jobs**. Importantly, over **70% of these firms are "micro",** employing between 0 and 9 employees; a cohort that has been particularly vulnerable to the most impacts of the COVID-19 crisis.
- Output from the **Accommodation** sector across the UK is currently **89% below levels recorded in February 2020**. In the LCR, there are approximately **300 businesses** in this sector, supporting **8,000 employee jobs**. Roughly 84% of businesses in this sector have fewer than 50 employees.
- Output across all areas of the **Arts, Entertainment and Recreation** sector is nationally **35% lower than pre-crisis level**, ranging from 51% below for creative, arts and entertainment and 43% below for sports, amusement and recreation.

With this evidence as a backdrop, therefore, it is clear that the new relationships established between visitor economy businesses and the public sector need to be capitalised upon quickly and services need to be offered in ways which are accessible and attractive to businesses. There is a need to radically alter the approach currently being adopted if these relationships are to develop and grow and momentum is to be maintained. As the country transitions out of Covid, and the 'hard' initiatives that have been in place for the last year are phased out and become less relevant, there will be the new need for appropriate 'soft' business support, such as the provision of advice, mentoring, peer to peer programmes, network development and other services. The new relationship between VE businesses and the public sector presents a good starting point for a more targeted future relationship.

4.3 Business support needs and issues

Drawing on a combination of existing research and consultations undertaken for this study, this section summarises some of the key issues and needs relating to business support for the visitor economy sector.

4.3.1 General business support needs

In many ways, the needs of business support in the visitor economy sector are the same as other sectors.

The table below sets out the general areas of business support and highlights the specific implications for the visitor economy sector in the immediate post-Covid environment:

Area of Support	VE Post-Covid Situation
Financial strategy	VE business as the hardest hit sector in the pandemic has seen an increase in loans, overheads and debts. Businesses' financial strategy will need to be refreshed in light of the increased borrowing, renewed sales forecasts, profit margins adjustments etc. They will need expert advice on how to access finance and build resilience into their financial models.
Business planning and business process	VE businesses have had to adapt to the pandemic and, in many cases, deliver new services or products. There will be the need to blend these new services and products with existing ones and as a result business plans will need to be refreshed.
Compliance and accreditation	Building and retaining customer confidence is essential for consumers to return, widespread adoption of accreditation will support the destination marketing message that the region is safe to visit. Business will need to keep up to speed with public health information and its implications for their customers and employees and to encourage customers to return.
Recruitment and retention	Access to skilled labour has been significantly reduced due to a reduced labour market from the ending of free movement across the EU and the uncertainty of employment in the sector due to the pandemic. This had led to significant employment gaps in hospitality and leisure businesses which has impacted on existing employees work patterns being extended, thus leading to poor retention in roles. Recruitment within the sector is also covered in Section 5.
Digital adoption	Figures for some sectors aren't available but, throughout the pandemic there has been an increase in online retail sales by 31%[7] and many businesses have set up online services/products as a result of the pandemic. There is the opportunity to take advantage of this customer behaviour and further exploit services offered by the sector through deepening of businesses knowledge of digital strategies.

[7] ONS April 2021

Area of Support	VE Post-Covid Situation
Business process	There is the need to manage resources as efficiently as possible to maximise returns and manage staff effectively. Effective customer engagement strategies, utilising data effectively to connect with customers and shape experiences is needed to communicate offers, safety and other critical messaging.
Leadership and management	Staff shortages in the sector mean that some middle managers have been over promoted to fill vacancies without the requisite training or support to fulfil their roles effectively. New staff, especially from a non-sector specific background, will need to be managed to ensure standards are met and expectations fulfilled. Managerial and leadership roles in the sector can raise awareness of careers and attractiveness of sector offer.

4.3.2 Specific short term and expressed needs

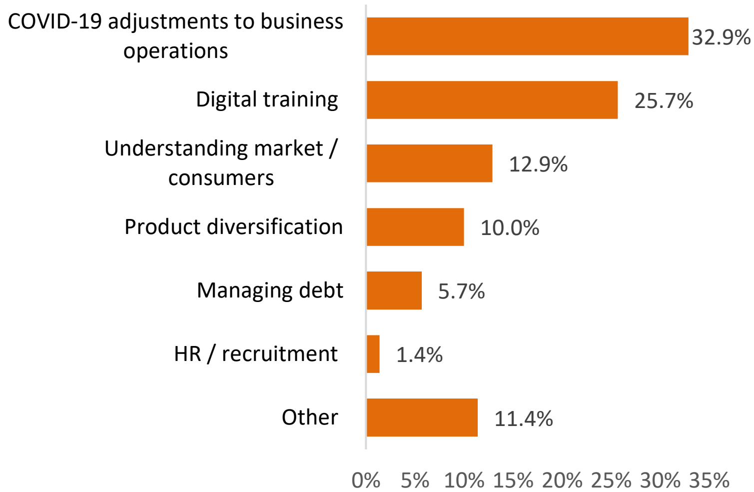
Visitor economy businesses have borne the brunt of the Covid-19 restrictions, with repeated closures and re-openings, costly physical adaptations and capacity limitations. This has been recognised at national and local levels with the provision of generic and sector specific initiatives including grants, loans, delays in tax payments. Additional marketing funds, for example, have been made available to DMOs to stimulate demand and the need to restore consumer confidence was supported in Summer 2020 with the 'Eat Out to Help Out' scheme. Nevertheless, many businesses are now facing significant levels of debt (especially for premises costs) and outstanding taxation demands[8].

These financial difficulties, coupled with the ending of the furlough scheme at exactly the point when seasonal businesses will most need it (September) is likely to lead to significant problems emerging towards the Autumn of 2021. These will be compounded by the changes to business rate relief up to March 2022 and the introduction of full rate VAT (also end March 2022).

Research carried out by the Growth Company in July 2020 (see Section 4.3.5 below for more detail) asked businesses to identify the areas where they felt they most needed support. Whilst the answers that they provided are now nearly a year old, it is likely that the core issues that they identified at that time remain valid and that, in some cases, the scale of the problem will have increased. There are perhaps two exceptions to this. Firstly, many businesses will already have made physical adjustments to their premises but, as new guidance emerges, operational procedures will still need to change. Secondly, the levels of debt (and, therefore, need for advice on managing debt) will have increased since the Summer of 2020. (This latter is borne out by feedback and consultation for this strategy).

The graph below illustrates responses to the survey's question 'What form of consultancy would be most useful to your business?'

[8] Analysis of the businesses identified as being within the sector at Section 4.1.1 on DueDil indicates that: 272 of these companies have a high credit risk (3%); 3,443 have a moderate credit risk (44%); 555 have outstanding charges (7%)



Source: North West Research & Strategy

'Other' responses included accessing new markets, changing strategy and diversifying business operations, plus assistance with marketing/promotion.

The key findings from the survey, therefore, provide important input into the recommendations in this strategy. These have been supported by consultation undertaken specifically for the study. The specific needs that emerged as part of this latter process included:

- a need for accreditation especially Covid compliance;
- Covid Compliance guidance;
- specific support on the adoption of digital technologies, especially responding to changes in consumer behaviour such as the increased adoption of online sales, advance booking mechanisms, e-marketing, social media and relationship management;
- 'Return to Work' Programme or even checklist for businesses – furloughed staff may lack confidence and/or customer service skills and be disengaged from work practices; and
- a strong desire for a sector specific programme and a preference for online and flexible delivery of business support.

In addition to these, as the city region goes through the reopening phase, businesses will remain in survival mode for some and will struggle to find the time to research initiatives and funds that might be of use. There will clearly, therefore, be an ongoing need for signposting and support to ensure that the maximum number of businesses can take advantage of all relevant existing and new schemes.

4.3.3 Financial needs

As with the broader sector needs above, visitor economy business' needs for finance are broadly aligned with other sectors. There are, however, two primary financial needs that are specific to the sector:

- visitor economy businesses have a particularly high requirement for working capital to fund stock and fittings purchases, something that is especially the case after a protracted shut down; and
- the sector has a particularly high cost of entry due to the premises based nature of the industry and relatively slow growth rates (due to the same issue).

As recovery increases, those businesses looking to grow will have a need for finance. Analysis provided by Growth Company[9], in addition to noting the unsuitability of equity financing (due to the 'growth trajectory' of VE businesses) makes the following points regarding access to finance:

> *The impact of the Covid-19 pandemic has, on average, severely depleted company cash reserves and management will either be highly hesitant to take on further debt or introduce new capital in their business. VE businesses might have already taken on significant debt and introduced new capital to survive through the pandemic period.*
>
> *When considering the types of projects that VE businesses are likely to seek funding for, it is highly likely that commercial lending markets will be hesitant to provide capital for the foreseeable future, especially given the current economic conditions.*
>
> *When faced with the scenario that commercial finance is not suitable/available and company reserves are not sufficient to undertake a project, **a grant funding product may be required**. Gap financing in the form of a grant (bridging grant) could be an effective solution in these situations…… An effective grant scheme, in this manner, could be structured to ensure that at least two thirds of a project's funding is being leveraged from the private sector.*

In summary, a short-term (two year) grant regime is needed to overcome uncertainty in the market, provide confidence in taking on debt for development and increase the levels of investment in the sector. This grant regime should ideally be focused on business development rather than survival but recognise the 'pinch points' of September 2021 (end of furlough) and March 2022 (end of VAT and Business Rates Relief). The grant scheme could also be used to reduce the high levels of debt that have been incurred during the pandemic to a manageable/affordable level.

Ideally this would be achieved by removing the barriers to access that have been identified to enable VE businesses to take advantage of grants from existing funds. If this is not possible, a dedicated VE grant regime could be considered although this would present organisational and delivery challenges and require set up processes that would slow it down.

[9] Evidence and Intelligence from the Business Ecosystem – Growth Company (unpublished)

4.3.4 Accreditation

Visitor economy businesses largely provide a service that requires distance selling and consumer commitment prior to consumption. Accommodation, event tickets and meals need to be reserved (and frequently paid for) in advance. This does not apply as much to tourist attractions although advance sales are increasing and Covid-19 requirements have increased both the need and demand for forward commitment.

As a result, accreditation, especially around Covid compliance had appeal to consultees as part of the research for this strategy. For this reason, accreditation and quality grading schemes have always played an important part in the mix of business support regimes for the sector. Whilst customer review sites and social media have diminished the primacy of largely public sector accreditation schemes, they continue to be important. Specific Covid accreditation schemes such as the VisitBritain 'Good to Go' Initiative and the Global 'Safe Travels' Programme are examples of the ongoing need from both the sector and consumers for independent standards[10].

Moving forward, confidence in venues and their safety procedures will be critical to attracting and retaining customers. This is particularly the case in business tourism, where significant decisions are taken by event organisers on behalf of delegates/attendees. Independent accreditation, such as the AIM Secure marque[11] will support the recovery of this crucial part of the market for the City Region.

For these reasons, accreditation, like the skills aspect, needs to be considered within the wider business support agenda and not as a separate initiative or initiatives. A combined approach of signposting businesses to suitable and reliable accreditation schemes, along with providing any necessary advice regarding achievement of particular standards will be helpful in this area.

4.3.5 Barriers to access

One of the key challenges which runs through the whole area of business support for the visitor economy sector relates to the relatively low levels of engagement between businesses in the sector and business support schemes available.

Information provided by the Growth Company shows that between 2015 and 2021 less than 200 visitor economy businesses made enquiries regarding services. Only 38 from the 'core' accommodation and food and beverage SIC codes were on support programmes prior to March 2020. Uptake increased following the start of the pandemic in 2020, largely due to businesses accessing the Visitor Economy Recovery Grant. Even then, only seven businesses defined as being in the visitor economy were on CA supported programmes and none of those were in the 'core' sectors.

More evidence of barriers to access can be found in the July 2020 Business Recovery Survey prepared for Growth Company by North West Research and Strategy. The headline findings from a sample of 90 businesses across the City Region are:

[10] Although these schemes are 'self-policed' by the businesses, they nevertheless provide an expression of commitment that consumers recognise and welcome.
[11] https://www.mia-uk.org/AIM

- outwith the grant and loans regime, only 26.7% had received business advice, mentoring or support, of which two thirds indicated this was from sources other than Growth Company programmes. The findings of the report indicates a lack of awareness of CA backed services that could have provided relevant support; and
- of the 73% of businesses which did not access any local business advice, mentoring or support:
    - 37% felt that they did not need support;
    - 27% were not aware of being able to get support in general;
    - 19% were not aware of the specific schemes available to them;
    - 8% answered 'other reasons'; and
    - just over half of businesses answered 'Yes' (18%) or 'Maybe' (35%) when asked about their interest in professional business support.

These findings provide evidence of low engagement caused by the barriers faced by the sector, but also significant interest in the right kind of support, delivered in the right time and the right way. 54% had barriers of some sort to accessing support whilst 53% expressed an interest in doing so.

A key need, therefore, is to ensure that all barriers to engagement are addressed through the provision of tailored business support schemes with appropriate eligibility criteria and delivered in a way which is accessible to businesses.

Case study: Future Innovation Fund

The provision of grant finance is a particular concern. Visitor Economy businesses can currently compete for grants from the Future Innovation Fund under all six strands with 'Global Cultural Capital' being the most suitable. In the last round of applications, 13 applications were classed as VE and none were successful. The Global Cultural Capital strand accounted for 41% of applications but only 2% of those awarded funding. This suggests there are structural issues affecting VE businesses' ability to compete with other key sectors.

Analysis of the applications by Growth Company identified a number of technical issues related to the eligibility and quality of the applications. More fundamental concerns revolve around:

- The relative lack of innovation (to the market as opposed to the individual business),
- An absence of scalability and partnerships,
- The relatively quick rates of return (only to be expected in customer facing businesses where cashflows can be generated).
- Relatively poor return on investment for the public sector.

4.3.6 *Specific issues relating to high growth business support*

A more technical concern is the focus on high growth business support and the specific barriers that this presents to the sector. The OECD defines a high growth business as one that grows its employees or turnover by more than 20% continuously over a consecutive three year period. VE businesses are largely premises based and are nearly always people based. Both of these factors inhibit growth at those rates. A more useful definition might be 'A company performing better, or expected to perform better, than its industry or **the market** as a whole.' However, this would depend on agreeing and establishing average market performance across a diverse range of sectors and, therefore, what constitutes 'better' performance.

A second option, the 'Beauhurst Triggers', definition sets out eight characteristics to identify businesses with the potential for high growth. The table lists these characteristics and their relevance to the Visitor Economy.

Beahurst Triggers Criterion	VE Relevance
• Secured equity investment	• Appropriate
• Secured venture debt	• Businesses reluctant to take on additional debt
• Underwent a management buyout or buy-in	• Not necessarily a positive sign-could point to a structural weakness
• Attended a selected accelerator programme	• No suitable option available
• Has been or is a 10% scaleup	• Already discounted for reasons outlined (premises and people based)
• Spun out of an academic institution	• Not likely to happen
• Featured in a selected high-growth list	• As above, not likely
• Accepted a large innovation grant	• Current experience is that VE businesses are disadvantaged by grant criteria

Neither of these approaches offer an ideal solution at this stage.

Similarly, innovation to the sector (as opposed to the business) can be difficult to achieve within the hospitality sector. The concern around collaboration, however, can be addressed by encouraging more cross sector working (for example, with the tech sector for AR/VR technology) as opposed to within the sector (where competition is endemic).

4.4 Existing schemes and support

4.4.1 City Region/Growth Company Schemes

As recognised above, the strategic commitment to the Visitor Economy at city region level is very clear in the 'Building Back Better' Recovery Strategy.

At first glance, this strategic commitment is replicated in the provision of numerous Business Support Schemes (10 plus, including skills initiatives, from a total of 38) that are either promoted or delivered by the Growth Company on their website. These schemes are delivered by the Growth Hub/Growth Company on behalf of BEIS as well as on behalf of the CA. Support is provided in one of three ways: advice, loans and grants. Currently promoted schemes, for which VE businesses are eligible, are summarised in the table:

Scheme	Type	Services
BDO Resilience	Advice	Business Diagnostics and Action Planning
Be The Business	Advice	Mentoring programme using senior executives from 'Blue Chip' firms
Business Growth Programme	Advice	Non-specific 100% funded advice for businesses with less than 250 employees in LCR
Enterprise Hub	Advice	Start-up and development advice for LCR businesses registered for 3 years or less
Flexible Growth Fund	Loans	Fund open to businesses with an expansion project which creates or secures jobs
Future Innovation Fund	Grants	Aims to incentivise SMEs to innovate, adapt and diversify in response to the pandemic
Innovate2Succeed	Advice	Up to 7 days fully-funded tailored support from an Innovation Adviser (ERDF funded)
LCR4 START	Advice	Digital focused fully funded advice (ERDF funded)
New Markets Programme 2	Advice	Partner-based programme offering specific support in commercial consultancy grants, export related grants, sales and marketing support, HR support and leadership development support (ERDF funded)
Northern Powerhouse Investment fund (NPIF)	Loans	Three types of loan finance from £25,000 to £2 million will fund expansion projects, leasing new premises, asset acquisitions, recruitment, new equipment and gaps in working capital
Peer networks	Advice	a forum for businesses to discuss collective business challenges; devise solutions; and plan long term recovery and growth. 18 hours of group sessions plus one to one support

Whilst visitor economy businesses are **theoretically** able to access all of these services, eligibility criteria can mean they are often excluded. As an example, many of those schemes that are ERDF funded will not support Business to Consumer (B2C) businesses which represents the vast majority, if not all VE businesses. If VE businesses are not to be excluded in the future, the UK Government's Future Prosperity Fund should address this issue.

Headlines conclusions from that analysis include:

- high turnover criteria can exclude up to 99% of the VE Sector;
- limited take up from VE businesses of the support they can receive (see below);
- variable sector expertise across the LCR amongst support agencies; and
- the exclusion of B2C businesses is significant, as it prohibits the vast majority of VE businesses accessing the business diagnostic and subsequent 12 hour support from the Business Growth Programme.

The table excludes sector specific schemes which are in place for Manufacturing and the Creative and Digital Sector. This latter, branded as 'Gather' and 'Sustain' with a successor programme 'Beyond' has been particularly successful.

A dedicated Visitor Economy Peer to Peer network has been running since December 2020 with 28 participants. Participation levels have remained high and informal feedback has been positive, proving the value of a sector specific approach. The scheme will run till March 2022.

4.4.2 Communications and membership-based support

Like accreditation, communications and member-based support activities are a crucial first point of contact for visitor economy businesses. In particular, they provide a means of enabling businesses to take up more in-depth support.

Whilst regular e-blasts, meetings, seminars, workshops and other communications have always taken place, the pandemic has brought to the fore the importance of these from organisations such as the Chambers of Commerce, Business Improvement Districts and DMO's at local level, as well as from VisitEngland/VisitBritain or UK Hospitality at the national level. Local authorities have co-ordinated recovery networks with the private sector (often through area-based networks and membership or levy-paying organisations) as key partners.

All of this has created a more engaged business community, more used to receiving important information and acting on it. Just like the grant regime, therefore, the pandemic has created a much stronger sense of working across private and public sectors which can be built on in providing business support programmes.

Timing will be critical to build on this momentum, as will the use of online technology such as webinars.

4.5 Gaps in provision

Despite (or perhaps because of) the large number of schemes that are in place, there are a number of concerns and issues, around the provision of business support schemes.

Based on the evidence/analysis and the consultation process, these are:

- the policy and strategy commitment to the Visitor Economy at a local level is not followed through into dedicated support programmes and funding instruments;
- whilst other key sectors, such as Creative and Digital, Manufacturing and Health, all have sector specific advice and/or grant schemes, there isn't one for the Visitor Economy (excepting the Peer to Peer network). This has an impact on take-up and awareness of programmes;
- instead of a single point of contact, businesses are presented with an oversupply of information and an abundance of generic schemes that they must review on an individual basis;
- the short-term provision of financial and fiscal relief will come to an end by March 2022 and the current provision is not meeting the sectors' needs; and
- the business support landscape can be confusing. At a city region level, this has resulted from the supply driven and reactive/short term nature of the support programmes put in place, the limited expertise/knowledge of the sector within the existing business support

programme and the lack of dedicated support to gather insight/research, shape/design programmes, promote programmes and provide key account management etc.

Based on these issues, the gaps that have been identified are:

1. Many visitor economy businesses are unable to access to the existing LCR business growth programme which is currently focussed on Business2Business (B2B) schemes. As such, the opportunity to access diagnostic services and specialist advice/guidance via the 12-hour business assistance is being lost. In addition, The New Markets 2 Growth Company programme (also focussed on providing B2B support) could deliver the opportunity to access bespoke consultancy (beyond 12 hours but requiring a contribution of 65% for businesses accessing that specific program). **Broadening the programme to B2C businesses** would enable practical support to be accessed in areas such as compliance, access to training grants, accreditation and financial planning (see the sector needs section above). The framework is already in place to deliver this but consideration may need to be given about the level of contribution expected by VE businesses whilst cashflow is currently restricted.
2. Access to short term finance remains essential to help businesses adjust to new trading conditions and invest in product/experience. The additional debt burden combined with market uncertainty means the opportunities for commercial borrowing are limited (which increases short term vulnerability). Until confidence returns, the creation of a **dedicated grant support programme** (potentially in the guise of that provided the LCRCA as part of the Tier 2 relief grant) would help establish much needed short-term resilience.
3. The current business support landscape is confusing to VE businesses and there are a myriad of different financial and support programmes that have been established without the sector's specific needs in mind but, nonetheless, have the potential to be accessed. **The simplification/streamlining of the existing business growth programme** to the needs identified would improve VE access backed by targeted sector specific comms, engagement, and Key Account Management via the DMO/VisitLiverpool.biz and dedicated VE Business Development Manager.
4. The contribution of VE businesses needs to be gauged not only on their growth potential (i.e. moving to 20% p.a. growth in turnover), but also in terms of their **ability to provide mass employment**. The existing 'high growth' programmes (FIF, Liverpool Ventures, Growth Hub High Growth Programme etc), need to be designed (or have variants) to take these factors into consideration.
5. Following on from the above, VE businesses that are recognised as potential 'contributors to growth' will be key to recovery and leadership. To realise the opportunity **transitional support is needed to help them access the 'high growth' funding** that may/has been identified in areas such as innovation and digital development. LCR 4 Start is a good example of the wrap around support that is available for digital innovation.
6. The gap analysis has shown that dedicated/bespoke business support interventions are missing in key areas such leadership and management, recruitment, business resilience, new operating models and digital trends adoption. Without these dedicated interventions, there is a risk that short term initiatives to build back demand aimed at increasing reserves of working capital will not be optimised or lost completely. It will also compromise the resilience

of business to deal will with the likelihood of future shocks of this nature and the ability to secure long term growth through innovation.

4.6 Way forward

4.6.1 Introduction

In order to address the issues identified above, there is a need for an approach that combines:

- a radical transformation in how the sector is understood as a 'foundation' rather than 'growth' sector and the subsequent provision of support; together with
- a phased and flexible approach which can adapt to the post-Covid environment and changes in the trading environment, delivering services in a flexible manner that responds to business needs rather than supply side practice.

This would involve development of a Business Support Programme that reduces the vulnerability of the sector over the short term (i.e. in the next six – twelve months), helps business become more resilient to future shocks and encourages long term growth through innovation.

It also requires dedicated resources and programmes that can meet the needs of the sector in the short and medium term as the country transitions out of the pandemic.

4.6.2 Transforming the approach to the sector

If the VE sector, which is acknowledged as a huge contributor to the LCR economy, is to achieve a 'fair share' of recovery funds, it needs to be both understood and treated differently. Whilst generic support can be appropriate, there is a need to consider how this is marketed to the sector and also how sector-specific schemes can be introduced. VE businesses struggle to compete with other sectors in local grant schemes for structural reasons (for the reasons set out above). Within 'Building Back Better' a space for 'local schemes managed locally' for business support is advocated so this should be possible.

In terms of understanding the sector, one potential option is to recognise, at least in the next few years, that growth will be inhibited by a lack of consumer confidence, capacity constraints and ongoing border and travel restrictions. The visitor economy will, however, remain a fundamental foundation of the LCR economy, supporting other sectors and providing employment opportunities to those worst affected by the pandemic (16-24 year olds). It will, therefore, be critically important but its growth will be constrained due to factors outside of its control.

By reclassifying the VE sector as a 'foundation' rather than 'growth' sector, the specific characteristics that define it will be recognised:

- made up of a higher concentration of micro and small businesses;
- particularly vulnerable to any future spikes or waves of viral infection;
- with a restricted ability to 'innovate' in the sense that is understood for other sectors; and
- a highly indebted sector that will inhibit risk taking and capital development.

However, the economic benefits that it delivers will equally be acknowledged:

- a sector that offers employment opportunities to 16-24 year olds (twice as many as in the overall LCR economy (%)); and
- a sector that offers a high volume of jobs-especially entry-level and semi-skilled;

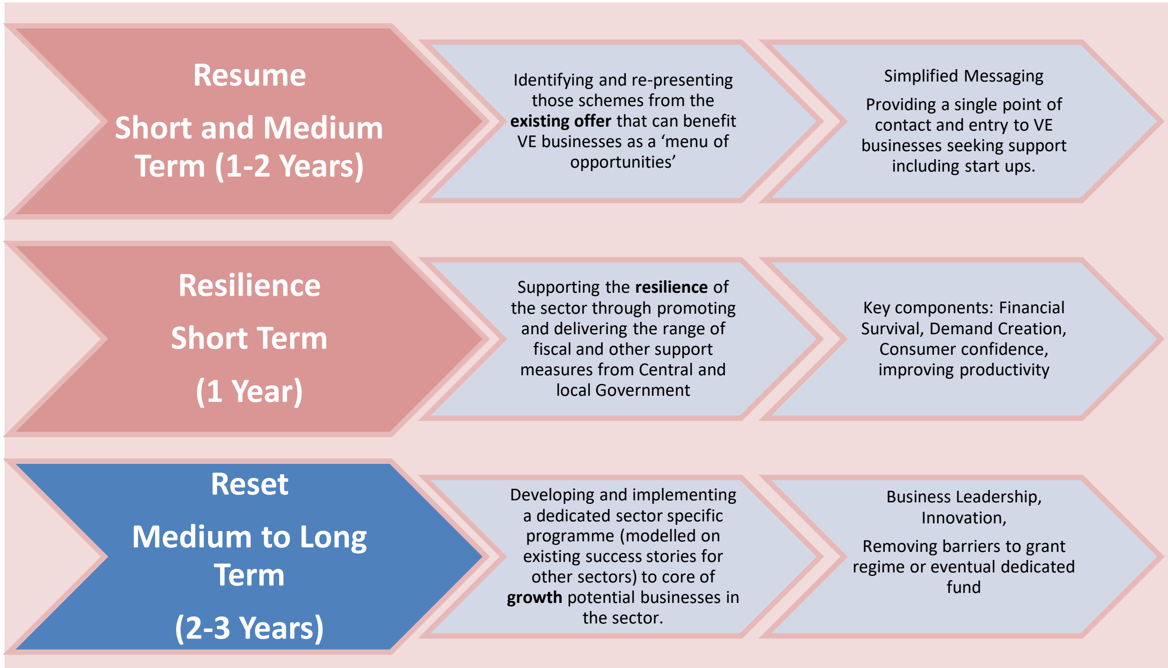
Recognising and articulating the sector in this way will enable it to compete more effectively for resources and will provide better access to services and grants for VE businesses. It should be adopted in conversations with the CA and other strategic/funding bodies.

4.6.3 A layered approach

Moving forward, the approach for the Visitor Economy for the Liverpool City Region, with local delivery through partner agencies where relevant, will be based on three separate but connected approaches.

- **Resume-Short Term/One Year** – supporting the survival of business (especially as we come out of peak season and financial support reduces), their ability to adapt to visitor need (in terms of changed preferences – the way they access product, their safety, quality of experience) and preparedness (accreditation and compliance with public health legislation – testing, infrastructure, social distancing etc, staff recruit and refresher training etc), financial strategies and debt management
- **Resilience - short and medium term/one to two years** – creating resilience in the sense that businesses will need to deal with the impact of future restrictions (as a result of new variants) though innovation and their ability to easily diversify product and markets to minimise future risk. Similarly, they should also be encouraged to build on the new markets/products they have developed through Covid 19 as an ongoing source of revenue. This is likely to range from supporting start-ups to wrap around support and diagnostic (such as LCR 4 START) that will broker/signpost/lead these businesses into more targeted and higher value programmes based on their need.
- **Reset - medium to long term/two to three years** – over this timeframe, the intention is to develop a dedicated high growth programme for VE businesses. This will enable them to access regional and national initiatives associated with innovation-based on the economic and social contribution the sector makes to the local economy. It will build on the success stories of the short/medium term and require an alternative definition of high growth (such as job creation, rates of pay, contribution to socially deprived communities, level of apprenticeships/traineeships etc) so that those with high growth potential (developed through the short/medium term interventions) can access it.

The figure overleaf summarises the approach.



All of these programmes will be delivered by a range of mechanisms including:

1. continued campaign and messaging around business support for the sector and in particular, innovation. Webinars, articles and case studies, social media campaigns to deepen knowledge, stimulate interest etc;
2. having a clear marketing strategy and messaging around the business support programmes around the VE sector; and
3. maintaining a single Point of Contact for VE businesses including for access to finance options for the sector through the LCR finance hub.

4.6.4 *Implications for Business Support Programmes*

The table overleaf shows how the Business Support Programme needs to develop to deliver this:

Approach	Programmes that can be accessed	Programmes that require amendment (and how)	New Programmes Required
Resume (1 Year)	Enterprise Hub (for start up to 3 years) Peer Networks VE businesses)	Business Growth Programme - change in eligibility criteria to include B2C .Delivery partner needs to able to offer consultancy as an option to deliver sector specific needs such as covid accreditation scheme	Grant support/ bridging loans Covid Accreditation scheme Financial planning/strategy but could be delivered under BGP
Resilience (1-2 Years)	LCR4 Start BDO Resilience (but requires £1m t/o representing 0.6% of Growth Catalyst (part of NM2)	New Markets 2 Programme – change in eligibility criteria to include B2C BGP to change eligibility to include B2C BDO Resilience but lower gateway criteria to £250K or to consider high value applicants FIF – Innovation to the sector must be part of the qualifying criteria.	Financial planning/strategy but could be delivered under BGP
Reset (2-3 Years)	LCR 4 Holistic	Innovate Edge – regional innovation programme series with VE focus	Sector Innovation Programme Digital opportunities / digital trends and its implications for VE businesses

4.6.5 Partner delivery

Outwith the core approach which will be adopted by Growth Company with partners, a more local and bespoke approach is likely to be adopted across the City Region. This will be influenced by:

- the aspirations and focus of the relevant local agencies (especially Chambers of Commerce);
- their respective maturity and performance as tourism destinations;
- the significance of the Visitor Economy to the local area; and
- the subsequent inclusion of particular businesses within the sector - some areas will adopt broader definitions than others and bespoke provision will be appropriate.

Some agencies, such as the Halton Chamber of Commerce, have aspirations around establishing a network of related businesses to cross promote and raise awareness of borough assets. Others, including St Helens, will pursue mainstream provision whilst endeavouring to include hospitality, culture, retail and businesses within them. It was clear that, in order to support recovery as well as possible, a very wide definition of Visitor Economy will need to be in place in both areas. Where wider regeneration schemes are in place or are soon to launch, (for example, Town Deals) it will be crucial to incorporate space for VE businesses to both contribute to, and benefit from, these programmes.

Wirral Chamber of Commerce's approach will be affected by their wider support role in the Visitor Economy which is governed by a contractual agreement with the Council. It is understood this contract is up for renewal and no final decisions have been made.

4.7 Funding

The Forward Programme initially envisaged maximises the drawing down of already announced funding from central government to support the sector. The second stage can be achieved using funding awarded to existing Business Support Programmes. There will, however, be a need to fund the re-presentation of existing schemes and the marketing to the sector. At the time of writing, there is no dedicated funding stream and the most obvious source, the SIF, is understood to be fully allocated and over-subscribed with applications. There may be opportunities however from: reprofiling of existing budgets; working cross sector with existing boards (such as the Immersive board) to develop project ideas and funding bids to other funding sources (such as Arts Council, NLHF etc.); and working with the relevant project teams to support a proactive marketing campaign to the VE businesses. This need not be considerable and much will be achieved through networking and ongoing communication using established channels (for example, the member communications at Section 4.3.2) and existing human resources.

The DCMS recovery plan is also important. Business support is one of the core themes and therefore, although it is unlikely that there will be new ringfenced funding specifically for business support schemes for the sector coming out of it, it does present an important opportunity either to bring about changes to the priorities of existing programmes to make them more suitable, and potentially to seek new dedicated funds as part of the CSR.

Moving forward into the third stage, substantial funds will be required (five figure sums) to develop the dedicated programme that is envisaged. At the time of writing, there is no identified funding source for this (see table of current funding programme at Section 8). The Government has indicated that all support monies have been announced and no more will be forthcoming. Whilst a major policy statement on Tourism Recovery is expected in the coming months, this will not necessarily be accompanied by any significant additional funding. Nevertheless, business support funding from government departments (including BEIS) and administered locally through the Growth Hub, whilst not currently unavailable, can be anticipated. The positive relationships in place with the Visitor Economy Team and other teams need to be maintained to ensure the sector gains sufficient access to these wider opportunities as they emerge.

As noted above, local sources are under considerable pressure. An allocation and approach from SIF3 is, therefore, the most obvious source for funding and approaches should be made to the CA at the earliest possible stage to ensure the best chance of success. With the massive increase in resources available to the CA (£150 million to enable post-Covid recovery) there is every reason to be confident that the measures outlined in this strategy can be funded and delivered. This could potentially be matched to any UK Government funding streams as they emerge following the Comprehensive Spending Review. In the longer term, the UK Government's Shared Prosperity Fund, whose details are yet to be announced, can be expected to have Business Support elements but efforts need to be addressed to ensure that B2C businesses are eligible for support.

5 Skills and recruitment

5.1 Introduction

This section sets out the long-term and short-term issues around skills and recruitment for the Visitor Economy. It then summarises the forward plans devised by the city region to address those issues, considers the impact of Covid-19 and sets out a clear rationale for programmes and actions that will address the situation and support the sector as it comes of this unprecedented situation

5.2 Background/context

5.2.1 Pre-Covid

Skills and recruitment represent long-term (as well as short-term) challenges for the Visitor Economy Sector. Prior to Covid, there were a number of key concerns at a national level which were evident within the Liverpool City Region. These included:

- the visitor economy is a 'transient' sector and thus retention of skilled staff is an issue. There is a constant 'churn' of staff across local areas and 'poaching' of key stills across businesses with 'over promotion' used as a retention tool;
- the sector is perceived to be low wage, with limited opportunities for career development and unsociable/long working hours;
- there was a limited supply of key skills, leading to skills shortages. This was especially the case within hospitality, particularly chefs and font of house staff;
- the provision of skills development did not always meet employers' needs and there has been an absence of a structured relationship between providers and employers; and
- the lack of suitable staff was a key constraint on capacity, profitability and business growth.

The strategic direction for skills in the Visitor Economy in the Liverpool City Region was set by the Skills For Growth (SFG) Action Plan in 2018 and supplemented by the implementation plan the following year. Both of these documents identify the issues listed above (see next section) and set out initiatives to address them. Working with the Liverpool Hospitality and City and Guilds, Growth Company have subsequently devised a programme to address the most important of these - the SFG Visitor Economy Implementation Plan (July 2020). Although not formally adopted or agreed, the proposals contained within the Implementation Plan (see details at Section 5.6.1) represent a sound basis on which to move forward.

5.2.2 Strategic context pre-and post-Covid

The SFG Action Plan of 2018 contained the following key findings:

- 45% of employers reported 'hard to fill' vacancies over the previous year – compared to only 27% across all sectors;
- 50% of these vacancies were hard to fill because of insufficient applicants with the required skills, 38% due to specific technical skills (i.e., principally chefs, finance and IT staff);
- 21% of VE employers reported some skills deficits within their existing workforces, for 42% of these employers, the problem was lack of specialist skills or knowledge, for 40%, basic communications skills were the issue;
- although 81% trained at least one employee in the previous year, only 50% of the employers used external training provision for this purpose – compared to nearly 80% across all sectors;
- a perception that young people were increasingly viewing the Visitor Economy as a less than desirable place to work and as a sector which failed to offer good careers;
- retention problems caused by challenging working conditions, competition for employees, particularly for experienced and well-qualified labour, were leading to over promotion of inexperienced staff as a retention tool and a gap in front line and middle management skills (which will remain post-Covid); and
- specific skills shortages in chefs (especially with management capacity) and front of house staff.

Actions to address these issues were grouped into four areas with identified projects and leads against each one. The four action areas are:

- bring more people into relevant education/skills provision;
- prepare people more effectively for careers in Visitor Economy;
- achieve greater recruitment, retention and progression of chefs and front of house staff; and
- promote more investment in workforce skills by employers.

The SFG Implementation Plan of 2020 identified three key challenges and four initiatives to address these challenges as illustrated in the table below. Further details are provided at Section 6.4.1.

Key Initiatives	Key challenges the initiative will address		
	Help people into a job	Retain staff	Recruit for growth
Global Hospitality Certification	✓	✓	✓
Employer Skills Academies	✓		✓
Liverpool Visitor Economy Passport	✓		✓
Visitor Economy Week	✓	✓	✓

The Liverpool City Region Skills Action Plan 2021-22 identifies the following key skills/employment issues:

- an immediate focus on business survival and the skills interventions to support this;
- future skills planning and addressing known skills shortages will help survival and longer term recovery;
- an urgent requirement for investment in digital skills to deliver services now required by consumers and Covid compliance, deliver efficiencies and exploit new market opportunities;
- critical importance of employer led programmes (particularly through organisations such as LHA) and pilot programmes with commercial providers; and
- immediate need to support those people who have lost jobs and businesses and engage or re-engage them with the sector.

5.3 The impact of Covid

5.3.1 Core impacts

Covid-19 has increased the problems facing the industry with regard to skills and recruitment, not just in kind but also in volume. These include:

- a reduced labour pool caused by those on furlough moving to other sectors and reduced access to migrant workers as a result of Brexit;
- a perception that a career in the sector is vulnerable to future public health crises and, therefore, carries increased risks-exacerbated by the 'on/off' nature of employment over last 12-15 months;
- the need to reskill staff – across areas like H&S (fire safety, food hygiene etc), public health/covid, customer care, use of tech and equipment, food and drink preparation, etc;
- re-introducing staff who have been not working for lengthy periods to the work environment and requirements;
- the associated costs of recruitment and retraining;
- Covid has pushed the sector back to the perception of 'low wage, long hours' as a result of these issues which, in turn, has wider implications for the mental health of those in the sector and the perception of the sector as a career of choice;
- recruitment of undergraduate workers is also an issue due to a reduced pool caused by the adoption of remote learning; and
- difficulties in forward planning as consumer confidence 'flexes' with new variants and outbreaks, leading to uncertain employment and capacity levels.

5.3.2 Short term outlook

Whilst consumer confidence surveys and forward bookings are providing some information, there remains great uncertainty around business levels in the coming months following reopening.

There is an expectation that Summer 2021 will be busy for catering and attractions, with issues largely around the supply of labour. This will be followed by a downturn in the autumn, especially for seasonal businesses in places such as Southport. It will coincide with the end of the furlough scheme, bringing high levels of redundancies which will contribute to an anticipated overall economic downturn. According to KPMG, UK unemployment levels are expected to reach 5.6% at the end of 2021 and 5.8% by 2022, leading to much poorer trading conditions towards the end of the year. (Some consultees were expecting a strong Christmas). The forward picture for accommodation businesses is less clear.

Business levels and performance are the single most important factor impacting on the skills and recruitment. If low demand persists, training budgets will be reduced or even removed and redundancies will increase.

The interventions set out earlier in this strategy to stimulate demand and mitigate these potential impacts are a crucial part of the response, aligned with the business support programme and the specific skills interventions, especially those around recruitment, which are identified later.

For an industry that had already reported concerns around skills shortages and a lack of suitable applicants prior to Covid, it is now even more imperative that the public bodies involved in the funding and delivery of training and employment programmes listen to employers and fund those programmes that meet identified needs.

5.4 Expressed sector needs - consultation findings

Consultation delivered in the preparation of this strategy yielded, in addition to many of the points mentioned above, the following concerns:

5.4.1 Short term

- high levels of redundancy are expected once furlough runs out (again consultation was pre-Budget). There is some expectation that skills will have been lost but also that there will be a lot of people looking for work;
- concern that furloughed staff returning to work after some time may lack confidence and/or customer service skills and be disengaged from work practices;
- a related concern that mental health will be an issue and employers will need to recognise and provide for staff mental health problems, for example, counselling, ‘chill out’ spaces etc.;
- due to depleted reserves, reduced budgets, working capital and uncertain trading conditions etc. 100% funding and payments for ‘cover’ will be required to release staff into formal or external training in the next year;
- an expressed desire for an integrated ‘return to work’ programme supporting work readiness, mental health, communications and customer service skills. Timescales, however, are likely to be prohibitive;
- qualified guides and experience providers saw a need for training in the delivery of virtual tours and supplementary course on Slavery links to Liverpool in the light of BLM movement

plus Covid compliance (whilst mobile) and in accessing digital sales platforms such as VisitBritain's TXGB. There is no expectation that large numbers of Guides have either retired or found alternative employment.

5.4.2 *Medium to long term*

- pre-Covid, availability of staff was a key constraint on growth and profitability;
- the sector will be seen as a less attractive and more risky career option due to its exposure to the pandemic and any future public health emergences; and
- a need for digital skills across sales and marketing, service delivery and management processes etc.;

5.5 Existing provision and gaps

5.5.1 *Current programmes*

In common with business support, there are a raft of schemes available around skills and recruitment. The 2021-22 LCR Skills Action Plan identifies 24 separate schemes, the list below summarises the largest and/or most appropriate from that, the GP website and other sources.

Largest and/or most appropriate schemes			
Programme	**Delivery Body**	**Funding Source/Budget**	**Service/Client Group**
Be More	CA	SIF/ESF	Apprenticeship Programme (includes Covid-19 strand to support apprentices made redundant during the pandemic) for individuals
Ways to Work	6 boroughs	UK Government	Services to individuals to create job opportunities with local variations – includes Kickstart as part of the offer
CA Apprenticeships	CA/GP		Brokerage Service for employers, aligned with Skills for Growth but also offers sourcing of colleges/trainers and mapping training needs to apprenticeship framework
Skills for Growth (Be More Skills Support?)	CA/GP	ESF £1.1.m SIF	Umbrella programme with skills brokerage to navigate apprenticeship and public funding, skills needs analysis 70% towards identified and prioritised skills needs for individual employers
Kickstart	Multiple	UK Government	Scheme provides funding to create new job placements for 16 to 24 year olds on Universal Credit who are at risk of long term unemployment. Employers can access 100% of NMW/NLW for 25 hours per week for six months
Digital Skills Bootcamp	CA	UK Government	Funding support for digital skills
Flexible Apprenticeship Scheme	TBC	UK Government	Recently announced scheme offering multi-employer apprenticeships which may be attractive to small and micro-businesses or sector consortia-starts Jan 2022
Leadership & Management	LJMU led consortium	ESF	Target leadership & management training for employers (20+ employees)

Largest and/or most appropriate schemes			
Programme	**Delivery Body**	**Funding Source/Budget**	**Service/Client Group**
Graduate Employment	LJMU & UoL	ESF	Targeted job search support for graduates with some paid internships
Include IT	VOLA	ESF & BLF	Flexible and responsive digital inclusion training delivered by CVS organisations
VE Week (since 2016)	GP-Steering Group		Week of activities to promote the sector as a career to

5.5.2 *Weaknesses in provision*

Despite the plethora of schemes, there remains a number of key concerns. Detailed analysis and mapping of the schemes available identifies the following:

- recruitment: the understandable focus on providing opportunities for unemployed people means that applicants will be unskilled and will lack work experience. Additional management resources are required to manage and train these people;
- the majority of funded programmes are based around apprenticeships rather than accessing skilled labour, which is the key requirement;
- statutory training qualifications cannot be subsidised with grant funding;
- 70% grant funding programmes (for example, Be More) are restricting access to businesses as they do not have finance for training budgets and are unlikely to generate sufficient revenues to do so in the short term; and
- initiatives to enhance staff retention after the 12 (25) week programme of support needs to be developed by employers – especially career development, accreditation and progression routes etc.

5.6 The way forward

5.6.1 *Skills for growth - Visitor Economy Implementation Plan*

As already noted, the Growth Company, working with the Liverpool Hospitality and commercial provider City and Guilds have developed an innovative and ground-breaking programme to address the critical issues facing the sector. Whilst the Implementation Plan remains largely unfunded, its contents are valid. The four components are:

1. **Global Hospitality Certification** – piloted in Liverpool as a global first in 2019, it recognises the skills and experience of those working in hospitality from work experience to senior management. An extra element is now available for those who have become unemployed during or after the pandemic. The product would be available to individuals and also delivered by approved employers;

2. **Employer Skills Academies** – Employers working together to deliver on-the-job, two level, training for entrants into the sector. Following a single business pilot, five such academies would be set up and over 500 individuals trained;
3. **Visitor Economy Passport** – pre-existing initiative launched by GP in collaboration with employers and colleges, who are the delivery agent. Five areas deemed essential by employers are delivered with participants guaranteed a placement and job interview. The passport would be incorporated into 'Employer Skills Academies' component; and
4. **Visitor Economy Week** – Extension of the scope of this existing activity which promotes careers in the sector to young people looking for first employment. The extension involves celebrating and showcasing the innovation in the City Region and to influence the national skills policy.

Under the current SIF-funded programmes, only the second of these four components can be funded. The programme is, however, mutually supportive and a 'package' of measures. There is an urgent need to review the existing funding regime to enable the project to be funded in its entirety. SIF3 must also be designed to ensure that schemes identified, developed and managed by employers can achieve funding.

5.6.2 Funding measures

Existing schemes (Be More Skills) offer 70% funding for local training. Employers have been clear that they are currently in survival mode and will be unable to bear costs deemed non-essential. Covid-19 has hit VE businesses hardest and they are likely to be in the most need of support with operational restrictions, compliance costs and reduced capacities likely to be in place for some time. A particular feature of VE businesses is that they need to provide operational cover for staff who are released for off-site or externally delivered training. This is not necessarily the case for manufacturing office-based businesses who are not demand-led and directly customer facing in the same way. Arguably, VE businesses have to 'pay twice' for training. Consideration should be given to how the missing 30% can be provided, including bridging loans or 100% subsidies.

5.6.3 People Pipeline

Working within the funding and other resources of both the Ways to Work and Kickstart programmes (delivered at borough level with local variations), efforts should be made to develop a dedicated service matching people recently made redundant and/or young people looking for a career in Visitor Economy with vacancies and work opportunities. The 'Global Hospitality Certification' component of the Skills for Growth Implementation Plan could be offered as part of this process.

In terms of Kickstart this would involve:

- potentially working with Gateway organisations (for example, Wirral Chamber) to facilitate recruitment and employment;
- alternatively, a SWAP (Sector Based Work Academy Programme) opportunity could be investigated;

- access to funding to recruit staff on 12 week contracts;
- the ability to offer accreditation to those seeking employment with the Global Hospitality Certificate to enhance their employability and the recognition of the skills they have;
- centralised database of those seeking employment for VE; and
- developing bespoke training for VE through the Be More Programme to help re skill the labour market.

5.6.4 Flexible Apprenticeship Scheme

The recently announced Flexible Apprenticeship Scheme starts in January 2022 and is aimed at enabling continuous qualifications for those who work in a more flexible manner, especially those in the creative industries who may have a series of short-term temporary contracts in the same field. The new scheme allows their experience to be accredited and funded in the same way as those in continuous employment.

Although details have yet to be released, it is possible that it may also be suitable for small and micro-businesses (a large percentage of the total VE sector) who are unable to commit to a full apprenticeship on their own but would share the responsibility with others. Some consultees have identified this as an opportunity to increase partnership working through existing consortia.

5.6.5 Brokerage liaison

As with business support, there are a plethora of existing schemes which could be confusing for employers. These include the Digital Bootcamp and Leadership/Management Skills. Brokerage services already exist and efforts should be made to see if these can be realigned or repurposed on a sectoral basis so that employers have a single point of contact who can signpost them to the most suitable initiatives. Work to date has included the proposed development of a ‘menu of opportunities’ for the sector to simplify messaging and increase uptake.

5.6.6 Digital support

Subject to the suitability of the Digital Bootcamps, a programme to meet the identified areas of need by the guides to develop Virtual Tours and also to enhance the product offered by other experience providers should be explored. Venues and hospitality businesses have already transformed their digital management and marketing practice but there is still a need to provide additional support in this area. One proposal is to establish links with the city region’s creative and digital sector through networking which would identify opportunities for collaboration, potentially via a ‘voucher’ scheme which would subsidise costs. Connections to business support measures in the digital adoption area will be crucial.

5.7 Funding

This strategy proposes programmes that are largely and currently not ‘fundable’ through existing programmes yet meet an expressed employer need or self-employed support. The most obvious funding is for resources allocated via the SIF to be reprofiled and/or ensure inclusion in SIF3 at an early stage. It also contains a number of proposals which will require the reallocation of existing resources (for example, Ways to Work/Kickstart) to support the sector and, especially, sees a need to select, package and promote the plethora of existing services to businesses. Difficulties have been encountered in the past in funding the marketing of schemes but this is clearly essential in order to support the recovery of the Visitor Economy in Liverpool City Region.

This is similar to the recommended approach for the second strand of the business support activity and could be delivered simultaneously. As noted at the beginning of Section 4, the skills and business support agendas are closely connected and should form part of a combined approach when dealing with business who could otherwise find themselves passed between agencies rather than having a genuine 'one stop' approach to engagement.

5.8 Forward plan

An indicative Forward Plan for interventions in the next two to three years could follow this timeline:

	2021		2022		2023	
	Q3	Q4	Q1-2	Q2-3	Q1-2	Q3-4
Skills for Growth Implement-ation Plan	Progress funding application for Global Hospitality Certification		Develop and Implement VE Week 2022			
Funding (e.g. 100% from Be More)	Approach DWP/CA via Skills Brokerage	Implement if agreed				
People Pipeline	Identify mechanism e.g. SWAP Secure partner approval	Scheme Design & confirmation Deliver pilot	Review & Extend Restart commencem ent	1st Cohort move to Apprentices hips where appropriate	Ongoing Delivery	
Digital Support	Await confirmation of programme extension					
Flexible Apprentice-ships		Receive & Review guidance	Develop as appropriate			
Brokerage Liaison	Confirm delivery approach incl. menu of opportunities	Implement	Review			

6 Resilient structures

6.1 Introduction and context

Although their role varies in different places, Destination Management Organisations (DMOs) are the bodies that have responsibility for the visitor economy, facilitating the growth and development of the tourism and hospitality sectors and playing an increasingly important role in the delivery of local and regional economies and placemaking.

The Liverpool City Region DMO network has evolved over time and has played a key role in the delivery of the Visitor Economy Investment Strategy which has underpinned the significant growth of the sector in recent decades. As previously identified in this report, pre Covid, the visitor economy sector was generating c£5 billion in economic impact, second only to the financial and professional services sector and was underpinning around 57,000 jobs.

In broad terms, the city region's DMO network is an essential interface between the public and private sectors, responsible for providing intelligence, insight, support and direct activity which allows the sector to grow and develop. The DMOs play an operational role in attracting visitors to the city region by developing and leading destination marketing campaigns, maintaining destination digital platforms and attracting leisure and sporting events, conferences and exhibitions. They also play a critical role in supporting the supply side infrastructure of the visitor economy, developing (and in some cases delivering) business support schemes and sector skills and forging partnerships across other sectors. In fulfilling these roles, they work vertically with businesses and key organisations like the Business Improvement Districts (BIDs) and the Chambers of Commerce, as well as horizontally with national Government.

6.2 Current structures and funding

The DMO framework for the city region includes a network of sub-regional DMOs (for Liverpool, Southport and Wirral) which sit under a regional DMO structure. At regional level, the City Region DMO is located within the LEP/Combined Authority. It is governed by a Visitor Economy Board which is made up of the private sector chairs of the region's local authority visitor economy networks and sector specialists.

Working in tandem with the local DMOs and local authorities, the DMO network co-ordinates tourism policy/strategy, investment, sector intelligence, account management and works with other Government departments in areas such as business support. Within this, Marketing Liverpool has both a city region wide and sub regional role, delivering membership, marketing and convention bureau services for Liverpool and attracting domestic and international visitor markets to the city and wider city region. At sub regional level two other key DMOs, Marketing Southport and Visit Wirral, undertake membership, destination marketing and bureau services for the other main visitor destinations within the city region, overseen by Visitor Economy Boards or networks. (A summary of the organisations involved in delivery of DMO functions is included in Appendix D).

As with the delivery structure, the funding model for the city region's DMOs has evolved over time and now combines funding from local authorities and grant income with a small amount of funding from the Local Enterprise Partnerships (LEP). Overall, however, the network has become heavily dependent on commercial income, which is secured through partners buying in to campaigns, purchasing services or paying for membership.

In many ways, the current DMO structure meets the needs of the city region. A recent analysis of impact done for DCMS showed that it has helped to deliver a raft of visitor economy infrastructure projects, as well as securing a £3 million investment in business events and a potential further £3 million investment in destination marketing.

There are, however, some challenges and fragilities in the structure which needs to be addressed if the network is to support the critical interventions set out in this plan and to play a role into the future.

Much of the detail which follows was presented to DCMS as part of the recent DMO review in April 2021 and is included in the Appendix to this strategy.

6.3 Impact of Covid on the city region's DMOs

The devasting impact that Covid had on the visitor economy (which is summarsied in section 2 above) placed immediate and significant new demands on the DMO network as the critical interface between busiensses and government. But the crisis also threw into sharp focus the fragility of the funding model that it operates under.

Prior to Covid-19, the funding model for the network was already heavily dependent on the private sector through buy in to marketing campaigns, sector support activity and membership contributions. As per previous sections, the region's VE Investment Stragey set out the approach and trajectory for dealing with these risks through the use of short term public sector support while establishing a long term commercial funding model. When the pandemic struck, however, any expectations of contributions from the private sector were put on hold.

In the short term, some funding has been secured which has helped to protect some essential activity. This included emergency funding accessed by Marketing Liverpool (ML) and the Growth Company from Visit Britain to support core DMO services (Summer 2020) as well as Destination Marketing funds currently being used for a domestic spring/summer campaign. As per Section 3, the business events SIF programme was also consolidated into a three year project and included enhanced support for convention bureau resources for that period.

Despite these interventions, however, the region's DMOs still face uncertainty; both in terms of the time it will take for their commercial income streams to recover and the obvious pressures on local goverment finances to maintain statutory services. The resulting juxtaposition is that, at a time when the region's visitor economy will be particularly dependent on support from its DMOs, they are effectively at their most vulnerable.

The funding need for DMOs is, therefore, two fold. Short term support is required from the public sector to support the network over the next two years, to allow it to play an effective role in delivering the recovery strategy. Meanwhile, funding is also needed to develop a sustainable, long term funding model which is predicated on achievable private sector contributions. In achieiving this, the main areas that will need immdiate resolution are:

- that public sector funds can be guaranteed to secure DMO core services (resource and associated overheads etc) in their current format over the next two years;
- that revenue funding can be secured from the CA/SIF and Visit Britain to build back demand over this period to deliver the interventions set out in the previous sections; and
- that there is breathing space to develop, challenge and test the radical new funding model.

With these agreements in place, the City Region's DMO network (and the governance that supports it) will be in a position to lead the sector towards the new model.

The reality is that the new funding model will be split between the revenues the private sector is able to commit (because it makes financial sense to do so through the return on investment that can be achieved) and the commitment from the public sector to support DMO core non-commercial functions, based on the importance to the wider regional economy.

In both cases, what has been made abundently clear from consultations undertaken to date, is that the final outcome must ensure that performance can be measured, tangible returns can be delivered, it builds on the current governance and there is clear accountability

6.4 DMO review

In March 2021, the DCMS announced an independent review to assess how DMOs across England are funded and structured and how they perform their roles. The review recognised that the DMO landscape is not uniform and that there are different needs and different structures in different parts of the country. The purpose of the review, which was led by the Chair of the Visit England Advisory Board, was to establish whether there may be a more 'efficient and effective model' for how DMOs are structured and funded. Specifically, the review sought to examine the extent to which the current DMO network: is effective and sustainable; helps governmemnt to deliver its policy objectives; plays an effective role in the wider economy (with a particular focus on English devolution); and levelling up.

The findings of the review could lead to decisions about: whether DMOs might be structured or funded differently (including the role they could play in maximising Covid recovery plans); future role of DMOs and how this links to other bodies; and how they might engage at national level.

The City Region's combined response, which came from the CA, Local Authorities, the LEP and ML, provided evidence for the problems which have been experienced over the last year, linked to the over dependence of DMOs on their commercial income. Namely, without core funding, and in light of the abrupt stop to commercial revenue receipts (resulting from the pandemic), the local network of regional DMOs became vulnerable. This in turn risked their ability to plan and sustain services, as well as helping the sector through recovery by providing the dedicated suport across the areas highlighted in this strategy.

The response set out the case for a four year agreement with government whereby a network of strategic DMOs or strategic VE leads would be established. Whilst recognising that it is unlikely that a one size fits all solution was either desirable or achievable, it proposed that for the Liverpool city region there is already a robust governance structure that could be built upon.

Central to the ask was the need for core funding from the Governmen to support the non-commercial elements of DMO activity (particularly staffing costs and overheads that to all intents and purposes are currently being picked up be the public sector). This core support would allow them to build back their commercial models.

The agreement would be based on criteria which related to the size and scale of DMO, the strategic importance of VE to their regonial economy and would be predicated on appropriate governance structres being in place. Within this, DMOs would need to have mechanisms for evidencing performance. The LCR response also indicated that a local financial contribution from the LCR CA could be fortcoming by way of commitment to the proposal.

6.5 LCR DMO funding

Although the current DMO structure is different across the city region, its effectiveness and fitness for purpose is widely supported by key stakeholders. It is recognised that a ‘one size fits all’ structure will never be achievable and that flexibility to work within local frameworks will always be essential. The current model, although not without some imperfections, brings both strong input and leadership from the private sector and good integration into the CA and local government.

The key ask from the DMO review is for core funding and, whilst a strong case has been made to government for this outcome, it will ultimately be a decision for the government minister to progress through Treasury and the CSR in October.

The immediate challenges are, therefore, safeguarding the funds for the next two or three years. This will ensure the LCR DMO network can exist, will have the capability to build back commercial revenue streams (from membership, commissionable income and contracts etc.) and can capitalise on any new funds that may arise from the DMO review.

In terms of the requirements, the detailed financial analysis of the LCR network of DMOs is outside of the scope of this strategy. Based on the 2016 VE Investment Strategy, however, approximately £750K is required in overheads and resources for core LCR DMO services (for ML and the Growth Company) per annum. For Marketing Southport, just over £590k is required to cover staff and activity costs per annum. For Wirral, in the savings plan presented earlier this year, Wirral Council proposed, and councillors accordingly voted, to delete the tourism posts. The decision was therefore taken to confine expenditure on visitor economy to the existing business support contract, removing staff resource from the council, and retaining only a basic budget of c.£35k. In addition, match funding for the Destination Marketing campaign has been ringfenced. The value of the visitor economy contribution to the existing business support contract (currently with the Chamber) can’t be confirmed. The other local authorities within the LCR have no dedicated VE resource and are, therefore, reliant on central DMO services.

The direct costs of VE overheads and resource cannot be fully extrapolated because ML and Growth Company teams both work across other related arears such as place marketing and investment. However, the above represents a fair approximation of the overall annual ask and reflects the services provided to the public sector and private as already stated.

The revenue costs for destination activity set out in the 2016 VE investment strategy were anticipated to be in the region of £4 million covering business events (£1.5 million - subvention), destination marketing (£1.2 million leisure and conference marketing, research, digital and destination welcome) and events (£1.3 million leisure and sporting events). Skills and business support programmes were not costed as they relate to the national funding programmes agreed through BEIS and the DfE etc.

Pending the DMO review and the obvious lead time for the implementation of the recommendations of this strategy, the areas for immediate confirmation are:-

1. at least a two-year commitment from LA's and Growth Company to lock in resource as a commitment to LCR SIF projects and providing match for the proposed destination; marketing bid and commitments already in place for (Convention Bureau Services and programme management elements);
2. the need to review and discuss core funding with the Combined Authority for LCR DMO policy, intelligence and strategy functions being delivered through the Growth Company and the uncertainty around future funding for LEPs.
3. events are an outstanding issue (see section2.4) and a new strategy for the LCR is required to trigger short-term public sector funding that can be invested and reinvested to deliver a commercially sustainable programme.

The national DMO review presents the opportunity to build on the existing LCR DMO framework and attract core funding for essential operating costs from Government. When, and if, it is secured, it will allow DMOs to place greater emphasis on supporting the sector rather than spending a disproportionate amount of time dealing with the short term nature of their current funding arrangements (impacting forward planning and business continuity). Within this, however, the City Region will need to consider how it will prepare for this opportunity **both in terms of its ability to develop a credible case to government that clearly shows how resources and delivery are being optimised and that, as a delivery vehicle, it makes sense to the private sector**.

6.6 A Liverpool City Region Strategic DMO

Clearly, the establishment of a nationally recognized, regional DMO network is not within the gift of the city region or its partners, although the case has been made through the DCMS submission. The principle of strengthening the city region's strategic DMO could, however, be implemented locally, independent of any changes at national level. It would also strengthen the City Region's case for securing strategic DMO funding should the opportunity arise.

Within the DCMS response, the LCR outlined a concept which would see the development of a new network of a strategic DMOs that would be formally recognised as such and supported by core funding from government. The core funding would be required to cover staff and essential resource costs (see Section 6.5 above) and the funding formula could be linked to the size of the local visitor economy (value, number of businesses etc.), potentially with additional resources allocated to align with national government priorities. There would then be a requirement for the DMOs to leverage additional funding from private sector buy in and through project based grants.

These regional DMOs would have a relationship with Visit Britain, providing the national body with a more structured and comprehensive network which represents the sector across the country and allowing for the implementation of a coherent set of operating protocols.

6.7 The opportunity for the Liverpool City Region

Whilst the creation of such a network is a government decision, based on the consultations undertaken with the LCR's public and private sector stakeholders, there is however support to move towards this model locally, irrespective of (or in advance of) any national decisions. The consultations identified that the aspect of the network that could benefit from clarification relates to the roles of the Growth Company and Marketing Liverpool. As per the agreement with the LCRCA, the Growth Company has strategic responsibility for the visitor economy and for delivering and supporting the development of a range of growth services for the sector. Marketing Liverpool provides marketing services for the city, supported by core funding from the City Council. It is also commissioned by the Growth Company to provide destination marketing campaigns, membership, and convention bureau services for the city region.

The main barrier in making the commissioning arrangement work effectively to this point has arguably been twofold. Firstly, the city region has had limited funds to fill the gap left that was left from the loss of ERDF and RDA investment in destination based activity since 2014. Secondly, there has been understandable reticence from the private sector to make significant investment until the approach to commissioning has been proven and accountabilities are clear.

The VE Investment Strategy and subsequent SIF programmes (Business Events and Destination Marketing) were intended to rectify these issues by providing the short-term revenue funds (three years maximum) that would enable LCR DMO to operate at an LCR destination level. They would also implement private sector-led governance arrangements that would be retained once the projects had completed and would act as the basis for private sector funding in the future. As previously set out (see Section 2.7), this would act as a transitionary period and be used to develop and test the long term funding model (potentially through a Tourism type BID). It would strengthen DMO resources and give it greater autonomy to act commercially and with greater agility.

While the impact of Covid has slowed progress, these outcomes remain the priority of the LCR Visitor Economy Board and those wider stakeholder groups as the only viable long-term solution that would secure their investment. Indeed, these ambitions are starting to be realised through the delivery arrangements put in place for the business events SIF project and the revised SIF project for destination marketing. In both cases, these initiatives are private sector led, they are based on clear commissioning arrangements (between the GP, LAs and ML) and there is commitment to achieving a sustainable funding model once the projects have completed.

In that sense, these opportunities must be developed articulated in terms of how the LCR strategic DMO function would operate. This means:

- firstly confirming the interaction between the VEB and the local VENs (especially LVEN, Marketing Southport and Wirral VEN) in driving the VE Investment Strategy for the sector forward and getting the private sector to adopt it;
- secondly, the relevance/importance of the individual SIF projects in achieving that end; and
- thirdly, the creation of a management/executive board to oversee the performance of ML and the Growth Company based on the commissioning contract.

6.8 Decisive action required!

The first two areas will come through a review of the SIF programmes, updating the VE Investment Strategy and the emerging opportunities to raise private sector funds using BID legislation. The management arrangements need further consideration on the basis that the City Region has flirted with several models and ideas over recent years, yet none have come to fruition.

While the relationships and funding arrangements for the LCR DMOs on the surface are complex, the simplification of how these might work more effectively is relatively straightforward. To all intents and purposes and, following consultation, this can be described as a DMO arrangement that successfully integrates strategy, intelligence and sector support with sustainable destination activity that is responsive to market need and capable of driving year-on-year growth.

Following discussion with key stakeholders as part of the formulation of this strategy and the development work for the SIF investment programme, there appears to be consensus in the approach for meeting this end. This would involve:

- the Growth Company CA confirming a three-year agreement with Marketing Liverpool for the delivery of LCR Destination Marketing, Convention Bureau and Membership services;
- as part of this agreement, ML overheads and resources would be financially supported by Liverpool City Council on the basis that revenue funding for destination activity was secured through SIF, other local authority partners (as appropriate) and the private sector;
- during this period, an executive management board will be created (comprising the private sector, LCC, CA and the Growth Company) to review DMO performance and to consider future options for restructuring these relationships – including the opportunity to create joint venture arrangement, thereby allowing greater autonomy for future delivery; and
- the current/proposed SIF funded programmes will provide the governance arrangements for operational /strategic delivery and will be used to inform future delivery arrangements during the transitionary period.

As highlighted in the sections above, the wider considerations associated with this approach relate to the level of core funding that is likely to result from the DMO review and what it will be used for. The ability to secure a four-year core agreement with Government is crucial for rebuilding DMO commercial income and the core resource that remains under threat due to public sector spending pressures. However, this is not likely to happen quickly and there will also be a reliance on the LCR Combined Authority through its relationship with the LEP/Growth Company to seriously consider some form of core funding to alleviate the short term pressures, and to ensure the appropriate resource is in place to support the recovery plan whilst the long term model is being developed.

Specifically, the proposed approach addresses the relationship between the Growth Company and ML. The relationship between the GP and ML is a pragmatic one and one which allows the city region as a whole to benefit both from Liverpool as the attack brand and from ML's core resources. In the medium term, it is in the city region's wider interests to maintain this relationship. The relationship does, however, present some constraints. Marketing Liverpool is part of Liverpool City Council and, therefore, it is required to operate in a way which meets the Council's requirements. A delivery body which had greater autonomy and was more accountable to a sector board could present a more compelling case for support to the private sector and could potentially have greater freedom to operate. This would be addressed as part of the longer term development of the governance model.

6.9 Long term funding requirements

The question of where funding for the DMO network will come from in the future is a debate which has been taking place over many years. The pandemic and the DCMS DMO review, which is a direct response to this, provides a more focussed opportunity to progress a more robust and sustainable model.

Through the DMO review, the ask has been made of government for core funding. This is not guaranteed, however, and, in the interim, the use of SIF funding (existing and proposed) and public sector commitments to these projects, presents a workable solution for securing both revenue and core funding over the short term.

The SIF projects have conditions in terms of establishing a long term model for revenue funding which would come predominantly (but not exclusively) from the private sector. This will take significantly longer to establish now, however, given the impact of Covid 19 and the immendiate need to channel DMO resources into the sector's recovery plan (demand and supply side interventions).

Beyond this, however, there is a critical need to develop a sustainable funding model to protect theese critical development and support structures for the sector.

The recommendatioin is to to use the SIF businesses events modelling which is explored in sections 3.3 and 3.4 above to undertake the detailed feasibility and testing, following consultation and agreement of the approach with the accommodation sector. The intention will be piloted in Liverpool and could be applied to other destinations like Southport, at the appropriate time.

There is the potential that these funds could contribute to DMO provision, supporting marketing, LCB, Convention Bureau etc. However, it is likely to be the caser that these services would need to go through a competitive tender process. As such, any gaps will need to be filled as part of the SIF delivery and performance.

6.10 Summary of priorities

Priority	Action	Timeframe	Funding Source	Lead Partner
Leisure Market Demand Stimulation	Local within region stimulation/ marketing activity	2021	Reprofiled SIF3 bid	DMOs; LCR businesses & partners
	Domestic market stimulation/ marketing activity	2021		Growth Company/ML
	Short haul market stimulation/ marketing activity	2021/ 22		Growth Company/ML/ VB
	Long haul market stimulation/ marketing activity	2022		Growth Company/ML/ VB
	Product interventions to support marketing	2021		Growth Company/ Transport partners
Business Events	Updated Business Events Strategy 2023 - 27 International Association Conferences	2021 Sales from 2021	SIF3 bid	Growth Company/ML/ ACCL/ Southport
	Development of sustainable funding model: feasibility study	2021	Funding secured from SIF	Growth Company
Business support	Dedicated Sector Support Initiative (3 phases)	2021 onwards	SIF2/3: BEIS	Growth Company
	Borough/individual support programmes	2022 onwards	LA's; SIF3	Local authorities & chamber partners
Skills	City & Guilds/LHA/GP programme	2021 onwards	SIF2/3	Growth Company/LHA
	Promotion of existing schemes	2021 onwards	Various	Growth Company/LA's
	Vacancy Matching Service	2021 onwards	BEIS/Cities & Local Growth Unit	Ways to Work/Kickstart
	Flexible Apprenticeships	2022 onwards	TBC	Consortia/Training Providers
Resilient structures	Development of sustainable funding model: feasibility study	2021	Funding secured from SIF	Growth Company
	DMO review core funding ask	2021	Submitted. Outcome awaited	Government/ Growth Company
	Short term/ interim funding commitment from Las and GP to match/ support	2021	LAs, GP, CA	Growth Company
	Short term/ longer term core funding review for strategic function	2021	CA	Growth Company
	3 year funding agreement between GP (CA) and ML	2021	CA	Growth Company

Part 3 – Evidence base

1 Introduction

This section sets out the evidence for the impact that the pandemic is having on the Visitor Economy Sector across the city region. Evidence from global and national impacts are used to put it into context.

At the time of writing, restrictions linked to the pandemic are ongoing and, therefore, the impact that it is having is still unfolding. The road map to recovery, set out in the section which follows, provides an intended timeframe which will allow businesses to reopen. This, of course, may change if there are further spikes in the spread of the virus, or significant problems arise with the vaccination process.

However, whilst there is some degree of certainty around reopening dates for Visitor Economy businesses, much is still unknown about how different types of people will behave in the future and whether the pandemic will have led to permanent changes that will impact on demand and the sector's ability to meet that demand. This section, therefore, also assesses the latest evidence about future consumer confidence and summarises projections for the next few years. It is recognized, however, that these projections may change in the coming months and into 2022 as lockdown is restrictions are eased.

1.1 International trends

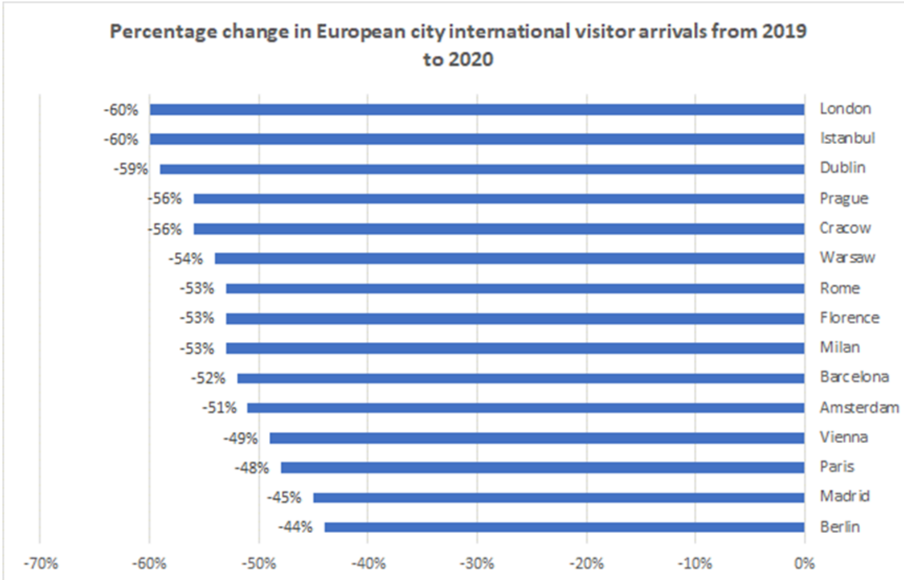
A number of data sources provide a clear evidence base about the global impact of the pandemic on tourism and the visitor economy, typically comparing the change between 2019 and 2020.

Overall, UNWTO[12] has calculated that, in 2020, there were 1 billion fewer international tourism arrivals globally and a loss of $1.3 trillion in total export revenues from international tourism. It is estimated that between 100 million and 120 million direct tourism jobs have been lost or are at risk.

Evidence from Tourism Economics (part of Oxford Economics) showed that international city arrivals were estimated to have reduced by 58% globally and by 52% in European cities in 2020, before the further restrictions in autumn and winter 2020 were imposed.

Within European cities, London was hardest hit, showing a 60% decline in international visitor arrivals compared to the same period in 2019.

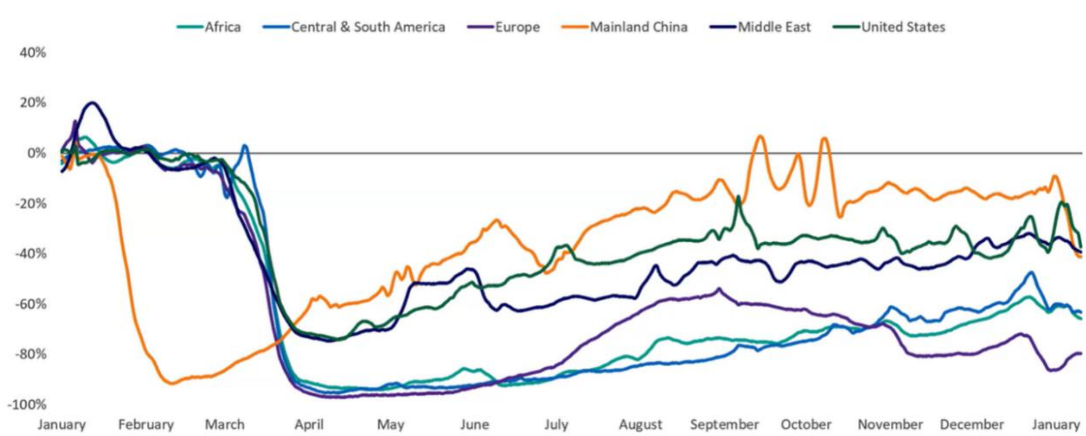
[12] The World Tourism Organization (UNWTO) is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism.



Data source Tourism Economics. AMION analysis

The analysis noted that international arrivals to European cities were not predicted to reach 2019 levels again until 2024, with even slower recovery predicted in 28% of European cities. Domestic visitor arrivals to European cities, however, were forecast to reach 2019 levels a year earlier, by 2023.

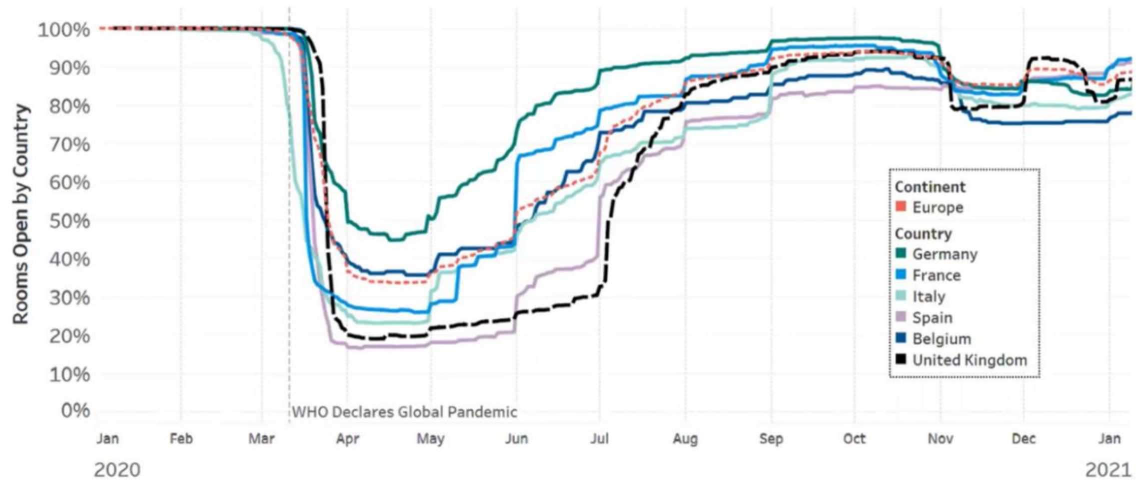
STR Global has provided comparative data looking at hotel occupancy rates within each continent throughout 2020[13]. Mainland China was the first area to lockdown with occupancy rates plummeting in February 2020. By April, however, when the rest of the world had imposed restrictions, China had started to recover. Europe saw the greatest level of impact during the first lockdown, rallying over the summer as restrictions were eased but falling sharply again during the second wave.



[13] Images taken from STR Global's publicly shared Facebook March 2021, Thomas Emanuel update

Room inventory occupancy change 1st Jan 2020 to 10th January 2021. Source STR Global Facebook

Clearly the availability of rooms has been an important factor but as the following chart showing number of rooms open in Europe illustrates, there was not a linear relationship between room availability and room occupancy. During the first wave of the pandemic, between 80 and 90% of hotels across Europe closed down. By October 2020, 80% re-opened and there were fewer closures during the second wave. Despite this, as the graph above illustrates, room occupancy in Europe showed the greatest decline worldwide.



European country hotel occupancy rates 2020 – 2021. Source STR Global Facebook

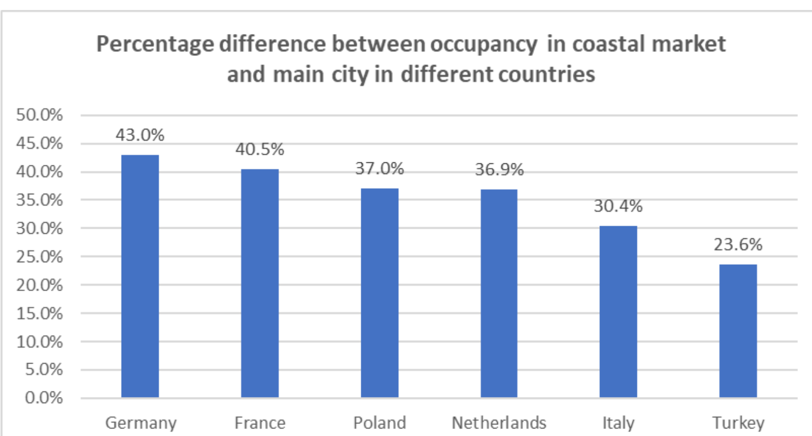
The analysis notes that domestic and long-stay corporate demand was driving the vast majority of bookings across all European cities throughout the year.

A snapshot of hotel occupancy rates across European cities in December 2020 illustrates the challenges that were being faced across the continent. Liverpool, with an occupancy of 40%, was ranking 6th. This ‘relatively strong’ performance was almost certainly linked to the fact that the city was placed into a more relaxed Tier 2 category for the majority of the month, before the second national lockdown was imposed at the end of the year.

European cities with highest hotel occupancy (total room inventory) – December 2020	
Market	**Occupancy**
Exeter	51%
Moscow	49%
Yekaterinburg	45%
Sochi	41%
Izmir	41%
Liverpool	40%
Bath	39%
Nursultan	34%
Aberdeen	33%
Monaco	33%
Istanbul	32%
Saint Petersburg	32%
Baku	30%
Kiev	30%
Bristol	30%
Cork	29%
Dublin	29%
Zaragova	29%
Genoa	27%
Ankara	27%

Source STR Global Facebook. Analysis AMION

Within the European picture, however, there is evidence that major cities were hardest hit whilst coastal areas generally achieved higher occupancy levels. The following snapshot shows the variation in occupancy levels for major cities compared to coastal destinations at the end of July 2020. For example, in Germany, there was a 43% difference in occupancy rates in coastal towns and main cities.

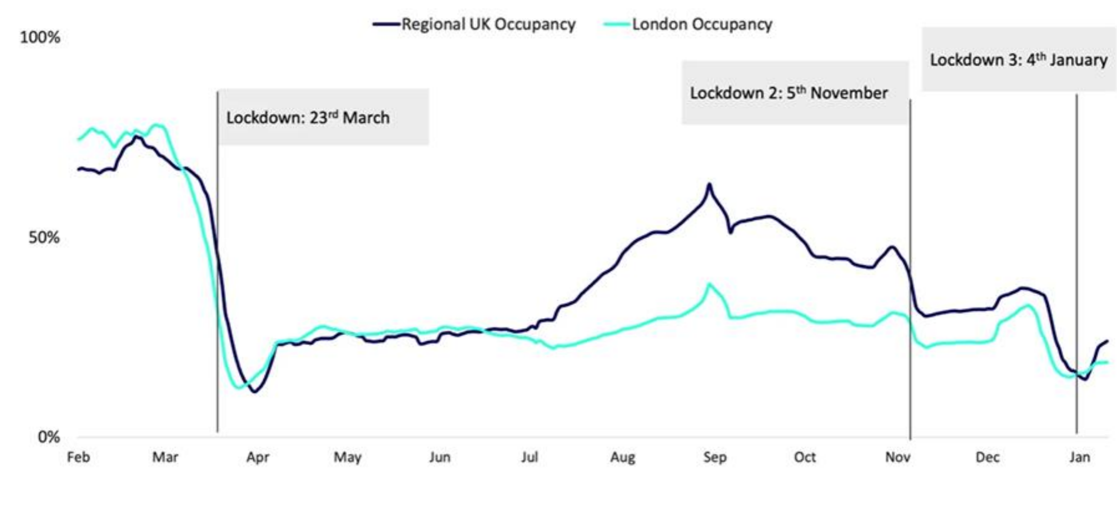


Source STR Global Facebook. Analysis AMION

1.2 National and regional trends

Evidence from the UK indicates that the UK has broadly mirrored the trends seen across Europe.

Hotel occupancy levels began to fall in London ahead of the national lockdown, with the decline in regional occupancy rates following slightly later. Throughout April to June, the picture was similar across the UK, although the regions saw a greater improvement between July and September than London hotels. The timing of the second lockdown appeared to impact occupancy levels similarly across the country although once again the regions appear to have bounced back earlier, albeit from a very low base.



UK hotel occupancy rates Feb 2020 to Jan 2021. Source STR Global Facebook

Accommodation establishments in cities and larger towns were more affected by Covid than those in the seaside and in the countryside in England, mirroring the global picture. Unsurprisingly, the difference was most noticeable in August and September.

UK	Room Occupancy by Destination Type (2020)			
	Countryside	Seaside	Small Town	City / Large Town
Jan	53%	58%	60%	66%
Feb	61%	69%	69%	74%
Mar	35%	39%	37%	36%
Apr	n/a	18%	10%	23%
May	n/a	22%	14%	24%
Jun	18%	28%	16%	25%
Jul	36%	47%	32%	27%
Aug	67%	80%	54%	43%
Sep	64%	76%	53%	42%
Oct	57%	64%	48%	39%
Nov	26%	29%	30%	27%
Dec	26%	32%	28%	26%
Average	44%	47%	38%	38%

UK	Fall in Room Occupancy by Destination Type (2020 vs 2019)			
	Countryside	Seaside	Small Town	City / Large Town
Jan	2%	0%	0%	0%
Feb	0%	-1%	1%	-1%
Mar	-29%	-30%	-32%	-40%
Apr	n/a	-61%	-62%	-53%
May	n/a	-58%	-63%	-55%
Jun	-60%	-54%	-66%	-59%
Jul	-43%	-39%	-52%	-58%
Aug	-12%	-9%	-26%	-39%
Sep	-15%	-9%	-28%	-41%
Oct	-16%	-15%	-30%	-44%
Nov	-38%	-41%	-43%	-53%
Dec	-30%	-31%	-37%	-46%
Average	-24%	-29%	-37%	-41%

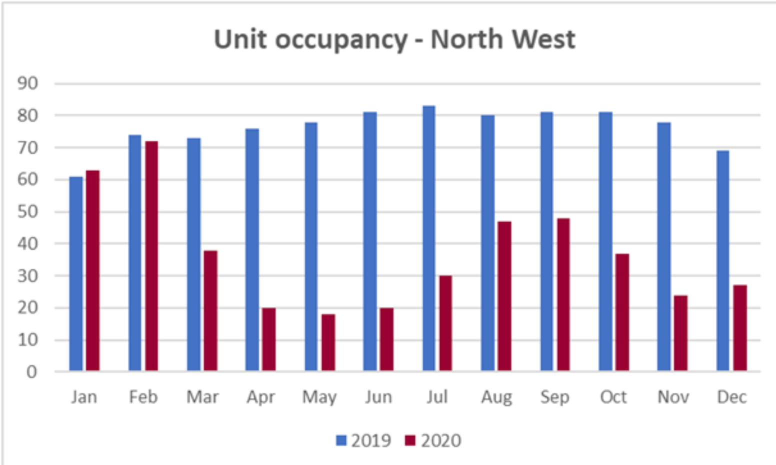
Source: Visit Britain; AMION analysis

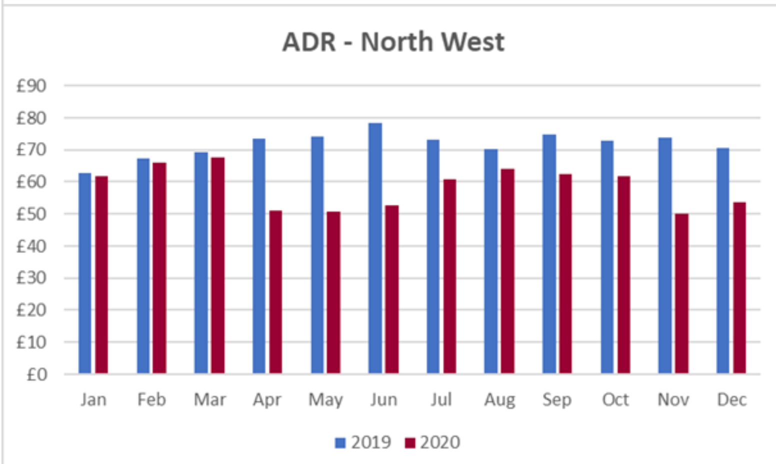
Hotel occupancy rates for individual cities across the UK for the full year 2020 shows that, whilst all cities were affected, coastal cities maintained higher occupancy rates on average for the year than inland cities.

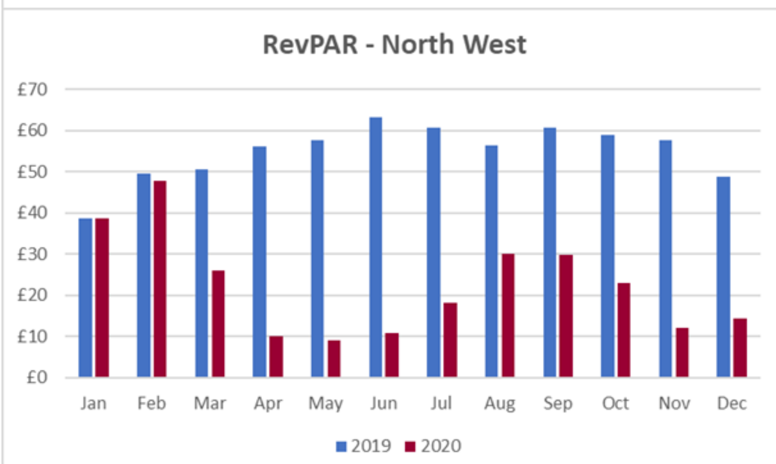
Occupancy Rates for Individual UK Cities - 2020	
City	**Occupancy rate**
Plymouth	57%
Inverness	53%
Southampton	50%
Bristol	49%
Aberdeen	42%
Liverpool	41%
Cardiff	41%
Leeds	38%
Manchester	37%
Birmingham	37%
London	37%
Edinburgh	36%
Newcastle	36%
Glasgow	35%
Belfast	32%
Dublin	31%
UK	**40%**

Data source: STR Global Facebook

Looking specifically at the ***North West region***, data from Visit Britain shows average annual occupancy for 2020 was 37%, compared to 76% in 2019. The biggest decline in occupancy was between April and June 2020 when occupancy rates were down 74%-77% on the previous year. Average RevPAR (revenue per available room) fell by 59% from £54.88 to £22.49.







Source: VisitBritain

1.3 Liverpool City Region

Hotel data

Data gathered by the LCR Growth Company illustrates the impact that the pandemic has had on the city region.

Hotel occupancy levels across the city region fell by over 40 percentage points whilst RevPAR fell by just under 40%. Liverpool city centre saw similar falls. Overall, hotel occupancy rates and RevPAR across the city region were broadly in line with North West averages.

	2019 ave.	*2020 ave.*
Room occupancy		
Liverpool City Centre	77.9%	38.4%
Whole City Region	78.4%	38.3%
REVPAR		
Liverpool City Centre	£59.62	£23.87
Whole City Region	£55.40	£21.63

Source: LCR Growth Company

Within the full year figures, the decline between March and August was greatest with occupancy rates across the city region for this period falling from 81.4% in 2019 to just 30.8% in 2020.

Looking at occupancy trends over the year, the following graph illustrates how the city region as a whole saw a bounce over the summer, followed by a sharp decline in October when it became the first area in England to come under tighter lockdown restrictions. In December, when the area was bound by lighter restrictions than much of the country, there was a subsequent increase in occupancy rates.

Source LCR Growth Company. AMION analysis

Accurate full year data has not been supplied for all of the subregions but the following data, which compares September 2020 with the previous year, suggests that whilst all parts of the city region saw a decline, Liverpool city was hardest hit, both in terms of occupancy rates but also RevPAR.

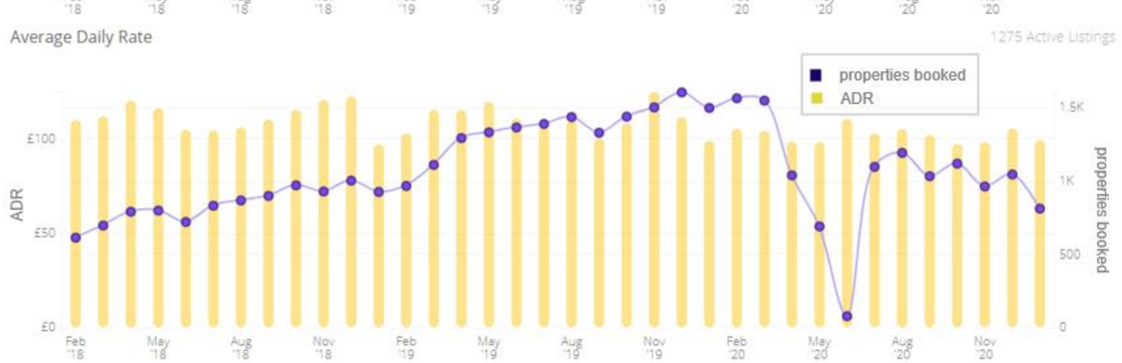
	Sept. 2019	*Sept. 2020*
Room occupancy		
Liverpool City Centre	79.8%	44.9%
Southport	75.8%	63.9%
Wirral	81.3%	62.5%
REVPAR		
Liverpool City Centre	£ 58.27	£ 27.26
Southport	£ 44.73	£ 40.23
Wirral	£ 44.56	£ 29.08

Source: LCR Growth Company

Other accommodation data

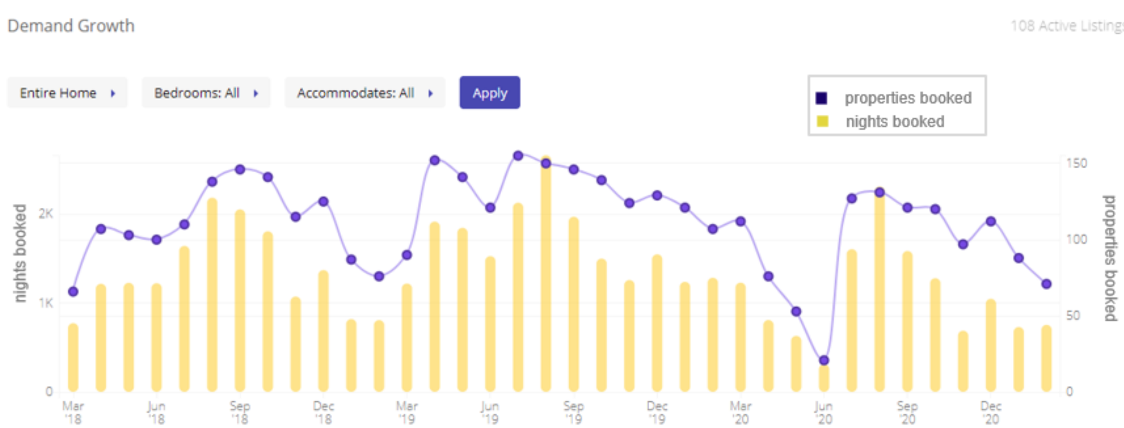
Data from AirDNA on the AirBnB market, looking at entire homes only, paints a slightly different picture.

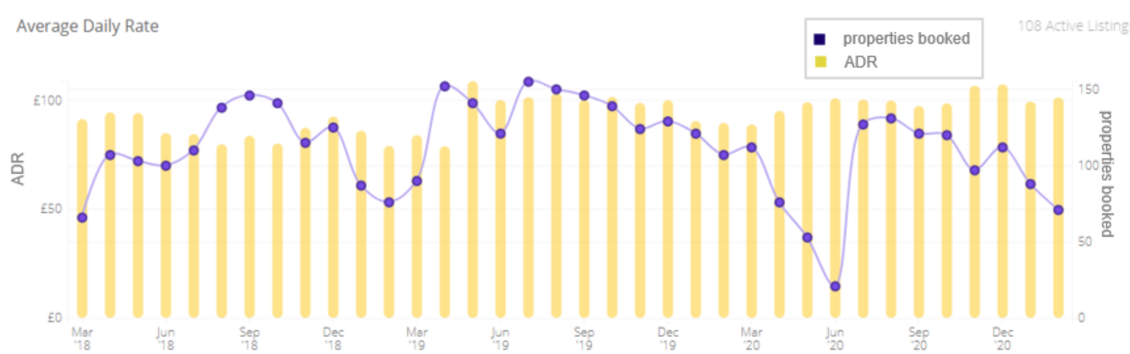
In **Liverpool,** demand nosedived in Spring 2020 and then recovered somewhat over summer, albeit to levels still far below summer 2019 levels. The average daily rate (ADR) was lower than for the previous year, averaging £100 (including cleaning fee). Average occupancy over the last 12 months was 35%.



Source AirDNA

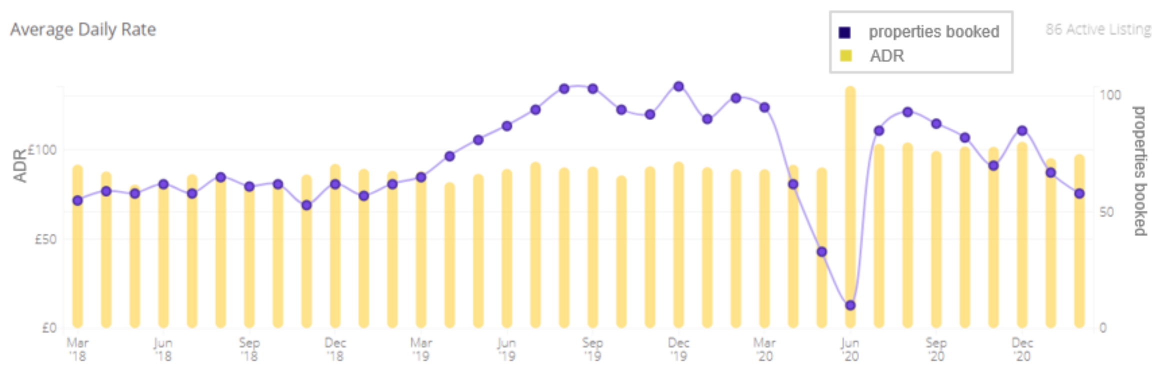
Sefton has the second largest entire-home AirBnB rental market after Liverpool, although Liverpool has around ten times more properties available (108 listings in Sefton compared to just over 1,200). In Sefton, demand also saw a sharp fall in Spring 2020 followed by a soft recovery in number of booked properties through to December. ADR over the last year was £99 (including cleaning fee). Average occupancy over the last 12 months was 47% (properties with no reservations are excluded), somewhat higher than for Liverpool.





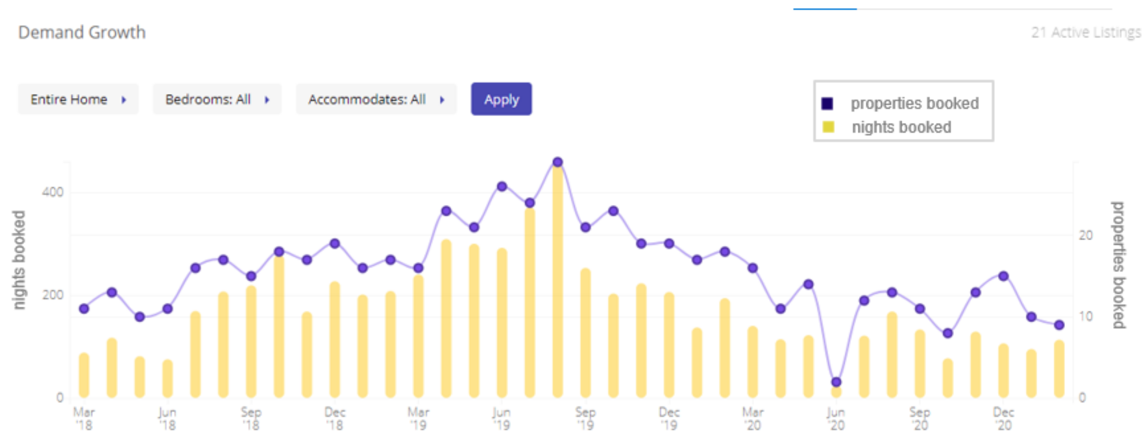
Source AirDNA

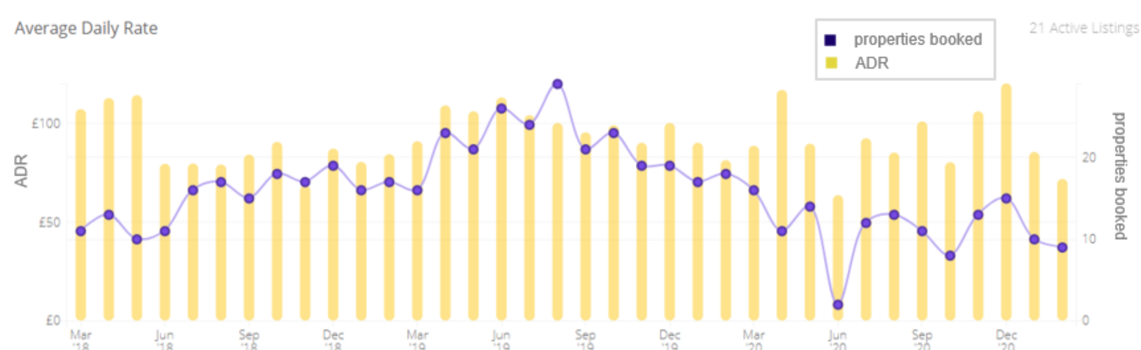
Wirral has a much smaller entire-home AirBnB market than Liverpool with just 86 listings. Demand saw a similar fall in Spring 2020 followed by a soft recovery in the number of booked properties through to December. Average daily rates, however, quickly rose to previous levels and averaged £96 (including cleaning fee). The high ADR in June 2020 relates to very few trading properties in this period. Average occupancy over the last 12 months was 50% (properties with no reservations are excluded), again higher than Liverpool and slightly higher than Sefton.



Source AirDNA

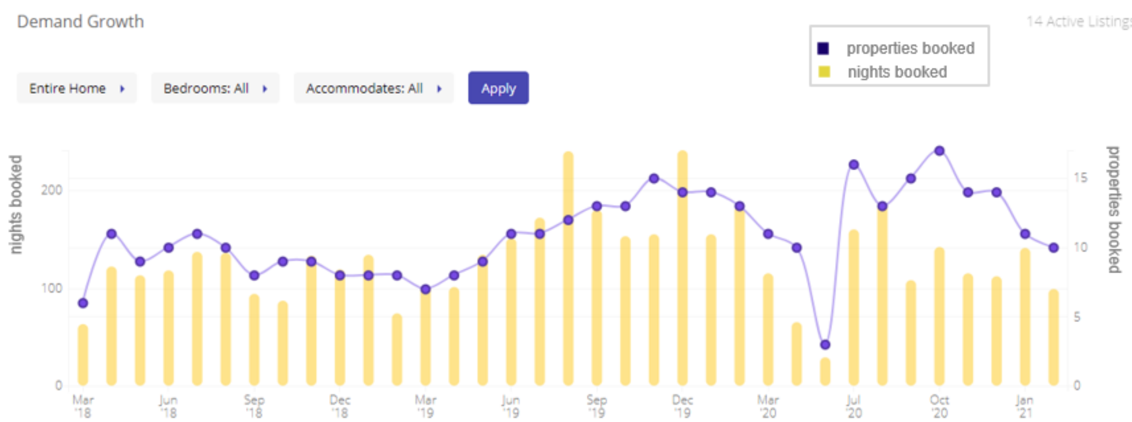
Knowsley has just 21 active listings in the entire-home AirBnB category. Demand saw a delayed decline in June 2020, followed by a soft recovery in number of booked properties through to December. As for Wirral, rates were quickly raised to previous levels again. ADR over the last year was £91 (including cleaning fee). Average occupancy over the last 12 months was 48% (properties with no reservations are excluded), in line with the rest of the city region but higher than Liverpool.

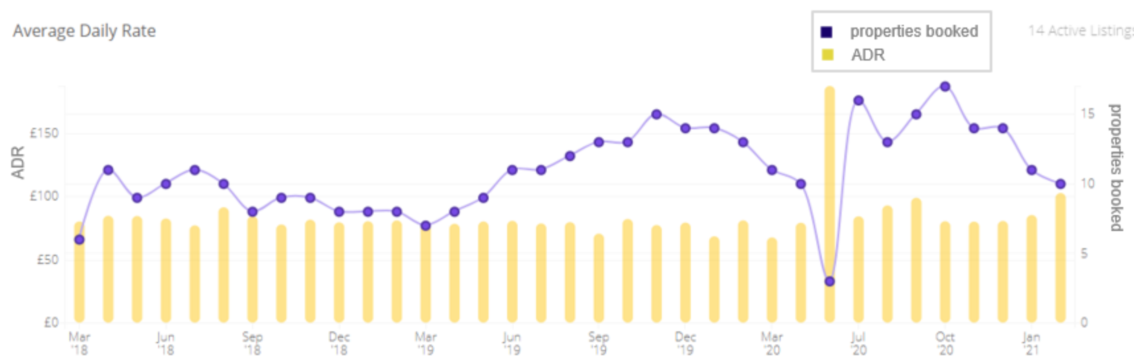




Source AirDNA

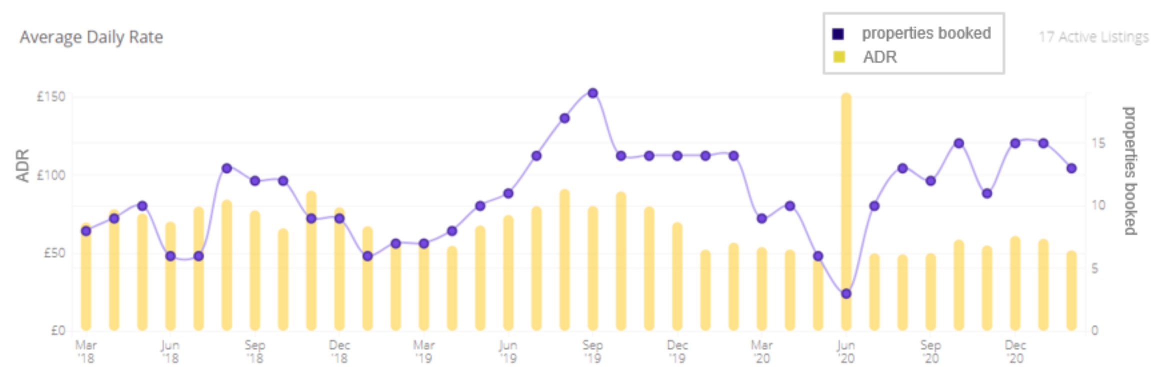
St Helens has just 14 listings for entire-home AirBnBs. Demand saw a marked decline in Spring 2020, followed by a soft recovery in number of booked properties through to December. Rates were quickly raised to previously levels again. ADR over the last year was £82 (including cleaning fees). Average occupancy over the last 12 months was 44% (properties with no reservations are excluded), higher than for Liverpool but slightly lower than the rest of the sub region.





Source AirDNA

Halton has just 17 listings for entire-home AirBnBs. Demand saw a marked decline in Spring 2020 followed by a swift recovery in number of booked properties through to December. ADR peaked in June 2020, when there were very few active properties (permitted to) take bookings. ADR has since plateaued with an average over the last year of £54 (including cleaning fee). Average occupancy over the last 12 months, however, was 67% (properties with no reservations are excluded).



Source AirDNA

Footfall data

The Growth Company also captures data from visitor attractions and footfall into the city and town centres.

Across the year, visits to attractions fell by 77% in 2020, compared to 2019.

Visits to Visitor Attractions	2019	2020	%Δ
Jan	574,454	453,789	-21%
Feb	763,337	604,326	-21%
Mar	796,213	295,671	-63%
Apr	1,084,522	173	-100%
May	915,245	4,902	-99%
Jun	921,381	51,515	-94%
Jul	1,159,902	159,451	-86%
Aug	1,257,117	322,707	-74%
Sep	802,503	204,782	-74%
Oct	837,836	139,930	-83%
Nov	736,074	17,113	-98%
Dec	790,187	152,788	-81%
Total	10,638,771	2,407,147	-77%

Source LCR Growth Company. AMION analysis

Footfall to Liverpool One shopping centre fell by 45% across the same period.

Liverpool One Footfall	2019	2020	%Δ
January	1,898,249	1,963,286	3%
February	1,913,603	1,946,792	2%
March	2,101,374	1,083,442	-48%
April	2,200,644	96,630	-96%
May	2,211,841	107,446	-95%
June	2,238,247	602,174	-73%
July	2,485,252	1,513,513	-39%
August	2,539,677	2,015,062	-21%
September	2,075,448	1,603,148	-23%
October	2,376,356	1,320,540	-44%
November	2,664,894	499,834	-81%
December	3,484,984	2,677,357	-23%
Total	28,190,569	15,429,224	-45%

Source LCR Growth Company. AMION analysis

Footfall to Southport town centre also fell significantly by 37% although it was less badly hit than Liverpool.

Southport Town Footfall	2019	2020	%Δ
January	874,863	871,303	0%
February	825,354	713,667	-14%
March	1,016,770	623,194	-39%
April	985,680	200,284	-80%
May	1,056,871	266,600	-75%
June	1,278,057	609,216	-52%
July	1,116,618	779,083	-30%
August	1,078,521	916,214	-15%
September	1,128,556	1,025,165	-9%
October	862,978	640,399	-26%
November	784,393	301,534	-62%
December	964,410	635,180	-34%
Total	11,973,071	7,581,839	-37%

Source LCR Growth Company. AMION analysis

Google Mobility data provides further evidence of the impact of the pandemic on footfall across the city region into retail and recreation venues[14]. Liverpool saw the greatest drop from baseline, with the deepest fall in all areas during Q2 in 2020.

Av. Retail & recreation %Δ from baseline	Qtr1	Qtr2	Qtr3	Qtr4	2020
Merseyside	-15.9	-61.5	-22.3	-34.2	-35.9
Liverpool	-18.2	-72.6	-30.5	-40.0	-43.4
Metropolitan Borough of Knowsley	-11.6	-46.9	-27.0	-34.6	-32.7
Metropolitan Borough of Sefton	-17.2	-62.8	-13.1	-32.2	-33.3
Metropolitan Borough of St Helens	-17.1	-61.9	-21.6	-31.4	-35.2
Wirral	-15.8	-59.7	-17.5	-31.1	-33.1

Source Google Mobility. AMION analysis

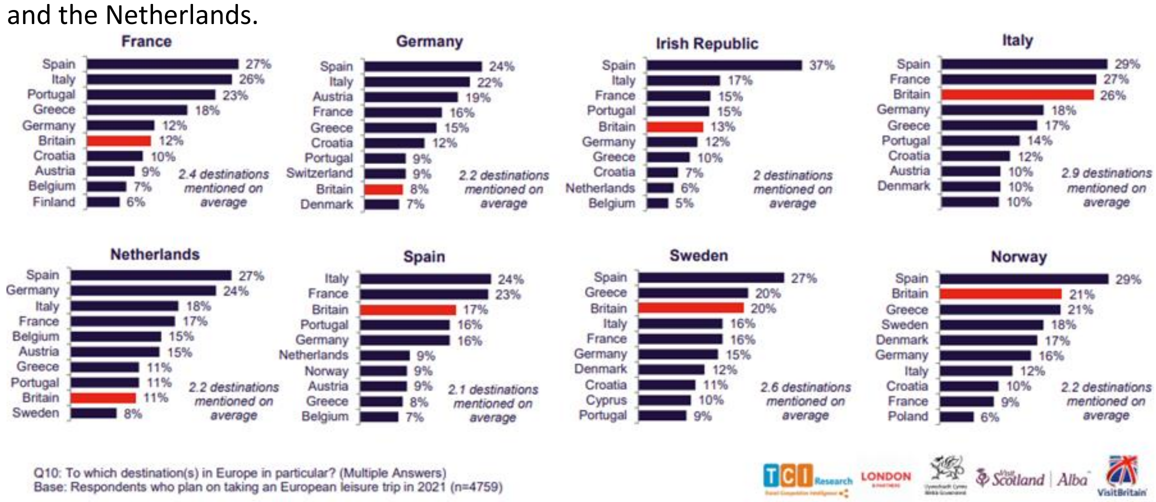
[14] Data is not available for Halton.

2 Consumer confidence research

2.1 International market confidence

In 2020, Visit Britain, working with national partners, commissioned research to understand international consumer sentiment towards international travel. The first wave of research (fieldwork Dec 2020, published January 2021) shows that Britain continued to enjoy a solid competitive position amongst most potential long haul travellers for a trip in 2021.

Among travellers in short haul markets, Britain is well considered for a trip in 2021 by the Nordic and Southern-European markets but less so among core European markets like France, Germany and the Netherlands.



Source VisitBritain

Within England, the North West is relatively well considered as a travel destination for 2021 by both short and long-haul travellers as the third destination after London and the South East.

Market confidence for travel to different UK regions – 2021			
Region	**Short Haul**	**Long Haul**	**Total**
London	48%	44%	46%
South East (e.g. Brighton, Oxford, Kent Windsor)	37%	39%	38%
North West (e.g. Manchester, Liverpool, Lake District)	26%	37%	31%
East of England (e.g. Cambridge, Norwich, Essex)	21%	34%	27%
South West (e.g. Bristol, Bath, Devon, Cornwall)	22%	25%	23%
West Midlands (e.g. Birmingham, Stratford upon Avon, Coventry)	15%	25%	19%
East Midlands (e.g. Leicester, Derby, Peak District)	15%	24%	19%
Yorkshire and the Humber (e.g. Leeds, York, Yorkshire Dales)	15%	21%	18%
North East (e.g. Newcastle, Durham)	13%	15%	14%

Source VisitBritain

Visiting large cities and coastal areas are often top of mind but intentions differ widely from one international market to another. Overall, people from long haul markets were more likely to specify a preference for visiting large cities (50% compared to 40% of people from short haul markets). By contrast, 38% of people from both long and short haul markets stated an interest in visiting coastal destinations.

Generally, the desire to travel remains strong among many people, with 70% of respondents considering an international leisure trip in 2021. People aged below 40 years old and those with an interest in visiting friends and family were most likely to express intentions to undertake international travel as early as they could in 2021.

International market implications for the Liverpool City Region

The following summarises the findings from the VisitBritain research looking specifically at LCR's priority leisure markets. The rationale for these markets is set out in the 2016 LCR Visitor Economy Investment Plan. (These only relate to international leisure markets. The priority markets for business events market are identified differently, not by country of origin).

	Metrics	Important factors
France	79% intend travelling abroad for leisure; 66% of these are considering Europe and 12% of these would consider Britain. 34% of European intenders would visit a city; 36% would consider coastline	• Money back guarantee • Looking for less crowded places • Will book last minute
Germany	65% intend travelling abroad for leisure; 76% of these would consider Europe and 26% of these would consider Britain. 25% would consider a large city; 53% would consider coastline	• Removal of quarantine policies in destination and at home • Looking for less crowded places
Italy	77% intend travelling abroad for leisure; 70% of these would consider Europe and 24% of these would consider Britain. 58% would consider a large city; 38% would consider coastline	• Decrease in Covid cases • Availability of vaccine/ treatment • Looking for less crowded places
USA	69% intend travelling abroad for leisure; 52% of these would consider Europe and 24% of these would consider Britain. 63% would consider a large city; 31% would consider coastline	• Availability of vaccine/ treatment • Money back guarantee • Looking for less crowded places
Ireland	71% intend travelling abroad for leisure; 76% of these would consider Europe and 13% of these would consider Britain. 37% would consider a large city; 44% would consider coastline	• Decrease in Covid cases • Availability of vaccine/ treatment • Looking for less crowded places
Spain	72% intend travelling abroad for leisure; 76% of these would consider Europe and 17% of these would consider Britain. 58% would consider a large city; 28% would consider coastline	• Money back guarantee • Availability of vaccine/ treatment • Looking for less crowded places
Norway	53% intend travelling abroad for leisure; 73% of these would consider Europe and 21% of these would consider Britain. 42% would consider a large city; 45% would consider coastline	• Government advice • Availability of vaccine/ treatment • Looking for less crowded places

At the current time, it appears that, with the exception of Norway, between two thirds and three quarters of people living in the LCR's priority markets are prepared to undertake international travel within the next year and that people in the US, Italy and Spain have the greatest intention to visit Britain. Norwegians who are prepared to travel are also quite likely to see Britain as a prospective destination. Irish, French and German markets may take longer to return or require greater encouragement to build back confidence in the UK as a destination.

With the exception of the US, Spain and Italy, all markets have indicated that coastal areas have greater appeal at this time than cities and all markets are seeking less crowded destinations.

It is worth noting, however, that at the time of writing there is a strong suggestion from Government that tighter restrictions may be imposed on people coming in from countries with high rates of Covid infection. Such a move could significantly impact on the ability of overseas tourists to visit the country over the spring and summer (and potentially beyond).

Domestic markets

VisitEngland has also commissioned a UK tracking survey to understand confidence levels and intention to take short breaks and holidays both within the U.K. and abroad. To date, there have been twenty five waves of research, beginning in May 2020.

According the latest findings (March 2021), 13% of U.K. adults plan on taking an overnight domestic short break or holiday in spring (between April and June this year) but with more towards the end of the period. 28% intend to take a trip in the summer (between July and September 2021). Within this period, more people intend taking trips in August and September (both 13%) than July (8%). 7% of U.K. adults plan on taking an overnight trip in spring and summer.

Interestingly, although retirees are generally more positive than the UK population as a whole that the worst has passed, they remain more cautious about taking trips or undertaking indoor activities. This applies both to those who have been vaccinated and those who have not. Compared to the general population, people intending to take trips are more likely to be pre-family or families – the latter significantly so. They are also significantly more likely than the U.K. population to belong to AB social grades.

Hotels are the most cited intended form of accommodation for both spring and summer trips, followed by cottage rentals and camping/ caravanning.

Figure 25. Accommodation planning on staying in on next UK overnight trip for Spring intenders, Net percentage Waves 22-25, UK

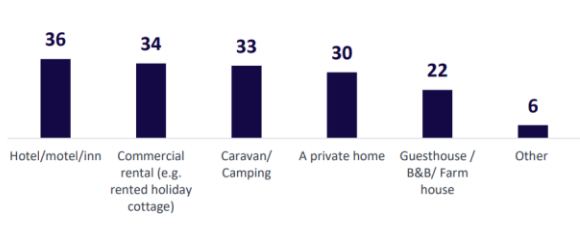
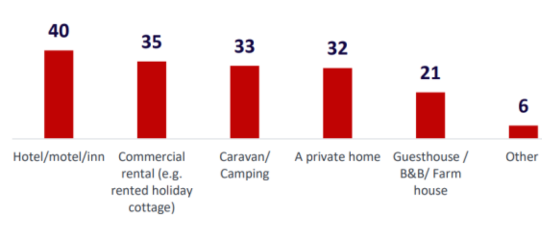


Figure 26. Accommodation planning on staying in on next UK overnight trip for Summer intenders, Net percentage Waves 22-25, UK



Source VisitEngland

Further evidence of confidence can be seen in the ALVA (the Association of Leading Visitor Attractions) Attractions Recovery Tracker which was released at the end of January 2021. The study indicated that over 50% of usual audiences had begun to return to visitor attractions since the end of the first lockdown but visits have primarily been to outdoor sites. Families, younger people and attraction members are the most confident segments. Concerns around distancing remain the focal point and although anxiety around using facilities at attractions is still high for many indoor facilities, this is easing slightly.

The impact of having the first vaccine dose increases the proportion saying they will visit any attraction from 44% to 48%.

Domestic market implications for the Liverpool City Region

The VisitEngland data provides some insights in terms of regional perceptions and potential implications for the LCR.

In terms of regional preferences, 10% of people cited the NW as their destination of choice for a spring holiday, falling to 9% for a summer break.

Figure 19. Where planning on staying on next UK overnight trip for Spring intenders , Percentage Waves 22-25, UK

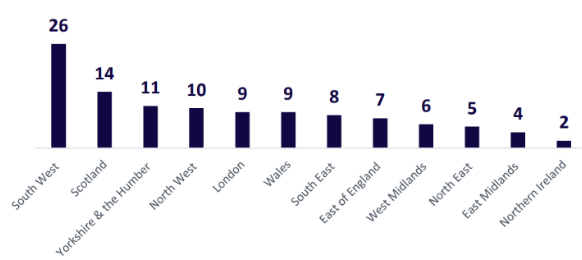
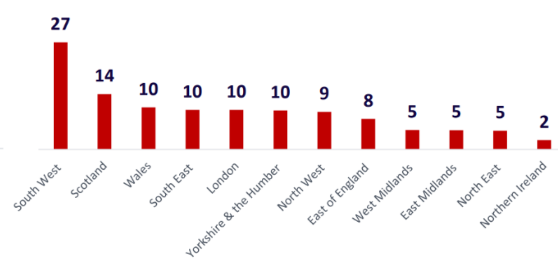


Figure 20. Where planning on staying on next UK overnight trip for Summer intenders, Percentage Waves 22-25, UK



Source VisitEngland

A further breakdown of intended destination is only provided for spring breaks. Of the 10% citing the NW as their preferred destination, 55% were intending to go to Cumbria. Just 7% quoted Merseyside as their intended destination, with 17% stating Lancashire.

Of the people intending to take a trip to the NW, the largest percentage (29%) live within the NW so clearly plan to take a trip close to home.

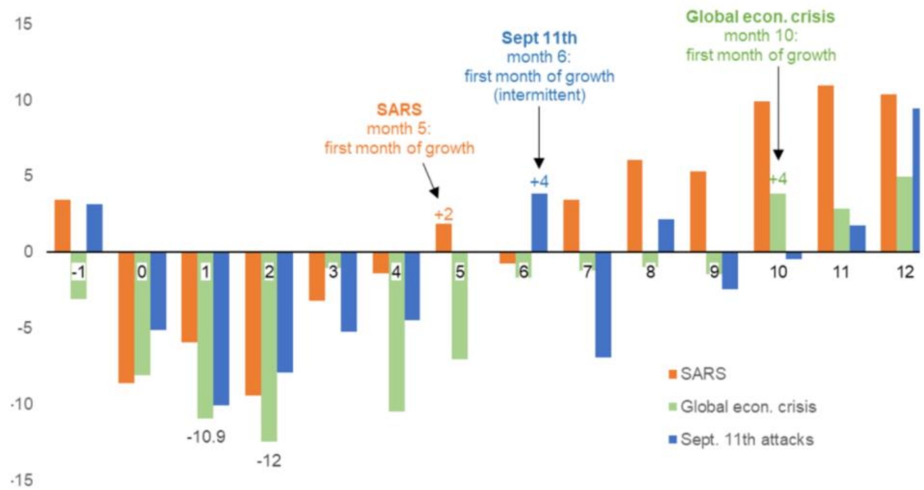
2.2 Impacts from previous global crises

Although the scale of the Covid-19 pandemic is greater than anything seen within the lifetime of most people, there have been a number of other recent global crises which have had significant impact on tourism.

UNWTO suggests that tourism has typically been very resilient in previous crises and has recovered quickly. The following graph shows the time taken to recover after the SARS epidemic, the September 11th attack and the recent global economic crisis. This resilience is seen as an indication that tourism may also to recover well from the current pandemic.

Impact of previous crises on international tourism

Of all crises, global arrivals returned to growth the fastest after SARS (5 months)



Note: Month 0 for Sept 11th crisis = Sept. 2001; for SARS = March 2003;
for Global economic crisis = Jan 2009. Source: UNWTO

Source UNWTO

3 2021 funding landscape for the Visitor Economy

The following table lists the funding schemes which are relevant to the visitor economy including business support and area based, destination funding.

	Eligible Applicants	Administered By	How allocated or awarded	Max Amount	Total Fund	Timescales	
Business Schemes							
National							
Coronavirus Job Retention Scheme (CJRS) or Furlough	VE Businesses	HMRC	Application	-		Runs till end September 2021	Employees receive 80% of their current salary for hours not worked. Employer contributions beyond National Insurance contributions (NICs) and pensions required in April, May and June. From July, the government will introduce an employer contribution towards the cost of unworked hours of 10% in July, 20% in August and 20% in September, as the economy reopens.
Self-Employment Income Support Scheme (SEISS) 4th Grant	Sole Traders and those ineligible for furlough	HMRC	Application	£7,500		February to April	80% of 3 months' trading profits (capped at £7,500)
Self- Employment Income Support Scheme (SEISS) 5th Grant	Sole Traders and those ineligible for furlough	HMRC	Application	£7,500 or £2,850		May to September	Subject to a turnover test- those whose turnover has fallen by 30% or more will receive same as 4th Grant, below 30% fall will received 30% grant capped at £2,850.
Restart Grants	VE Businesses	Local Authorities	Per capita to LA's, then application	£6,000 or £18,000	£1.6Bn	April 2021-	Up to £18,000 for hospitality and accommodation, leisure, personal care and gym (£6,000 for non-essential retail). Businesses must be **rate-paying** (banded grant) and trading on 1st April 2021.
Additional Restrictions Grants	VE Businesses not eligible for Restart Grant	Local Authorities (Discretionary)-potential CA role?	Application	Check previous schemes (likely to replicate)	£425m	April 2021- March 2022 (clawback thereafter)	Government guidance states that 'this may include, but is not limited to, group travel and tour operators, other tourism businesses (including B&Bs and event industry suppliers), wholesalers, English language schools, breweries, freelance and mobile businesses (including caterers, events, hair, beauty and wedding related businesses), wraparound care providers, and other businesses that **may have not received other grant funding**. Local Authorities should continue to issue grants at their discretion, based on local economic needs.' **Local authorities can only claim this grant if existing allocations (issued in October and January) have been spent by end June 2021**.
Business Rates Relief	VE Businesses	Local Authorities	Application	£105,000 (if not required to be closed on 5.1.21)		April 2021- March 2022	Eligible retail, hospitality and leisure properties in England will receive 100% business rates relief from 1 April 2021 to

	Eligible Applicants	Administered By	How allocated or awarded	Max Amount	Total Fund	Timescales	
				£2million			30 June 2021. This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022.
VAT	VE Businesses	HMRC				April 2021-March 2022	Reduced rate of 5% VAT for goods and services supplied by the UK tourism and hospitality sector will be extended until 30 September 2021. A 12.5% rate will apply for the subsequent six months until 31 March 2022. VAT deferral from 2020-21 extended till March 2022 (11 payments)
Trading loss carry-back	All businesses	HMRC		£200k-£2m			To help otherwise-viable UK businesses which have been pushed into a loss-making position, the trading loss carry-back rule will be temporarily extended from the existing one year to three years. This will be available for both incorporated and unincorporated businesses.
Recovery Loan Scheme	Businesses	Loans will be available through a network of accredited lenders, whose names will be made public in due course.		£25,001-£10m		6.4.21-31.12.21	Available once the existing COVID-19 loan schemes (CBILS & Bounce Back Loans) close on 31.3.21. The Government will guarantee 80% of the finance to the lender (prev. 100%). Term loans and overdrafts will be available between £25,001 and £10 million per business. Invoice finance and asset finance will be available between £1,000 and £10 million per business. Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms will be up to three years.
Local Business Grants & other schemes	**Businesses**	Combined Authority/Local Authorities	Application	Varies	N/A	Varies	Summarised at 5.3.1
Area Based/Public Funds							
Welcome Back Fund	Local Authorities	Cities & Local Growth Unit	Project based	tbc	£56m (using ERDF)	To March 2022	1. Support to develop an action plan for safe reopening of local economies 2. Communications and public information; 3. Business-facing awareness raising activities; and 4. Temporary public realm changes to ensure that reopening of local economies can be managed successfully and safely.

	Eligible Applicants	Administered By	How allocated or awarded	Max Amount	Total Fund	Timescales	
							5. Support and promote a safe public environment for a local area's visitor economy; and 6. Allow local areas to develop plans for responding to the medium-term impact of CV-19 including trialling new ideas particularly where these relate to the High Street. Eligible activity under these two new strands could include: • Publicity campaigns and marketing activity for street food markets to support local businesses; • Improving green space and seating areas to encourage people back to town centres; and • Beautification of areas to support the visitor economy. Extra funding for resorts, successor programme to Reopening High Streets Safely Fund (RHSSF) (£50m ann. May 2020)
Levelling Up Fund	Eligible Local Authorities **Liverpool, Knowsley, St. Helens – Priority 1 Halton, Wirral – Priority 2 Sefton-Priority 3**	UK Government (MHCLG)	Project based	£20m	£4.8bn	2021-25 (Deadline 18th June)	Capital only fund for transport, regeneration and town centre. Special priority for 'Cultural investment maintaining, regenerating, or creatively repurposing museums, galleries, visitor attractions (and associated green spaces) and heritage assets as well as creating new community-owned spaces to support the arts and serve as cultural spaces'-requires MP support
Community Renewal Fund	100 priority local authorities (only St Helens in LCR)	UK Government (MHCLG)	Project based	£3m	£220m	2021-22 (Deadline 18th June)	To help the UK prepare for the introduction of the UK Shared Prosperity Fund, the government is providing £220m in the 2021-22 years through the UK Community Renewal Fund in order to pilot programmes and new approaches ahead of the UK Shared Prosperity Fund. The prospectus for this funding has been published and will prioritise projects that target investment at communities in need in 100 priority places based on an index of economic resilience. None of the LCR sub regions are included on the priority list.
Community Ownership Fund	Community Groups, CIC's etc	UK Government	Project Based	£250,000	£150m	Summer 2021	Community groups can bid for funding to help them buy or take over local

	Eligible Applicants	Administered By	How allocated or awarded	Max Amount	Total Fund	Timescales	
							community assets at risk of being lost, to run as community-owned businesses. Projects should be focused on place-based assets or amenities, which are important to the local community, build connections between people and foster a sense of pride in the local area – but are at risk of being lost without community intervention
Towns Fund	101 towns (town Deals awarded to Birkenhead, Runcorn, St Helens and Southport)	UK Government	Submission of programme	£25m	£3.6bn	2019-0ngoing	To drive the economic regeneration of deprived towns and deliver long-term economic and productivity growth, by renewing and reshape town centres and high streets in a way that drives growth, improves user experience and ensures future sustainability.

3.1 Policy matrix

The following table sets out the range of strategies and policies which have relevance to the visitor economy in the Liverpool City Region. The actions set out in this strategy will help to deliver against all of them, directly or indirectly and the reason for including it is to illustrate the breadth of impact and the connectivity between them.

Policies and visitor economy /tourism/culture	
Policy	**Actions / priorities**
National policies and their reference to the visitor economy/tourism/culture	
Visitor economy / tourism	
Visit Britain's 5 Year Strategy 2020 - 2025:	Grow the value of tourism; disperse value; support productivity; be expert body; deliver a clear strategy for England
Industrial Strategy - Tourism Sector Deal (2019) Now under review	Five foundations to help increase visitor numbers, enhance experience and future proof the industry: Ideas; People; Infrastructure; Business environments; Places
Hospitality Strategy: Reopening, Recovery, Resilience (Jul 2021)	Outlines how the UK government will work with the hospitality sector, as it reopens and recovers from COVID-19, to build the sector's longer term resilience
Culture	
Arts Council England (ACE) Let's Create Strategy 2020-2030	Investment Principles: Ambition & Quality; Inclusivity & Relevance; Dynamism; Environmental Responsibility. Visitor economy: build on England's position as a global tourist destination & support international connections
Skills	
UK Government's Covid-19 recovery strategy (July 2020)	The UK government committed to being as open as possible to international visitors from abroad, both for trade and leisure. Working with creative industries to pilot indoor performances in theatres and encourage audiences back to cultural activity
DCMS Tourism Recovery Plan (to be published)	
Arts Council England Guidance and Resources	As part of their advice and guidance library, ACE have provided a Covid-19 roadmap to June 2021
Skills	
Post-16 Skills Plan (July 2016)	Examples of LEPs/localities with targeted business support for the tourism, hospitality, sport and leisure sectors
BIS Skills for Sustainable Growth Strategy Document (2010)	Comments how informal adult and community-learning funding programmes will provide a range of learning opportunities, including arts and culture.
Business support	
Covid-19 recovery assistance	Variety of financial support packages for businesses during Coronavirus available at the national level
Other	
Industrial Strategy (2017)	The 'ideas' foundation for the UK to be the world's most innovative economy. Culture is referenced as part of this foundation
LCR-level policies and their reference to the visitor economy/tourism/culture	

Policies and visitor economy /tourism/culture	
Policy	**Actions / priorities**
Visitor economy / tourism	
LCR LEP Visitor Economy Strategy and Destination Management Plan (November 2014)	Set outs vision and targets for the visitor economy to 2020 and over a longer period to 2025. For 2015-2020, activity is prioritised around those opportunities with the greatest sustainable economic impact - international and national conferences and exhibitions, staycations (overnight domestic visitor markets) and international leisure visitors. Further four enabling priorities are brand distinctiveness, digital connectivity, transport connectivity and welcome.
Liverpool City Region Visitor Economy Board Visitor Economy Investment Plan 2016-2025	Four investment priorities in light of reduced public funding: Destination marketing and intelligence; revenue to replace conference market development funding to support bidding and incentivising conference buyers; product development; destination welcome and connectivity, supported by better digital connectivity
Liverpool City Region Visitor Economy Skills for Growth Action Plan (August 2018)	Four priority issues suggested for inclusion in the Skills for Growth Action Plan: educations and skills provision; careers in visitor economy; recruitment, progression and retention of chefs and Front of House staff; investment in workforce skills by employers
Culture	
LCRCA Culture and Creativity Strategy Framework Draft	Key commitments include new ways of working through shared programmes and partnerships; support aspirations for art in public spaces as part of placemaking and connecting; Borough of Culture programme
Covid-19 Recovery	
LCRCA Building Back Better Economic Recovery Plan	"A City Region that can project itself internationally through its cultural, sporting and natural assets". Culture and the Visitor Economy is a key element of the Recovery Plan - the LCRCA is adopting a place-based approach to funding.
LCR VE Recovery Action Plan - Covid-19 (Business Support, Advice and Guidance)	Priorities are split according to the following themes: Business support, advice and guidance; Sustaining the LCR's DMOs; Business tourism People and Destination
North West Research & Strategy Business Recovery Survey (July 2020)	Contains data on business sectors, local authority split, size, whether businesses have ceased trading, funding accessed / government support received, greatest issues faced, what support would be helpful.
Regeneration/placemaking	
Liverpool City Region Local Industrial Strategy: Statement of Emerging Strategic Priorities	Cultural vibrancy and the visitor economy are key building blocks for the LCR's place-based approach. VE is identified as a key employment sector - importance is given to supporting these sectors, raising their value and productivity within them.
Skills	
LCRCA Skills Strategy 2018-2023	Challenges within the VE are referenced - employers in the VE highlighted that the nature and standards of professions have changed following the investment made in the local Visitor Economy, and the reputational enhancement of the City Region as a destination has led to greater expectations and demand from higher standards from employees. As a growth sector, the VE demands high skill sets to fuel a growth in employment opportunities and an expansion of higher quality, better paying jobs. Need to ensure that skills providers are investing in the right courses. LCR LEP has run a 'Visitor Economy Week' which offers pupils taster sessions covering hospitality, retail, tourism and travel - run in partnership with further education colleges in the LCR (City of Liverpool, Hugh Baird, Riverside, Wirral Met, Southport, St Helens and Knowsley) https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/LCRCA_SKILLS_STRAT.pdf

3.2 LCR Events Programme 2021

The following summarises the larger public events which are currently planned to take place in the city region in 2021. In addition to those shown below, the city region's major museums and galleries including Tate Liverpool, Bluecoat and NML have temporary exhibition programmes from May onwards. There are also a number of smaller sports participation events aimed at local audiences.

Event	Location	Dates	Market	Audience size
Halton Borough of Culture	Various venues in Halton	Throughout 2021	Regional	Various
Biennial	Various, Liverpool	20/3 – 6/6	National	500k
Southport Triathlon	Marine Lake Southport	16/5	Regional	1k
Outdoor event	Liverpool One	21/5 – 5/9	Local	TBC
AND Festival (Roaming art festival)	City Region	27/5 – 11/7	Local	5k
Summer Art Market	Anglican Cathedral	5/6	National	TBC
Outdoor event	TBC, Liverpool	29/7	Local	TBC
Sports Event	Sefton	26/7 – 1/8	Local	1k
Positive Vibration Festival (Reggae)	Baltic Triangle, Liverpool	10/9 – 11/9	Local	1k
International Beatleweek	Various, Liverpool	25/8 – 31/8	National, International (?)	1k
Creamfields	Daresbury	26/8 – 29/8	National, International (?)	50k
Liverpool Theatre Festival	St. Lukes Church, Liverpool	1/9 – 12/9	Local	1k
Wirral Food & Drink Festival	Various, Wirral	3/9 – 5/9	Local	50k
Cream Classical Ibiza	Waterfront, Liverpool	16/9 – 19/9	Regional	50k
British Musical Fireworks	Southport	24/9 – 26/9	Local	10k
Rock n Roll Marathon	Liverpool	23/10 – 24/10	Regional	10k
Outdoor event	TBC, Liverpool	24/11 – 24/12	Local	5k

Appendix A: Stakeholder Consultation List

Name	Organisation
Laura Pye	National Museums Liverpool
Bill Addy	Liverpool BID Company/ Liverpool VEN
Peter Hampson	British Resorts & Destinations Association/Sefton VEN
Donna Howitt	Liverpool One
Edward Perry	Knowsley Hall
Bob Prattney	Arena & Convention Centre Liverpool
Dickon White	The Jockey Club
Paul Askew	The Art School
Mark Basnett	Executive Director Growth Company
John Irving	Liverpool John Lennon Airport
Marcus McGee	Hilton Liverpool
Lucy Barrow	Assistant Director for Strategic Delivery at LCR CA
Sally Shah & Alan Evans	Wirral Borough Council
Paul Askew	Chair Wirral VEN
Edward Perry	Chair Knowlsey VEN
Stephanie Davies	Halton VEN
Dave Hutchinson	St Helens VEN
Mark Catherall	Sefton Borough Council
Gary Maddock	St Helens Borough Council
Paula Williams	Knowsley Borough Council
Steph Davies	Halton Borough Council
James Wood	Marketing Liverpool
Tracey McGeagh	Wirral Borough Council
Sarah Lovell	Combined Authority
Angie Redhead	Cruise Liverpool
Lisa Harris	St Helens Council
Dave Boocock	St Helens Council
Tracey Mawson	St Helens Chamber
Rachel Collins	St Helens Chamber
Cath Shea	St Helens Council
Patrick Fox	Heart of Glass

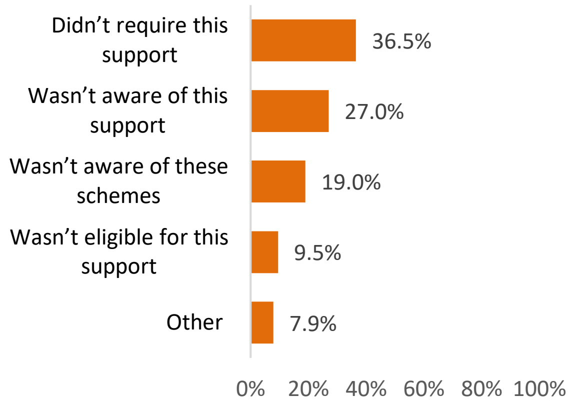
Appendix B: July 2020 Business Recovery Survey (Selected Findings)

Evidence of low engagement in business support can be found in the July 2020 Business Recovery Survey prepared for Growth Company by North West Research & Strategy. This surveyed 90 businesses across the City Region. The report showed that, outwith the grant and loans regime, only 26.7% had received business advice, mentoring or support, of which two thirds indicated this was from sources other than Growth Company programmes. Those two thirds included sources such as the Local Council, Local BIDs, Liverpool Hospitality, UK Hospitality, The Women's Org, Local Chambers of Commerce and the Enterprise Hub. The findings of the report indicates a lack of awareness of CA backed services that could have provided the same advice.

Source: North West Research & Strategy

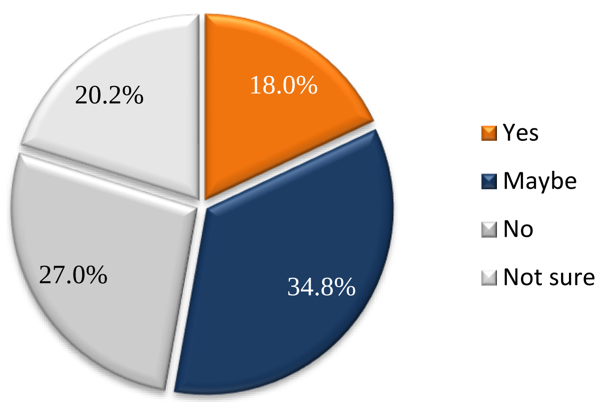
Of the businesses which did not access any local business advice, mentoring or support:

- 37% felt that they did not need support
- 27% were not aware of being able to get support in general
- 19% were not aware of the specific schemes available to them.
- 8% answered 'other reasons' - responses included not having enough time to research what support was available, or not being responded to after trying to access support.



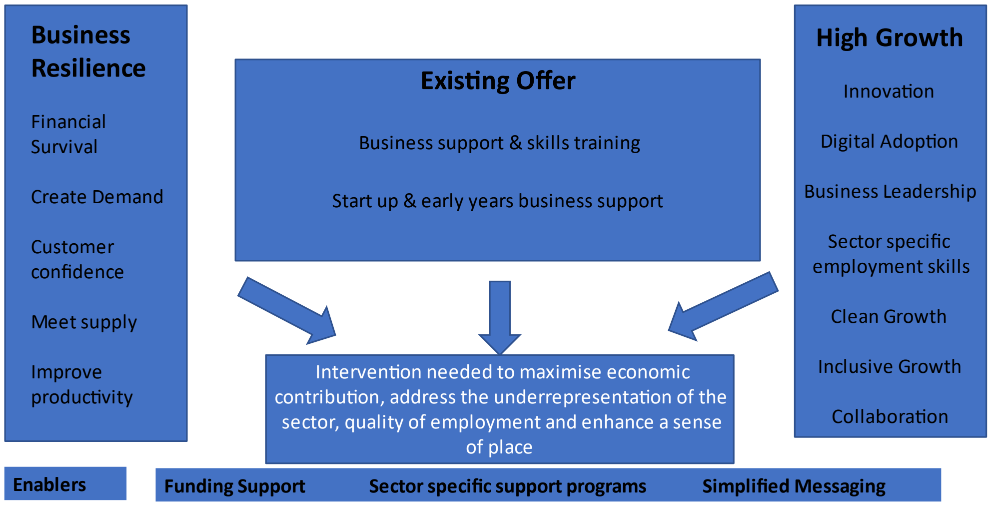
Source: North West Research & Strategy

Within the same survey, nearly three quarters of businesses expressed varying levels of interest in professional business support. Of those who answered 'yes', 100% were small businesses, micro-businesses or self-employed, indicating that both awareness raising and services could usefully be targeted at these rather than large or medium businesses of 50+ employees. Similarly, further research on the '50+' cohort could reveal why there is less interest.



Source: North West Research & Strategy

Appendix C: Broad Pillars of Business Support



Appendix D: LCR Visitor Forecast (provided by the LCR Combined Authority)

Visitor Economy Scenarios (Applied to LCR), v2

Contents

Introduction

The visitor economy is one of the success stories of the Liverpool City Region (LCR), showing strong levels of growth and is now above even the volumes experienced during Liverpool's year as European Capital of Culture. It is a sector that has significant impacts; as of 2019 there were an estimated 66.3m visitors (5.4m staying overnight), generating £5bn for the economy and supporting 55,700 jobs. To give some evidence of perspective, Liverpool itself is the fifth most visited city in the UK by overseas visitors.

In the case of LCR, the visitor economy covers a wide range of elements, all of which have their strengths, including a number of higher-value elements. The visitor economy covers day and visitor markets; local, national and overseas visitors; business conferences; special events and exhibitions; sports (spectators and participation); culture (of which LCR punches above its weight); retail tourism; nightlife; cruises; VFR markets, and more.

Besides the headline figures indicated above, the visitor economy adds significantly to the growth of the city region. Firstly, it is a sector that increases the visibility and profile of the area amongst national and international audiences, with a range of positive images and narratives. Secondly, the sector often results in improvements to the public realm and facilities which helps to make the area more attractive for investors. And thirdly, the number of visitors helps to support transport links (including rail services, air links and ferry routes) that improve connectivity for businesses, which would likely not be as extensive without the significant volumes of leisure travellers.

However, the restrictions imposed by COVID-19 mean that much of the visitor economy sector has been unable to operate. The Visitor Economy is likely to be important in helping the LCR build back better, but the exact nature of how demand in the sector may recover represents a range of uncertainties. This paper explores four possible scenarios at a rough headline level, based on how the sector has responded to past shocks and impetuses. The primary focus is on providing forecasts to 2031, although as an example one of the scenarios is extended to 2040.

All four scenarios show growth resuming and recovering close to current trajectories, how it gets there varies enormously, and has implications for actions to support the sector. This paper also includes a fresh variant that looks at the potential result of a stronger recovery by the conference sector.

These forecasts will be revisited during Summer 2021, as more data around current and future trajectories becomes available.

NB: This is the second version of this paper. None of the original data has been amended, but some more detail has been included, including a focus on conference market recovery within Scenario 2 and the possible range of trajectories beyond 2031.

Baseline assumptions

The following are the baselines, using data from the STEAM data, as reported by the Growth Company, as well as other sources.

	2018	2019
Day Visitors	61,900,000	60,860,000
Staying Visitors	5,478,000	5,404,000
Value	£4.93bn	£4.98bn
Direct Employment (FTE)	43,815	42,753
Indirect Employment (FTE)	13,304	12,950

- Staying visitors are split by 30%/70% between Overseas (which here includes Ireland, Northern Ireland, Isle of Man, Channel Isles) / Great Britain
- Day Visitors include local visitors making a trip as defined by the WTO (a trip for tourism purposes outside of their usual environment)
- Business visitors (incl. event related) are assumed to represent c.5% of staying visitors, with 10% higher per capita spend based on both local and Visit Britain data.
- The 'background' (pre COVID) trend which has been assumed is based on the following, rather than the detailed bottom-up analysis used in earlier forecasts by the tourist board. Hence this is probably more cautious than previously, and uses:
    - Growth trends of LCR visitor levels over last 5 years
    - Observed trends from Visit Britain in the split of GB residents choosing domestic/overseas breaks
    - Previous GDP trends (considering potential Brexit impacts)

Scenarios

The modelling work to produce the forecasts in this paper is based around 4 distinct scenario narratives. These indicate a *range* of possible outcomes, as outlined below. There is the possibility to include both a more negative and more positive ranges, but what is presented here is assumed to cover realistic outcomes.

	Scenario	Description	Domestic markets	Overseas markets
1	Lower economic growth and recovery	COVID-19 remains an ongoing concern for longer than expected, impacting multiple markets	Limited recovery, impacted also by weak economy impact on GDHI	Low recovery for a few years, emerging markets first to recover
2	Domestic focus	International barriers (perceived and actual) remain, spurring a boom in domestic visits	High growth in daycation and staycation markets, but with cost-conscious elements	Lower growth except for a few markets (Ireland esp)
3	International focus	A removal of barriers sees a swifter return to international travel without as many benefits for domestic	High surge in trips overseas, esp to perceived 'safe' destinations, reducing benefits to UK	Higher growth, though not always in city breaks; traditional (esp VFR) and emerging markets highest growth
4	Higher economic growth and recovery	A rebound in demand for leisure opportunities seeing positive growth across the board - build back better	High levels of growth, albeit tempered later by a return to international travel; lower spend per day assumed	High levels of growth, although some traditional markets incl USA being very slow to fully recover

Note: Scenario 2 also includes a variant looking at a stronger recovery within the conference market, as opposed to other business trips. (See later section within this paper), and is also used as the variant for post-2031 trajectories.

Both data and narratives have been used to develop these results. Quantitative elements include:

- Reaction of different parts of the visitor economy markets to past shocks (F&M, 9/11, etc)
- The volume and split of leisure trips taken domestically / overseas, correlated to GVA and employment.
- The volume of inbound trips in relation to exchange rates.
- The most recent OBR forecasts, including GDP (High, Central, Low)

These forecasts do not take into account significant interventions which may impact either positively or negatively on growth trajectories – such as major physical investments in infrastructure or attractions, or significant supply chain problems in terms of operators.

An assumption of some social distancing for the remainder of 2021 is assumed (figures not presented as these forecasts are not focussing on the next few months), and going forwards each scenario assumes different levels of full release of restrictions, as well as the equally important issue of willingness/unwillingness to travel amongst different markets.

Core Scenario Results

Staying and day visitor numbers under four scenarios are presented below, together with the economic impact figures from expenditure, as well as what *might* have been expected. (Note, this latter comes from the analysis referenced earlier and is somewhat cautious, thus should not be taken as representing previous tourist board forecasts of growth, which used a highly detailed methodology based on supply and demand functions).

Staying Visitors (millions)

Scenario	2019	2021	2022	2023	2024	2025	2026	2027	2028
1	5.40		4.63	5.38	5.59	5.71	5.84	5.89	5.95
2	5.40		5.10	5.73	5.98	6.14	6.20	6.25	6.31
3	5.40		5.39	5.45	5.68	5.89	6.09	6.29	6.39
4	5.40		5.86	5.91	6.11	6.20	6.28	6.37	6.47
Trend	*5.40*	*5.57*	*5.65*	*5.73*	*5.82*	*5.90*	*5.99*	*6.08*	*6.17*

Day Visitors (millions)

Scenario	2019	2021	2022	2023	2024	2025	2026	2027	2028
1	60.86		65.90	63.58	62.93	61.07	61.46	61.85	62.05
2	60.86		64.20	63.12	63.10	61.67	62.92	64.20	64.63
3	60.86		62.61	60.94	60.58	60.58	60.98	61.38	61.79
4	60.86		64.35	65.79	65.74	65.74	64.67	63.56	63.99
Trend	*60.86*	*62.49*	*63.32*	*64.16*	*64.37*	*64.59*	*64.80*	*65.02*	*65.23*

Spend (£bn)

Scenario	2019	2021	2022	2023	2024	2025	2026	2027	2028
1	£4.98		£4.76	£4.93	£5.01	£4.98	£5.07	£5.14	£5.19
2	£4.98		£4.97	£5.17	£5.26	£5.26	£5.37	£5.48	£5.53
3	£4.98		£4.99	£4.97	£5.04	£5.13	£5.24	£5.34	£5.40
4	£4.98		£5.37	£5.49	£5.56	£5.60	£5.58	£5.57	£5.62
Trend	*£4.98*	*£5.11*	*£5.18*	*£5.25*	*£5.29*	*£5.33*	*£5.37*	*£5.40*	*£5.44*

Note: All expenditure is presented at current values – i.e. £75 in 2028 being worth the same as today.

Scenario headline messages

The key points are as follows:

- In all scenarios, the next 2-3 years see an element of trips to LCR being boosted temporarily by the potential of additional domestic trips. This applies to both staying and day visitor markets.
- Some scenarios see growth above the (admittedly cautious) background trend which has; in some case this results in market gains, especially over the longer term.
- In general, the next few years see lower value from the visitor economy regardless of the number of trips, and this is a result of recessionary impacts and employment levels being felt through available household income (though this is not to deny there will be elements of higher spending in 'bouncing back').
- The highest growth scenarios would realistically need to be assumed as having support in terms of marketing, macro-economics and other factors such as connectivity.
- These scenarios are based on a number of levers and assumptions, each of which can be tweaked to adjust the results shown further.

Day visitor markets reflect where some staying trips are downgraded to 'daycations', but there are also some longer-term reductions associated with lower willingness to travel (especially for paid events) which may have a slightly longer impact.

Day and staying visits revolve around not just a recovery from COVID and associated economic impacts, but also the extent to which overseas travel recovers – both in terms of inbound and outbound markets.

The results from **overseas markets** are based on a response to previous major shocks in terms of visits, though the impact of these visits in economic terms is less well defined, as this is particularly sensitive to exchange rates – duration of stay in these areas may flex up or down depending on Sterling's performance against other major currencies.

The **economic value** of the visitor economy in all but one of the scenarios bounces back to something approaching the assumed background trend, and this might be developed further by looking at opportunities for encouraging visitor spend.

In all scenarios there is an underpinning element of **business trips** taking a large initial 'hit' which is still being felt by the end of the forecast period – this reflecting not just COVID-19 and economy impacts but also an element of new ways of working that reduces travel needs

Variant: A faster recovery for the Conference market

All scenarios presented above assume a weak recovery in the staying business visitor market, and this covers the market in its entirety, including for meetings, conferences and events. So, for example, Scenario 2 assumes business trips to be 30%-50% of previous levels in 2022, rising to 90%-95% by 2029. This trend is particularly reflective of where face to face meetings in particular may have some extent of longer-term digital substitution, as well as the potential impacts of economic performance on the business market.

There is a narrative though where business travel for conferences – as opposed to meetings – makes a faster recovery than the generic trend assumes. Thus a variant has been developed which assumes faster recovery in conferences and exhibitions, using confidential data to look at previous proportions and anticipations. In the underpinning calculations, overnight business visits have been split between ACC, other venues, and meetings to calculate the variant. The data utilised suggests a much faster recovery at ACC (which possibly includes an allowance for some events not being able to be held overseas) but also factors in a faster recovery at other venues too; with overnight business meetings holding the same trend as previously.

This variant pivots off Scenario 2, which takes the central forecast of Economic Growth by OBR, assumes short-term barriers to international travel, and incorporates strong domestic demand with long-term sector gains. The variant is shown below in terms of its performance compared to the other scenarios and the cautious background trend.

Business staying trips (000s)

Scenario	2019	2021	2022	2023	2024	2025	2026	2027	2028
1	245.9		98.4	110.6	110.6	122.9	135.2	147.5	172.1
2	245.9		98.4	110.6	122.9	172.1	184.4	196.7	221.3
Variant	245.9		31.2	149.9	174.8	186.2	213.3	228.7	233.9
3	245.9		98.4	135.2	172.1	196.7	221.3	221.3	233.6
4	245.9		122.9	135.2	147.5	159.8	172.1	196.7	221.3
Trend	*245.9*	*247.7*	*249.6*	*251.5*	*253.4*	*255.3*	*257.3*	*259.2*	*261.2*

Business staying spend (£m)

Scenario	2019	2021	2022	2023	2024	2025	2026	2027	2028
1	85.5		34.2	38.5	38.5	42.7	47.0	51.3	59.8
2	85.5		34.2	38.5	42.7	59.8	64.1	68.4	76.9
Variant	85.5		52.1	60.8	64.7	74.1	79.5	81.3	84.5
3	85.5		34.2	47.0	59.8	68.4	76.9	76.9	81.2
4	85.5		42.7	47.0	51.3	55.5	59.8	68.4	76.9
Trend	*85.5*		*87.4*	*88.1*	*88.7*	*89.4*	*90.1*	*90.8*	*91.5*

This results in a much stronger growth in the volume and value of business trips, especially in the earlier stages of recovery; note that the previous baseline trend is still not exceeded; this is because of international restrictions and longer-term impacts on business meetings, such as digital substitution.

Thoughts from the Scenarios

Much of the scenario work suggests that the sector will recover, however there will be significant barriers (perceived and actual) persisting in the short term. Important to consider **how to help businesses survive the immediate future** so that longer term gains can be realised.

As the economy recovers, **marketing of the destination will be key**. Early wins will be amongst domestic markets – especially if overseas markets / unwillingness to travel overseas persists, though this difference varies a lot and is a key driver between all four scenarios. It is difficult at this stage to pin down specific UK regions with the most potential, so a wide-ranging approach may be important. Although it's likely for the next few years UK destinations will heavily be in competition with each other, there is also an element of suppressed demand to be tapped into.

There is an element of '**value for money**' to be considered, rather than just mass markets; on the one hand economic impacts may reduce household expenditure (although we expect holiday trips to one of the last things to be sacrificed) so alongside attracting families etc. with a value offer, there are also those looking to spend what they cannot overseas. There is a potential within this to consider achieving a higher value sector, especially in terms of jobs.

Trip costs can be equated not just to include expenditure at the location, but also other elements associated with a trip; looking for opportunities that reduce journey times, convenience and cost is a specific example here.

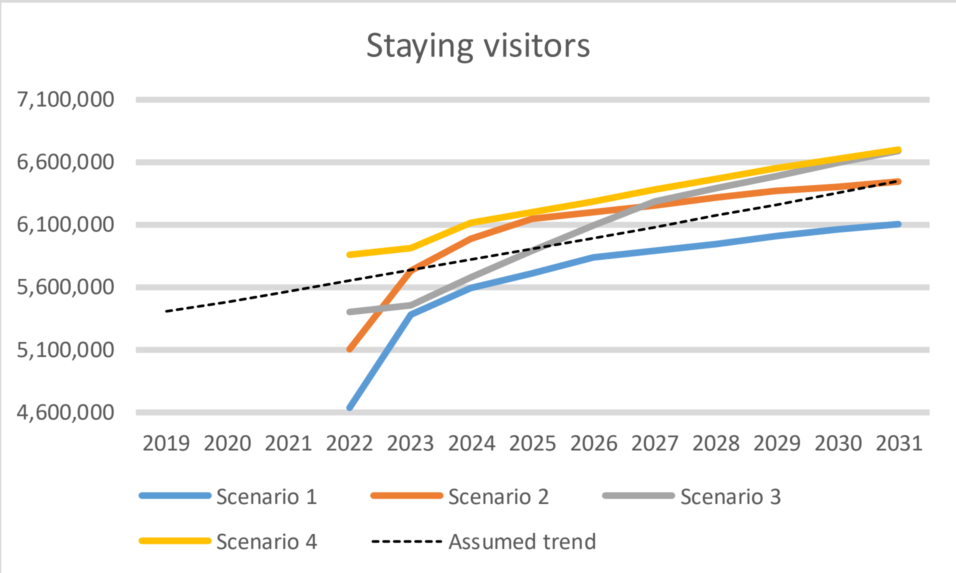
The potential exists to convert domestic visits – especially staying visits – to **repeat visits** and recommendations (and indeed this is embedded in Scenario 2). Important to maximise the range of offers and attractions of the City Region in its entirety.

The retail scene is changing on the High Street, and this potentially influences the level of visits to a destination – e.g., a **wide-ranging retail offer** can be an important element for some market segments alongside eating out, attractions and nightlife, and this is assumed to particularly influence the low day visitor growth in later stages in Scenario 1. Important to consider not letting High Streets 'die'.

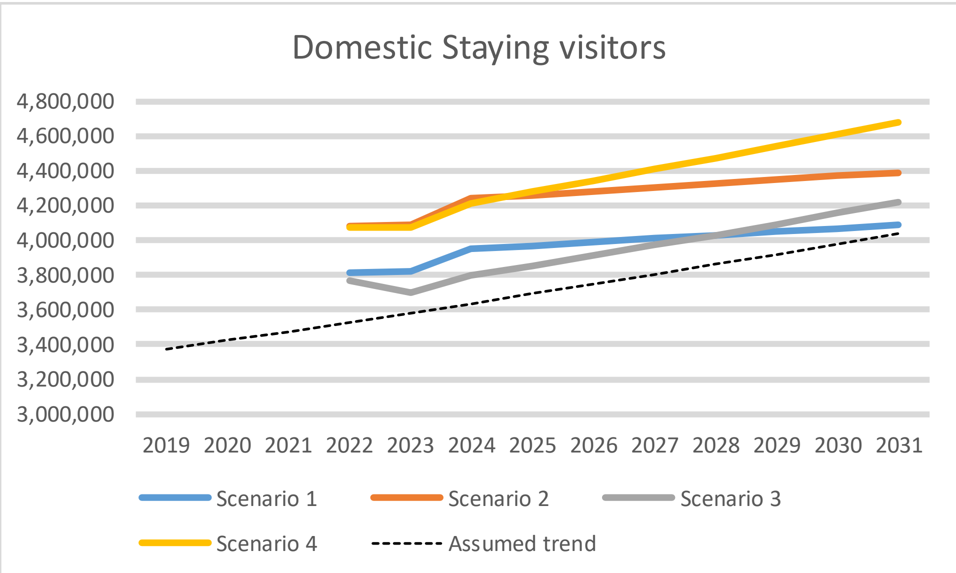
In terms of **regaining overseas visitors** it is expected that trips from our near neighbours including Ireland, France, Netherlands and Germany will be quickest to recover under some scenarios (Brexit notwithstanding). However, the climate emergency may become a more headline issue so thinking medium term about connectivity issues to these markets (and especially *flygskam*) may become an element of growth. Amongst other key markets it is possible that recovery may be slowest in terms of the USA, but emerging markets will offer potential depending on their own economic performances and future restrictions.

Key to all this and especially sustaining growth will be **understanding visitor needs and expectations**, whether in terms of current, lapsed or potential visitors. This becomes especially important in considering a higher value sector with improved productivity.

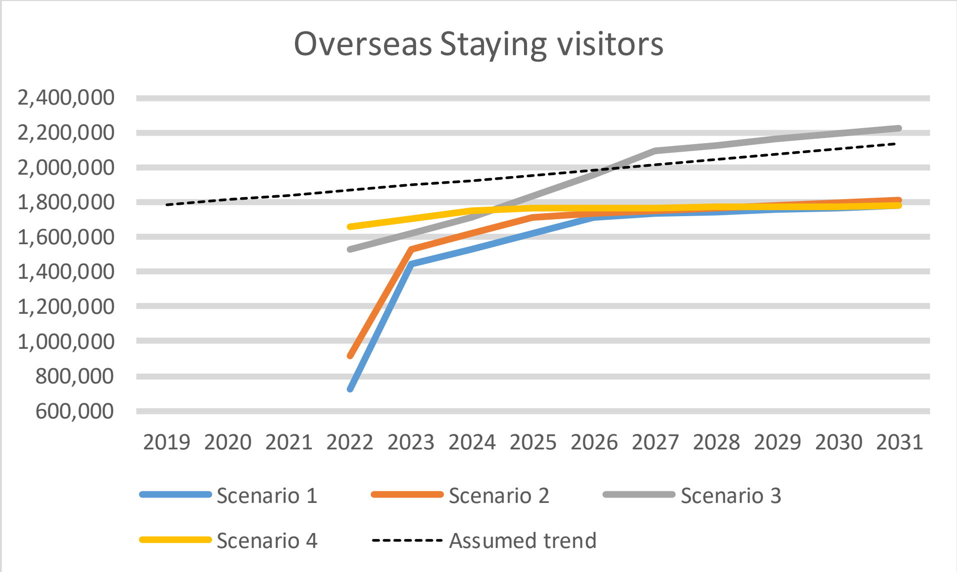
Appendix: Charts of Results



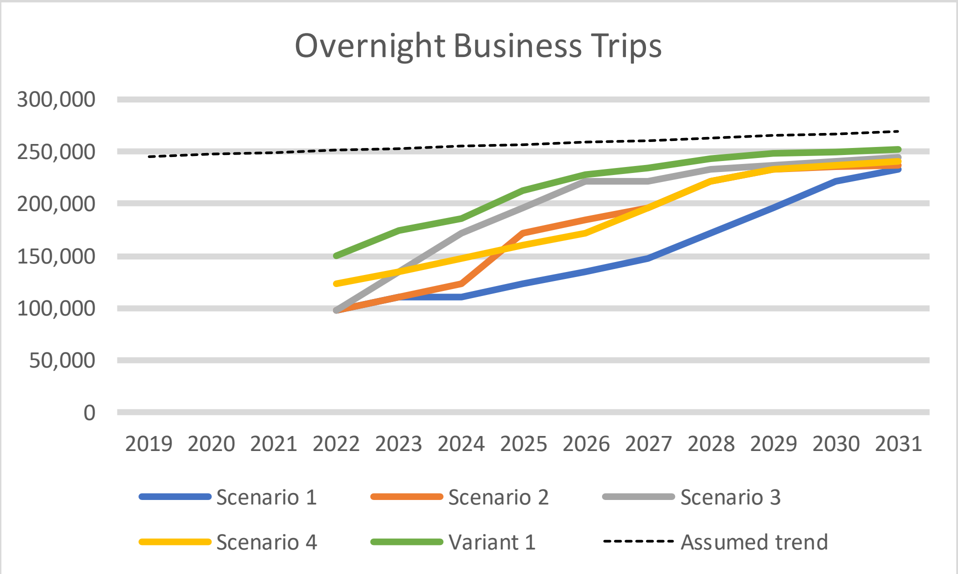
Note the above chart shows many scenarios growing at least initially above the assumed trend; this is heavily influenced by domestic staying visitors.



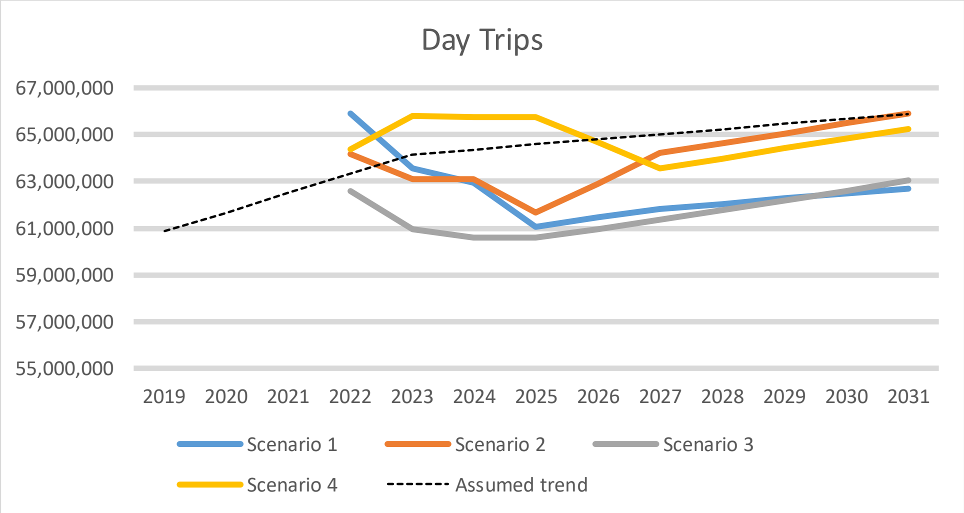
In all scenarios there is growth in domestic trips above historic levels. In some scenarios this represents ongoing restrictions for the next few years, as well as unwillingness to travel and economic impacts.



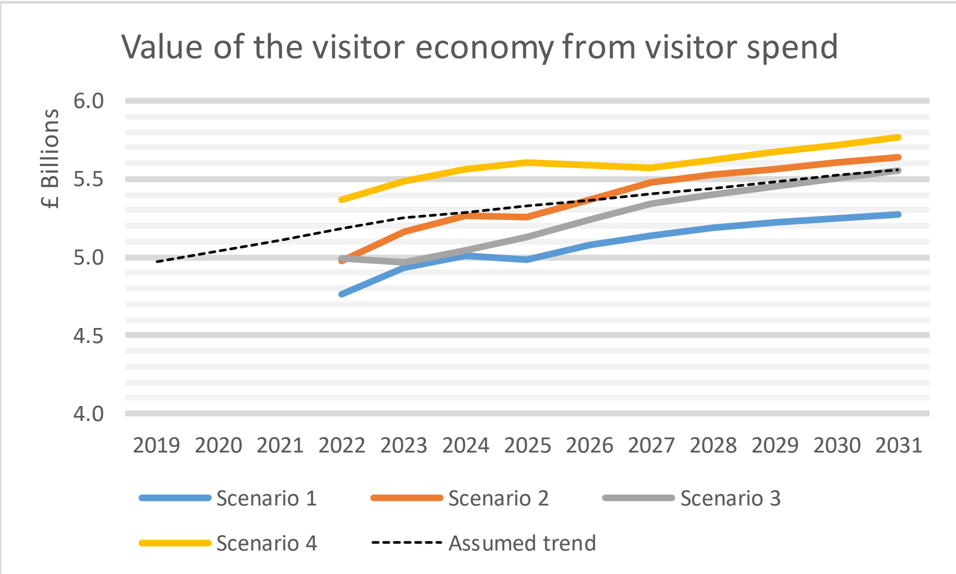
The above represents a strong market recovery initially in some markets, but a longer-term depression in economic performance – subsets of scenarios allow this to be adjusted. Numbers are particularly influenced by a previous trend of declining North American visits.



The scenarios represent to varying extents the impact of businesses continuing an amount of work remotely, as well as impacts on conferences, etc. This chart also includes the variant of a faster conference market recovery, which pivots off Scenario 2. This does not include impacts of any major relocations of businesses to LCR, such as government departments, which even with online meetings would still be expected to generate additional business trips.



When it comes to day trips in many cases the first full 'post-COVID' year represents a spike as people again get out and about, before they drop to reflect state of the economy / level of 'draws' on the high street / ability and affordability of overseas trips – any of which can be adjusted.

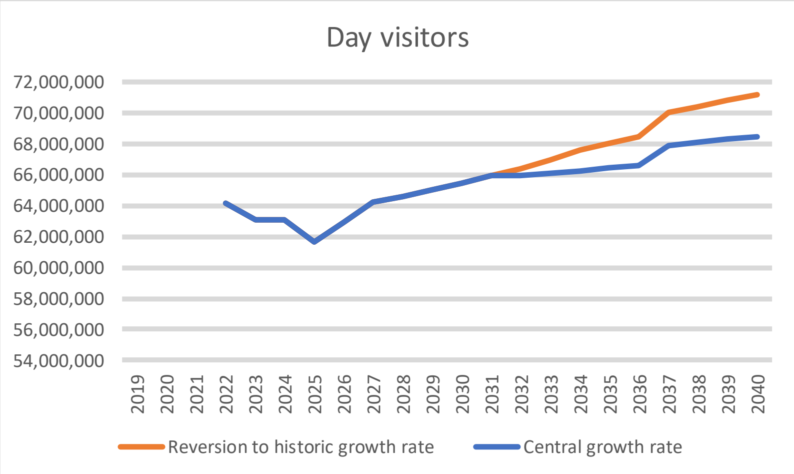


Note, changes to the value of tourism are impacted not just by the numbers of different visit types, but also the household expenditure available, which is a result of changes in disposable income.

Appendix: Longer Term Forecasts

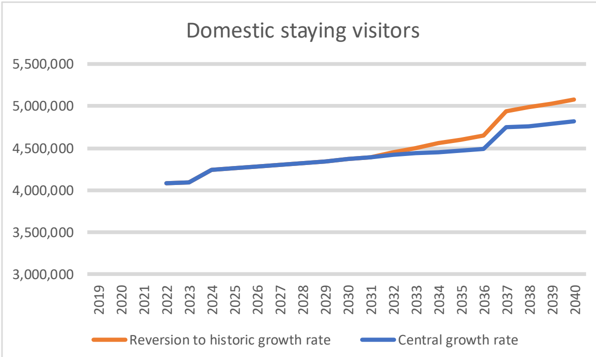
The initial set of forecasts were built around a number of scenarios to represent recovery of the visitor economy from direct and indirect COVID-19 impacts. Looking further ahead, forecasts are likely to less reflect any residual impacts from COVID-19 and are more about traditional elements of forecasting; these include generic exogenous factors such as economic growth as well as location-specific factors such as major investments. Note that some of these elements can be a double-edged sword. For example, a stronger-performing UK economy can mean people have more disposable income for making extra trips (and the confidence to do so) but it can also mean an exchange rate that is less attractive for inbound visitors. Similarly, improved transport connectivity (with the potential of HS2 and Northern Powerhouse Rail opening in the 2030s) can make it easier to draw in visitors from outside the area, but can also dilute local markets.

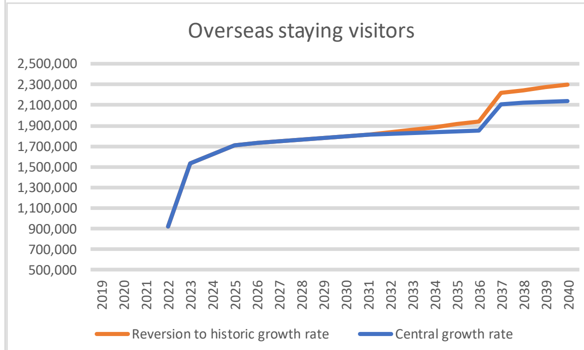
In order to provide a longer-term forecast, this section draws two lines going forwards from 2031. The first line is a continuation of a central-growth trend, extrapolated from the OBR forecasts used earlier (which takes into account factors including Brexit impacts) ad taking into account population projections which can be a factor in domestic trips. The second line is a trend which looks more like the original visitor economy forecasts in the Local Enterprise Partnership's Destination Management Plan – at least in terms of the rates of growth. **Both these forecast lines pivot off Scenario 2**. Whilst they take into account a number of developments within the City Region, data on these is relatively limited so a cautious approach has been adopted, possibly resulting in an element of underestimation.



	2019	2022	2031	2040
Central growth rate	60.86m	64.20m	65.98m	68.48m
Reversion to historic				71.18m

Growth from 2031 to 2040 would be a further 4% growth under the current cautious levels of growth, or 7.9% if reverting to the previous typical growth seen in the LCR. Both of these figure have the potential to exceed further if major visitor economy developments take place during this period. Note the arrival of HS2 (assumed here as 2037, pending confirmation in the government's Integrated Rail Plan) provides a step-up in visitor volumes.





	2019	2022	2031	2040
Domestic - Central growth rate	3.37m	4.08m	4.39m	4.82m
Domestic - Reversion to historic				5.08m
International - Central growth rate	1.79m	0.92m	1.81m	2.14m
International - Reversion to historic				2.30m

The current modelling within scenario 2 assumes that from 2022 to 2031 domestic staying visitors would grow by 7.6% and international staying visitors would grow by 97.8% - from the much lower base of course. (Note there is the potential for this to grow faster, especially in Liverpool itself; a number of major visitor economy developments including the International Slavery Museum being possible spurs). Of course, performance by the city's football teams has not been factored in which can have a notable effect on demand.

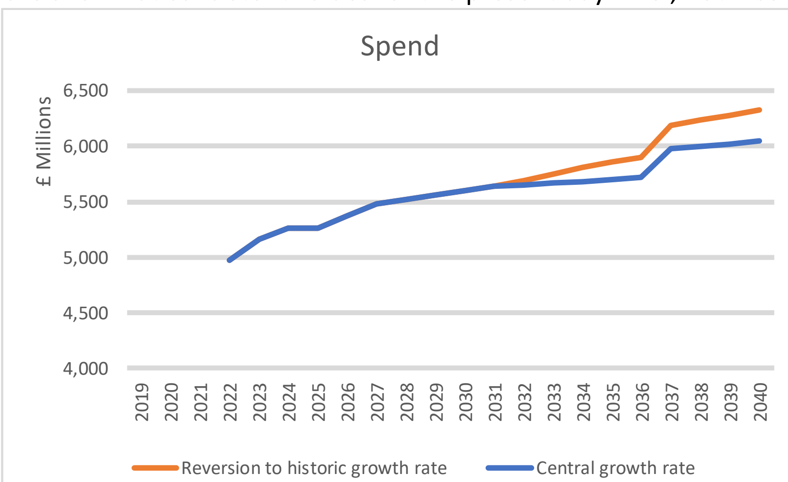
Growth from 2031 to 2040 would be a further 10% domestic growth under the current 'core' levels of growth and 18% growth for international staying visitors. These figures increase to 16% and 29% respectively if assuming previous growth rates. All figure have the potential to exceed further if major visitor economy developments, unique cultural or mass-participation events or substantial marketing take place during this period.

	2019	2022	2031	2040
Central growth rate	246,000	98,000	237,000	343,000
Reversion to historic				345,000

From 2031 to 2040, the number of overnight business trips is forecast to grow by 44%, or 45% if using historic growth trends. A large component of this growth comes from the arrival of HS2 (assumed here as 2037, pending confirmation in the government's Integrated Rail Plan; business visits increasing owing to HS2 is fairly cautious here, given increased online activity, but may be much higher – some business trips are accounted for within the day visitor market).

The business sector can be susceptible to a range of factors, and elements such as firms moving to the city and increased events would be significant variables which could increase numbers above those shown here.

The above all has clear impacts on the economy of the Liverpool City region, through the level of spend that results from these trips. What this means – cumulatively – is shown below. Numbers are shown at consistent values for the present day – i.e., not incorporating inflation.



Spend (£bn)	2019	2022	2031	2040
Central growth rate	£4.97	£4.97	£5.64	£6.05
Reversion to historic				£6.32

From 2031 to 2040, the amount of spend by visitors in the Liverpool City Region is forecast to grow by 7.1% under the central growth rate; this includes a 4.5% increase which is largely attributable to increased visits generated by HS2 (although note that its impact is likely to be much larger than this, including other indirect impacts; this number should not on its own be used as an indicator of the economic impacts of that scheme, for which other analysis exists).

Under a reversion to previous growth trends, visitor spend in the Liverpool City Region is expected to increase by 12.1% - again, this includes the impact of HS2.

Visitor spend can be influenced by a range of factors without *volume* being impacted – changes in household budgets influencing the spend levels of day and staying visitors; the length of stay of the latter being a key determinant in spend; and inbound visitors also often seeing their spend influenced by exchange rates. Hence, be aware that there is lower certainty about the forecast for value than there is volume.