

Summary of the evaluation of Tourism South East

The independent evaluation of Tourism South East since its formation in 2003, carried out by WME consultants, clearly shows the excellent return on investment for SEEDA and the major impact on the businesses in the sector.

Over the evaluation period 2003-8 SEEDA has invested £9.6m of core funding and approximately £1.2m in project funding into tourism through TSE. This has accounted for around a third of Tourism South East's income since 2003 with the remainder being generated from a substantial membership and through commercial activities.

Tourism South East operates in a complex sector of over 10,000, largely, small enterprises. This has been very confusing for consumers, and proven to be difficult implement the step changes that have been required to make the sector competitive. Tourism South East as a public/private partnership act effectively in the 'honest broker' role, delivering generic schemes which signal to consumers and improve competitiveness and productivity.

The net outputs attributable to SEEDA over the period 2003-08 are:

- The provision of skills support to 4,353.7 individuals;
- Assistance to 5,299.3 businesses within the industry;
- The leverage of £816.7k of physical regeneration funding; and
- The leverage of £93.2m of tourism expenditure through marketing campaigns.

The estimated total GVA impact of SEEDA's investment in tourism through TSE is £144.3 to £182.8m over the period 2003-08. Included in this, the additional skills provided by TSE in the sector have made businesses more competitive and is estimated to be worth some £45m in GVA, and the business assistance is estimated to be worth some £54m in GVA (over the five year period). The net £100m of spend (£93m attributable to SEEDA) leveraged forms the remainder of the GVA estimate.

Recommendations to SEEDA

1. Based on the performance of Tourism South East and the value for money which TSE can generate, WME recommend that SEEDA continues the funding for the next three years.
2. In broad terms, SEEDA should maintain its current contract management regime and resourcing, which have received praise from a number of stakeholders and are perceived as more efficient than those evident elsewhere in the UK, due in part to the effectiveness of TSE as an arm's length partner for SEEDA.
3. TSE, senior SEEDA staff should allocate sufficient time to receive regular reports from TSE and better understand the impact of tourism on the South East economy.
4. There are several areas in which TSE operate where performance is not fully measured or acknowledged. The most prominent of these are the activities around physical regeneration and strategic marketing. The outputs of these (around leverage and GVA) are particularly important to SEEDA's new priorities (as per the RES 2006), and should be understood and supported by SEEDA.

5. SEEDA funds sporting, cultural and leisure related projects that could complement many of TSE's activities yet it is clear that these are not always joined up. An event or workshop linking these activities may have a long term benefit.
6. Given the current national evaluation of RDA activity, SEEDA should compare the findings of this study with comparable reviews of other RDA investment in Tourism.

Evaluation of SEEDA's investment in Tourism South East 2003/4 to 2007/8

FINAL REPORT

5 September 2008

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Executive Summary

The South East of England Development Agency (SEEDA) commissioned WM Enterprise (WME) in March 2008 to conduct an evaluation of the Agency's investment in Tourism South East (TSE) between 2003/4 and 2007/8. Over this period, SEEDA funding has contributed to the delivery of skills, business support, strategic marketing and physical regeneration in the tourism industry. This evaluation will guide investment decisions moving forward, assisting TSE in strategic planning for the period 2008 to 2011 and feeding into a wider evaluation of RDA activity being conducted by the Department for Business, Enterprise and Regulatory Reform.

Context

- Since becoming the lead organisation for tourism strategy in 2003, SEEDA has had strategic responsibility for aligning the regional tourism agenda with the Regional Economic Strategy (RES) and the DCMS led national strategic framework. SEEDA has chosen to integrate tourism into the economic business of the region rather than treating it as an isolated sector and has done so by distinguishing between sector development and marketing.
- In 2003, SEEDA made the decision to enter into a public-private partnership with TSE to deliver a large part of its tourism remit, including sector based skills, business support, physical regeneration and marketing. Over the evaluation period 2003-8 SEEDA has invested £9.6m of core funding and approximately £1.2m in project funding into tourism through TSE. This has accounted for around a third of TSE's income since 2003 with the remainder being generated from a substantial membership and through commercial activities. SEEDA is a major investor in TSE, and in return for funding, is able to influence TSE to align to activities with the Regional Economic Strategy (RES) and ensure that the entire tourism industry can access services, not just the membership.
- This evaluation is designed to build on a previous study conducted in 2006 to inform future policy and implementation plans to support tourism in the South East, understand the effectiveness of the TSE delivery model and feed into BERR's evaluation of the impact of the RDAs. It will also inform TSE's strategic planning for the period 2008 to 2011.

Rationale for intervention

- The concept of market failure in the tourism industry was first discussed in the 1990's and since a number of market failure arguments have emerged, providing a strong rationale for SEEDA's intervention in the sector.
- The tourism sector is particularly disaggregated in the South East, being comprised of many small businesses and is therefore confusing for the customer when attempting to access comparable information about purchase alternatives. These complex networks of businesses have historically

competed against tour operator products (which are aggregated (packaged) and customer orientated) which are easily purchased by the consumer, which has led to imperfect information. There is a need to help obtain cluster benefits, economies of scale and access to cost-effective services including the provision of information to clients – with the public sector operating in the 'honest broker' role, delivering generic schemes which signal to consumers and improve competitiveness and productivity.

- Businesses that provide information to allow the consumer to make an informed choice cannot be sure that all of the benefits of providing information will accrue directly to them. Other operators have the ability to 'free-ride' on others' expenditure. Hence if all tourism providers acted rationally, the logical outcome is that none will undertake advertising activity, as each will hope to free ride on others' expenditure.
- The large amount of small businesses within the sector creates a market failure around skills provision. Without intervention, people would be up-skilled by their employers, but only to the degree where they can do their present job.
- A social rationale for investment in the tourism industry is linked to the often political notion that is not always desirable for all economic activity to be located in one area of the country. Hence steps must be taken to promote tourism as a lever of economic development.

Process assessment

- The process element of this evaluation was developed using an extensive consultation exercise with SEEDA/TSE staff, key stakeholders, businesses and other member organisations. It focuses on the current delivery model, organisation and governance structures, engagement and partnering activity, and equality and sustainability agenda.

Delivery Model

- The results of this evaluation suggest that TSE is a respected organisation with a strong and efficient central team well placed to lead skills provision, sector research, strategic marketing and regeneration activities. In recent years there has been success in the establishment of loose sub regional structures despite lack of resources, and in general the organisation successfully avoids high bureaucracy and overheads evident in other regions.
- A central theme is TSE's performance in relation to skills provision and business support. This is of particular note with consultees consistent in their praise, and is also reflected in TSE's activities on a national basis.
- TSE are faced with a number of challenges around its delivery model moving forward, including an appetite for more destination focused marketing. However, with the region receiving the lowest level of public sector funding on a per head basis anywhere in the country, there is a current lack resource required to adequately service 20-30 strong destinations in the SE region through a devolved model.

Organisation and governance

- Consultation suggests that TSE is an honest and transparent organisation internally and externally - valued by stakeholders, businesses and SEEDA as an independent organisation. It has a good relationship with SEEDA's contract manager (and tourism lead), and is successfully integrating with other areas of SEEDA's visitor economy investment around rural issues, culture and sustainable communities. The two organisations have improved reporting since KPMG recommendations in 2006/7 and capture extensive data on performance.
- This research suggests that, although short-term funding for specific projects is an important income stream, there is a need to ensure that follow-on funding is sought in good time to avoid gaps in funding and therefore gaps in service provision. In light of TSE's strategic role, there is a need to review the strategic importance of providing contract services and TIC management, and assess the balance between their value in revenue generation and the appropriateness of their delivery.
- It is clear that, despite a comprehensive formal reporting regime, not all relevant achievements have traditionally been formally reported to SEEDA. Both parties need to ensure clearer relationships between senior personnel in order to improve the understanding of the value of tourism.

Engagement and partnering

- One of TSE's main strengths is around strategic policy influencing and challenging, and it has a unique, formalised relationship with SEEDA, DCMS and VisitBritain. There are now a number of solid platforms of sub regional committees, bringing businesses and other local stakeholders together, representing meaningful (although limited) engagement at sub regional level and a generally excellent reputation within the tourism industry around business engagement, skills provision and strategic marketing.
- Moving forward there is a need for a decision around the need, or desire, to grow the membership base (and examine the composition of membership) and ongoing challenge in having three different partner groups to report to – SEEDA, Local Authorities and businesses. TSE could turn this challenge into a possible strength, by harmonising the needs of these three parties whilst retaining 'independent' values.

Equality and sustainability

- The equalities and sustainability agendas areas in the process of being developed by TSE, and to date the organisation has exhibited innovative work and training courses have received excellent feedback. Moving forward TSE should continue to raise awareness of the importance of equal opportunities within the sector and improve data collection, in particular, around ethnicity of those who visit the area.

Impact assessment

- The second element to this evaluation concentrated on the economic impact aspect of SEEDA's investment in TSE. It draws on further consultation, TSE

marketing surveys and the analysis of TSE and SEEDA management reporting documentation.

- SEEDA's investment in TSE contributes to Core RDA targets around (target 4) Business Support – businesses assisted to improve performance and (target 6) Skills – people assisted in their skills development. In addition to these explicit measures, TSE is delivering financial leverage and strategic outcomes that are also relevant to SEEDA targets.
- In gross terms, within the evaluation period, TSE has assisted 10,847 people in skills provision (against a target of 7,451), assisted 12,069 businesses (against a target of 8,531), levered £1.3m of physical regeneration spend (against a target of £800k) and generated £75.4m of expenditure through marketing activity at a rate of 1:13.9 (against a target rate of 1:6).
- TSE also delivers in a number of areas where they are not formally tasked or “contracted” to do so. These include the provision of policy information, regeneration support, sustainability awareness, market intelligence and research and corporate services.
- This evaluation has taken into account additionality factors such as leakage, displacement, deadweight and multiplier impacts, and excluded outputs that should be attributed to other funders. The net outputs attributable to SEEDA over the period 2003-08 are:
 - The provision of skills support to 4,353.7 individuals;
 - Assistance to 5,299.3 businesses within the industry;
 - The leverage of £816.7k of physical regeneration funding; and
 - The leverage of £93.2m of tourism expenditure through marketing campaigns.
- The estimated total GVA impact of SEEDA's investment in tourism through TSE is £144.3 to £182.8m over the period 2003-08. Included in this, the additional skills provided by TSE in the sector have made businesses more competitive and is estimated to be worth some £45m in GVA, and the business assistance is estimated to be worth some £54m in GVA (over the five year period). The net £100m of spend (£93m attributable to SEEDA) leveraged forms the remainder of the GVA estimate.
- Using the hotels and restaurants as a proxy for the tourism sector, there is evidence of strong sectoral performance with a higher than average growth rate in terms of businesses and employees. Tourism is one of only a small number of non-public sector dominated categories of employment to be growing in the South East.
- By undertaking some simple benchmarking with other programmes where skills and business support are important outputs, it seems clear that TSE is generating good value for money. This, however, needs to be further substantiated, requiring a more detailed analysis by SEEDA of its spend and return on investment across different parts of the Agency.

Recommendations to TSE

1. The current level of public sector funding is too prohibitive to adequately resource the destination based structure used elsewhere in the UK and any course of action to move to such a model at present would not be feasible. With this in mind, TSE should:
 - a. Develop a model based on successful elements of the existing sub regional model, securing appropriate funding and replicating them elsewhere. This includes the concept of creating a single point of contact for each sub region within the TSE central organisation;
 - b. Increase strategic influencing and policy support around destinations identified as being strong in the marketplace, using senior central TSE resources, in the same way that successful influencing takes place at a national level; and
 - c. In appreciating that this could be a long-term process, attempt to build relationships with those Local Authorities that are currently less engaged than most
2. At present, TSE presents a relatively narrow series of quantitative outputs to SEEDA in the form of tasking framework targets and very detailed business plan output KPIs. In order to communicate the work of TSE and the wider benefits of supporting the tourism industry as an enabler for a stronger regional economy, TSE should hold periodic dissemination and learning sessions with senior SEEDA individuals, focusing on key achievements and challenges within the sector.
3. There is a need for more research and dissemination around the value of intervention into the South East visitor economy. In the appreciation that this would bear a cost, at the expense of direct support delivery, this could be minimised by linking work being carried out by VisitBritain around tourism in the national economy.
4. A major issue within TSE, especially in relation to the development and delivery of skills programmes, is the short term nature of funding. The high value for money evident, and positive feedback received by stakeholders around, skills and business support provision, suggests that SEEDA and other funding partners should be interested in investing over a longer period. This should be investigated fully by both SEEDA and TSE.
5. Within TSE there remains a hierarchical structure with, consultations suggest, limited opportunity for progression. This should be addressed by moving to a more fluid model, with the aim of incentivising staff.
6. There remain unclear boundaries between the business support brokerage offered by TSE to the tourism sector and Business Link's Information Diagnostic and Brokerage (IDB) offering to business in general. A clear process needs to be developed to ensure that business use the correct point of contact and receive the optimum support.
7. Although membership revenue increased in 2007/8, there is a need to engage with more large tourism businesses to ensure a representative spread and leverage private sector investment in the industry.

Recommendations to SEEDA

1. Given performance to date, as illustrated in this document, and broadly positive feedback, we recommend that SEEDA continues its funding in TSE for the next three years. It should recognize the value for money which TSE can generate and ensure that all interested parts of the Agency are aware of current activity.
2. In broad terms, SEEDA should maintain its current contract management regime and resourcing, which have received praise from a number of stakeholders and are far more efficient than those evident elsewhere in the UK, due in part to the effectiveness of TSE as an arm's length partner for SEEDA.
3. In line with recommendation 2 to TSE, senior SEEDA staff should allocate sufficient time to receive regular reports from TSE and better understand the impact of tourism on the South East economy.
4. There are several areas in which TSE operate where performance is not fully measured or acknowledged. The most prominent of these are the activities around physical regeneration and strategic marketing. The outputs of these (around leverage and GVA) are particularly important to SEEDA's new priorities (as per the RES 2006), and should be understood and supported by SEEDA.
5. SEEDA funds sporting, cultural and leisure related projects that could complement many of TSE's activities yet it is clear that these are not always joined up. An event or workshop linking these activities may have a long term benefit.
6. Given the current national evaluation of RDA activity, SEEDA should compare the findings of this study with comparable reviews of other RDA investment in Tourism.

1. Introduction

This chapter provides the context to this evaluation, setting out its aims and objectives and the structure of the report and describing the evaluation methodology used for this exercise.

1.1 Overview

1.1.1 Background

WM Enterprise (WME) was commissioned by the South East England Development Agency (SEEDA) in March 2008 to conduct an evaluation of the Agency's investment in Tourism through Tourism South East (TSE) during the period 2003/4 to 2007/8. Since 2003 SEEDA have part funded TSE, helping to deliver a series of outputs in relation to skills provision, business support, strategic marketing, regeneration and support for other TSE work.

This evaluation is taking place at the end of five years of SEEDA funding for TSE, and will guide investment decisions moving forward and input into TSE's Corporate Plan for the period FY2008/9 to 2011/12. This work will also feed into a wider evaluation of all RDA activity in England being conducted by the Department for Business, Enterprise and Regulatory Reform (BERR).

To guide the work of WME, a steering group comprising Alan Searle and Donna Buxton of SEEDA, Robert Collier of TSE and Jose Retana of PwC, which is leading wider evaluation of all RDA activity. This evaluation builds on an interim study conducted by KPMG in 2006, but differs in approach, including an assessment of performance across TSE, rather than conducting a programme-by-programme review.

1.1.2 The RDA's role in Tourism

Background

In 2003, DCMS transferred the lead tourism strategy role to the RDAs by region, to replace the English Tourism Board. From that point RDAs have had strategic responsibility for aligning their tourism agenda with their Regional Economic Strategies (RES) and also the national strategic framework set out by DCMS. In the South East, SEEDA is now responsible for resources that were previously allocated to the Southern and South Eastern Tourist Boards directly from government.

Sector strategy

Collectively the RDAs have developed a policy of separating sectoral development (skills, business support etc) and marketing in respect of tourism delivery. This has affected the reform of the delivery structures post the days of the Tourism Boards. This has enabled tourism to be integrated into the economic business of the region rather than to be approached as an isolated sector.

It was felt that, to be most effective, the provision of skills and business support should be delegated to specialist agencies. Research has been delegated to the observatories whilst marketing and membership has been outsourced to specialist delivery organisations which, by and large, require matched funding from other

stakeholders. Whilst this new model has created some tension, on a national basis only "England" marketing has struggled to grip the new environment where the regions have distinct priorities. Partners for England has recently been set up to reshape English tourism structures and enable the partnership to work. It will also bring a sense of cohesiveness to national research data, quality and skills.

The concept of 'place' within the visitor economy

The RDAs, including SEEDA, see tourism not as a stand alone sector, but include the visitor economy within wider economic policies under a theme of 'place'. This effects the way that investment is prioritised and has influenced the reform of delivery structures and funding, updating the previous, narrower, tourism agenda.

The SEEDA Corporate Plan understands investment in place, the visitor economy and culture to have a major effect on the visitor experience and attracting and retaining visitors. So whilst investment in TSE is an important element of SEEDA's role, and is the subject of this evaluation, it is not only its only investment in tourism.

Investment in TSE

In 2003, SEEDA made the decision to enter into a public-private partnership with TSE based on membership and stakeholder buy in. Over the evaluation period 2003/4 to 2007/8 SEEDA has invested £9.6m of core funding into Tourism through TSE (£1.4m in 2003/4, £1.7m in 2004/5, £2.4m in 2005/6 and £2m in each of the past two years). In addition to the core funding SEEDA has contributed approximately £1.2m in project funding over the five years. As an indication of the relative size of this investment, in 2006/07 SEEDA's total programme expenditure was approximately £157.5m (including long term regeneration commitments). The £2m invested as core funding and the £0.22m project specific funding spent on Tourism given to TSE amounted to 1.4% of total SEEDA expenditure. In return for its investment, SEEDA is able to influence part of TSE's activities to ensure that they are aligned with the RES, and that benefits extend beyond TSE members to the entire tourism industry. The decision by SEEDA to invest in TSE was made, in part, because TSE is a membership organisation directly in contact with the industry and key stakeholders with its own revenue stream – hence leveraging investment.

Generally, TSE is well regarded but it is only one element of support to the wider visitor economy. TSE has a good relationship with the skills, rural, international and culture and sustainable communities teams within SEEDA, all of which have provided funding against projects. SEEDA is also integrating the support for businesses under the simplification process and TSE, acting as a specialised broker, is working with Business Link and are also working closely with Train to Gain who are targeted to have an impact on tourism businesses.

1.2 Evaluation aims

This evaluation will inform future policy and implementation plans to support tourism in the South East. Its aims are:

- To extend and review the interim evaluation conducted in 2006;
- To extend the scope to cover issues required to feed into **BERR's evaluation of the impact** of the RDAs (in line with the Impact Evaluation Framework);

- To understand the **effectiveness of the TSE delivery model** and strategic added value (SAV) generated by SEEDA's investment in tourism in the South East;
- To feed into **TSE's strategic planning** for the period 2008 to 2011; and
- To propose a **series of recommendations** moving forward to maximise the benefits of SEEDA's investment in Tourism.

In order to deliver these aims, WME have delivered a robust approach that has evidenced the outcomes delivered by TSE over the period 2003/4 to 2007/8 and have taken into consideration current governance and reporting regimes, and the views of those managing, delivering and using programmes and interventions.

This evaluation will form part of the ongoing evaluation of all RDAs being undertaken by the Department for Business, Enterprise and Regulatory Reform (BERR) in line with the Impact Evaluation Framework (IEF). This framework has, therefore, been incorporated into the 'Impact' stage of the evaluation. It is WME's understanding that the other RDAs around the country are undertaking similar evaluations for their investment in tourism, and that these are being delivered in approximately the same timescales as this study.

1.3 Study methodology

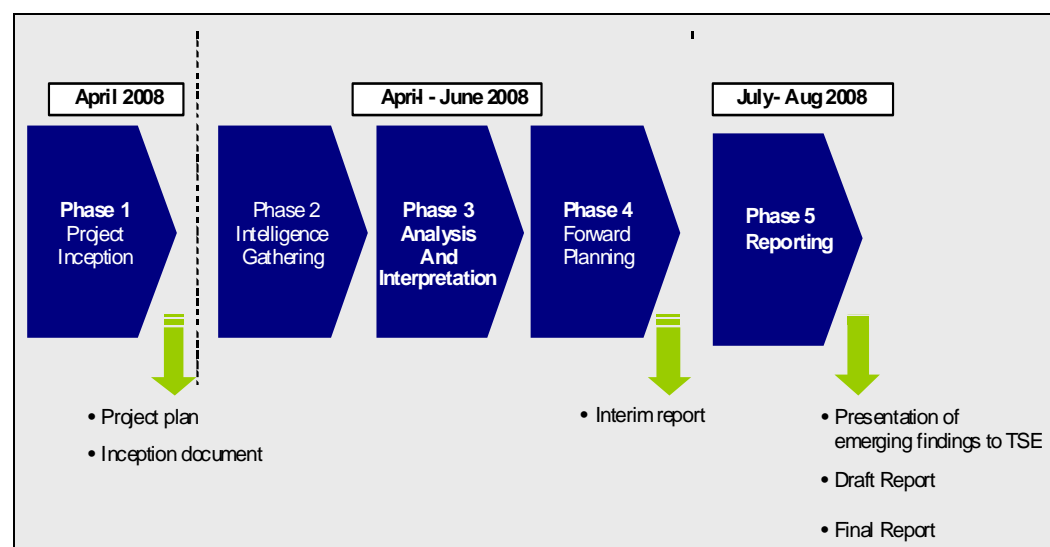
1.3.1 Summary of approach

WME's methodology for this evaluation has been aligned to the objectives of the commission and included:

- A thorough Project Inception defining the objectives of the evaluation;
- An extensive intelligence gathering phase including the following:
 - a detailed contextual review of relevant policy and documentation;
 - consultations with 30 key stakeholders;
 - consultations with 11 employees of TSE;
 - consultations with 29 businesses;
- Analysis and interpretation of data in line with a series of objectives influencing tourism in the South East; and
- Formal dissemination through the delivery of the presentation of emerging findings and the final report.

A summary of the methodology employed is shown in Figure 1.1.

Figure 1.1 WME's methodology for this evaluation



1.3.2 Incorporating the IEF

The IEF outlines the purpose, approach and methods for the evaluation of the impact of the English RDAs and their contribution to the achievement of regional and national objectives. The main purpose of the IEF is to ensure evaluation of impact is robust, consistent and promotes a better understanding of what works and why.

In response to this, WME have built the following components in to the Impact phase of this evaluation:

- A logic chain has been developed, as shown in section 4, which illustrates how SEEDA's investment in tourism links to activities, outputs and outcomes;
- Whilst consulting stakeholders reference has been made to displacement, leakage, deadweight and sought to determine a view on the additionality created by SEEDA through TSE; and
- A major component of this study has focused on Strategic Added Value, and this is shown in section 4.

The application of the IEF is shown in Section 4.

1.3.3 Data collection

The intelligence gathering phase of this evaluation focused on examining the structure of TSE, processes and governance within TSE and the tourism delivery model in the South East as whole. Using material provided by TSE and SEEDA, WME identified the following sources for analysis:

- TSE business plans, annual reports and corporate plans for the years in the evaluation period;
- TSE's Corporate Planning options 2008 – 2011 document "Hosting the World";
- The Regional Tourism Strategy "Tourism ExSellenace";
- Financial data obtained from TSE Finance Director;

- TSE final quarter business plan programme monitoring reports;
- Organisational charts for TSE and sub-groups;
- Notes and Minutes from relevant meetings;
- Individual TSE Programme project evaluations;
- Other TSE publications such as the Business Confidence Survey.

The majority of this data was provided by SEEDA and TSE at the outset of the project.

1.3.4 Consultation

Consultation with various key stakeholders and businesses formed the most crucial element of the intelligence gathering aspect of this evaluation. One to one interviews were held with the SEEDA team responsible for contract management, SEEDA's equality and diversity team, TSE's managing director and senior management team, Sub-regional tourism leads, representatives from Local Authorities and other partners including Visit Britain and DCMS.

TSE provided WME with a list of 23 stakeholders all of which were contacted and invited to participate and of which 18 took part in consultation. A further 12 were identified throughout the evaluation period based on geography and professional interest in South East tourism. A total of 30 stakeholders were consulted. A full list of consulted stakeholders can be found in appendix 3. A range of topics were covered in these sessions, including:

- Ways in which the stakeholder organisation engages and works with TSE;
- The effectiveness of existing tourism delivery model in the South East including sub-regional and/or destination focused models;
- Effectiveness of the current model in meeting a variety of objectives including TSE corporate planning objectives, regional tourism strategy (Tourism ExSEllence) objectives and SEEDA's RES objectives;
- Level of partnership and communication within TSE and with partner organisations and the private sector;
- Outputs and impacts from the programme including SAV and additionality;
- Marketing methodology and return on investment; and
- Suggestions for moving forward.

A more detailed topic guide used for stakeholder consultation can be found in Appendix 3 of this report. It should be noted that the topic guide was used as a prompt and was tailored for each interview. Each interviewee had the opportunity to discuss everything on the topic guide although some interviewees preferred to focus more on some areas in accordance with their professional knowledge.

In addition to the stakeholder consultation, WME interviewed 29 businesses from TSE's membership base. TSE provided a long list of 67 randomly selected businesses, all of which were contacted and invited to take part in the consultation exercise of

which 29 were willing. Most businesses interviewed could be described as accommodation providers or visitor attractions although this is not true for all. Tourist Accommodation businesses interviewed ranged from small B&Bs to 5-star luxury hotels. Visitor attraction businesses interviewed included stately homes and gardens, theatres and educational and historic attractions. A full list of businesses consulted with can be found in the appendix 4. It should be noted that in the initial consultants' proposal, a more detailed survey was proposed. However, SEEDA opted for a smaller sample of businesses and a qualitative approach was taken.

Topics discussed in the businesses interviews include:

- Awareness of TSE and how businesses use the services it provides;
- Impact that dealings with TSE have had on businesses (SAV, examples of good practice);
- Structure of TSE and the sub regions;
- The South East as a marketing brand;
- Key future business support needs in the tourism industry; and
- Suggested improvements to the current model.

A topic guide for the business consultation can be found in Appendix 2 of this report.

1.3.5 Evaluation Analysis

Following the completion of the intelligence gathering phase, analysis of output data was undertaken in order to ultimately evaluate the programme. Output data was analysed against a series of criteria:

- Process performance was evaluated by assessing specifically the delivery model, organisation and governance, engagement and partnering and equality and sustainability;
- Overall impact of the programme was assessed by measuring outputs and outcomes against SEEDA and TSE objectives, analysing TSE income and expenditure and evaluating the programme in terms of gross outputs, additionality and SAV in line with the IEF; and
- Finally a value for money assessment was conducted in order to compare the programme to other SEEDA funded programmes, other RDA investment in the sector.

The common responses from stakeholder and business consultation were identified to particular questions and captured for discussion in the report. It was important also to capture feedback that was unique to certain geographies and types of consultee and take this into consideration. The evaluation seeks to capture the majority of responses and discusses where there is apparent difference of opinion. It should be noted that on the whole responses were consistent and there were few issues where consultees had differences of opinion.

Analysis of quantitative output data is discussed in more depth in section 4.

1.3.6 Reporting

Reporting of this evaluation has taken place in a number of stages. By the end of June 2008 initial analysis and an interim report was completed. In July emerging findings were presented to SEEDA at a steering group meeting and later to TSE at their Board meeting. A full final report was submitted to SEEDA in late-August.

1.3.7 Issues and Uncertainties in Methodology

The evaluation is consistent with the IEF and therefore robust. There are, however, a small number of ways in which the methodology could be have been enhanced.

- The original consultants' proposal suggested a comprehensive business survey, which was ultimately removed on the basis that internal TSE surveys, particularly in relation to marketing effectiveness, could be used as a replacement. Instead, a smaller number of businesses were interviewed, but in more detail. It could be argued that the sample of consulted businesses could have been larger in order to capture a more reliable account of members' views of TSE and SEEDA;
- The business consultation involved only current members of TSE. This, it could be suggested, is problematic as it does not take account of non-members who may have valid comments to make about SEEDA's investment in tourism and the role of TSE within this; and
- When conducting business consultation, it became apparent that many of the businesses were unaware of TSE objectives and role of SEEDA in tourism investment. The businesses were, however, able to comment on the strengths and weaknesses of TSE. The topic guide used for business consultation was amended to ensure that we asked relevant, concise and informative questions.

1.4 Report structure

This document is now set out as follows:

- **Section 2** sets the strategic context for this evaluation tourism in the South East, current support policy within the sector and the role of TSE.
- **Section 3** presents a process assessment of SEEDA's investment in tourism support, examining the current setup in qualitative terms and covering areas such as delivery model, organisation and governance, partnership and engagement, and equalities.
- **Section 4** presents an impact assessment, examining the gross and net outputs generated by TSE over the past five years, how these compare with targets and what the ultimate outcomes have been; and
- **Section 5** is a value for money exercise, benchmarking the delivery model in the South East with those operating elsewhere and assessing the return on investment through TSE compared with other SEEDA spend; and
- **Section 6** concludes the evaluation and presents some recommendations.

2. Strategic Context

This section sets the context for the evaluation, examining the state of tourism in the South East and current policy for intervention in the sector.

2.1 Tourism in the South East

Tourism is a key element of the South East Economy. The region is second, only behind London, in terms of the number of inbound tourists - visiting to explore the coast, countryside or cities that the region has to offer. The South East is also second largest in terms of overall sector value (again behind London).

The size of the industry can be measured by number of trips (visits) or by the amount they spend. TSE figures show that UK and overseas residents spent £2.4 billion and £1.7 billion respectively in the South East in 2006. Combined, the total tourism spend in the South East amounts to 13.7% of the tourism spend in the whole of the UK. In terms of visits by UK and Overseas residents, 129.4 million trips were made and 244.1 million nights were spent in accommodation in the South East.

According to 2006 ABI data, over 291,000 people were employed in the tourism industry, this amounts to 8% of all jobs in the South East. The jobs that are included in the tourism industry include employment by hotels, camping sites, restaurants, bars, activities of travel agencies and tour operators, cultural activities such as museums and libraries and also sporting and other activities. Within the industry the largest employers are restaurants and bars accounting for 53% of tourism sector jobs in the South East.

In terms of domestic visitors 34% of trips taken in the South East in 2006 were by South East residents themselves, followed by residents from London and then people living in the South West at 14% and 13% respectively. In 2006 the largest number of overseas visitors were from Germany and the USA, making up 12% each of all visits from overseas visitors. USA visitors are the most lucrative, accounting for £276m in 2006 (16% of total overseas spend in the South East). For both domestic and overseas visitors July to September is the season when most visits to the South East happen¹.

2.2 Tourism support policy

This section of the report examines the strategic policy context of the tourism sector in the UK. In order to review the South East's Tourism programme it is necessary to understand the UK Tourism objectives, the South East's Regional Economic Strategy (RES) and also understand how sub-regional priorities may contribute to Regional Tourism objectives.

2.2.1 Public intervention in tourism – the market failure argument

It was not until the 1990's that the concept of market failure in the tourism industry was discussed. Government's understanding of the sector is traditionally poor, is hindered by inadequate statistics and a conflict between the need of big business and SMEs.

¹ Data sourced from ABI and TSE's Market Intelligence team

The market failures existing with the tourism sector include:

- The tourism sector is disaggregated, being comprised of many small businesses, and is therefore confusing for the customer when attempting to access comparable information about purchase alternatives. Before intervention, this complex network of small domestic businesses was competing against tour operator aggregated products (especially to overseas packaged destinations) which were easy to purchase for the consumer, which ultimately led to imperfect information. There was, therefore, a need to help to obtain **cluster benefits and economies of scale** and access to cost-effective services including the provision of information to clients – with the public sector operating in the 'honest broker' role, delivering generic schemes which signal to consumer and improve competitiveness and productivity.
- Businesses that provide information to allow the consumer to make an informed choice and the individual business (be it a hotel, restaurant or fairground to give some examples) cannot be sure that all of the benefits of providing information will accrue directly to them. For example, if a hotel owner in Canterbury advertises their business, they will also be promoting Canterbury in general and other tourism operators located there. These other operators will therefore be 'free-riding' on the hotel owner's expenditure. **If all tourism providers acted rationally, the logical outcome is that none will undertake advertising activity**, as each will hope to free ride on others' expenditure. In addition to this point, rather than each and every business (or consortia) marketing their business and their town/city/region every time they approach the market, it makes sense for a third party to undertake the wider, geographic based marketing.
- Added to the point above, the tourism market is **highly competitive and geographically specific**, and it is unlikely that two firms competing with one another would join forces for "the common goal" without a third party.
- The large amount of small businesses within the sector creates a market failure around skills provision. Without intervention, people would be up skilled by their employers, but only to the degree where they can do their present job. Employment mobility means that **employers would be unprepared to invest in the workforce** for fear that they will leave.
- There is a need for accreditation. Without **accreditation**, the consumer would need to visit each destination at least once before becoming confident on quality. Through the use of a third party, such as TSE in the South East, accreditation through skills and business support course, solves this problem.
- A social rationale for investment in the tourism industry is linked to the often political notion that is not always desirable for all economic activity to be located in one area of the country. Hence steps must be taken to promote **tourism as a lever of economic development** (although the net effects of such intervention could be zero as activity is simply displaced from one area of the country to another).

These concepts are particularly important given that approximately 80% of tourism related businesses in the South East are SMEs, and hence, do not have the resources to market themselves, or the co-ordination to form business consortia to provide skills and business support services.

2.2.2 National Policy

Support in the tourism sector can be traced back to the 1969 Development of Tourism Act which established the British Tourist Authority (BTA), English Tourist Board, Scottish Tourist Board and Wales Tourist Board. The BTA role was:

- “to encourage people to visit Great Britain and people living in Great Britain to take their holidays there”; and
- “to encourage the provision and improvement of tourist amenities and facilities in Great Britain”.

Each of the national boards, England, Wales and Scotland, were given comparable aims (as above) relating to their geographies. They were also given the power to do anything for the purpose achieving these including promoting or undertaking publicity in any form; providing advisory and information services; promoting or undertaking research; establishing committees to advise them in the performance of their functions; and contributing to or reimbursing expenditure incurred by any organisation delivering on any activity which the Board has responsibility.

Almost 40 years later, tourism is a vital sector in the UK that contributes £85 billion a year to the economy and employs 1.4 million people². A strong recovery from the events of 2001 and other impacts in further years – floods, FMD, SARS, etc – illustrated the industry's resilience and it now faces new challenges as the full effects of the credit crunch start to take effect. It should be noted that the tourism sector is relatively resilient to such events and has “bounced back” and remains a growing industry with regards to numbers of jobs.

There are current opportunities for the Tourism Industry. The 2012 Olympics should provide a vital boost to the number of overseas and domestic visitors. There are other opportunities that are influencing domestic visitors' decisions to stay in the UK including a greater awareness of the impact that long-haul holidays have on climate change and current tighter expenditure constraints making foreign holidays less feasible.

The Department for Culture, Media and Sport (DCMS) is responsible for supporting the tourism industry at the national level. The Department also works with key partners to put regional and local tourism support in to strategic context. The national strategy for the development of tourism in England “*Tomorrow's Tourism*” was launched in 1999. A more recent strategic document “*Tomorrow's Tourism Today*” was launched in 2004 to define the responsibilities of DCMS and its local, regional and national key partners. Most recently “*Winning: a tourism strategy for 2012 and beyond*” was launched in September 2007. This strategy focuses on the 2012 Olympics due to be hosted by London. The strategy aims is to extract maximum financial benefit from the Games for the entire UK tourism industry. DCMS believes that there could be a £2.1 billion boost in tourism revenues as a result of the Games in London.

VisitBritain is the organisation responsible for promoting England as a tourist destination to the domestic and overseas market. DCMS invests £50m a year in the organisation, which also has the responsibility to provide a framework within which the tourism industry can work in closer partnership. There are other national level stakeholders such as People First, the tourism and hospitality sector skills council.

² DCMS (2007) *Winning: A Tourism Strategy for 2012 and Beyond*

Funding from DCMS for the tourism industry was set out in the 2007 Comprehensive Spending Review (CSR). As figure 2.1 shows, funding for tourism on a national level is set to reduce over the next few years due to a tight Government Spending round. RDA's funding for tourism is set to decrease by £100k each year up to 2010/11 (except for the LDA/GLA). This further highlights the necessity for a strategic framework at a national, regional and local level that uses resources most efficiently while ensuring tourism remains a vital growing sector for the UK economy. In response to the announced funding in the previous Culture Secretary James Purnell has asked VisitBritain to conduct a review on how best to maximise the impact of DCMS tourism funding to market Britain.

Figure 2.1: DCMS funding for Tourism set out in CSR07 (£m)

	2007/08	2008/09	2009/10	2010/11
VisitBritain (less capital)	49.6	47.6	46.1	40.6
RDAs	3.6	3.5	3.4	3.3
GLA	1.9	1.9	1.9	1.9
Total	55.1	53.0	50.4	45.8

Source: DCMS

VisitBritain is also in the process of carrying out the British Tourism Review. This review is being carried out at the request of the Central Government and the purpose of it is to determine how best VisitBritain would work with other agencies to deliver on tourism including the following:

- Effective marketing of tourism;
- Intervention initiatives where market failure exists;
- Key support measures needed from Government;
- Effective framework and capabilities for VisitBritain;
- Identification of resources needed to deliver a legacy from the 2012 Games; and
- Unambiguous and agreed roles for all relevant public agencies.

The review is expected to be completed by October 2008.

2.2.3 Regional Economic Policy

There are nine Regional Development Agencies (RDAs) that are responsible for promoting economic development for their region in England. Tourism has been identified as a key driver of regional economies and in 2003 DCMS gave the RDAs the lead tourism strategy role in their region to replace the English Tourism Board. Therefore RDAs have strategic responsibility for aligning their tourism agenda with their Regional Economic Strategies (RES) and also the national strategic framework

set out by DCMS. Funding used to be allocated to regional tourist boards (RTBs) by the English Tourism Council, these are organisations that stimulate and develop tourism in their areas. RDAs now allocate regional tourism as part of their single pot funding and hence the role of RTBs has become less clear leading to RTBs disappearing, merging or have their function and responsibilities revised. As a result, RDAs have chosen to exercise their responsibility for tourism strategy in differing ways – this can include phasing out of the RTB, merging RTBs and/or revising the responsibility of the RTBs. This has led to different structures in different regions.

Rather than treat tourism as a stand alone sector, SEEDA have developed a strategy of using tourism and the wider visitor economy as a key driver of the 'place' theme. In terms of delivering skills to the industry, brokering sector specific business support and providing strategic marketing, Tourism South East (TSE) is SEEDA's main delivery partner. In 2003 SEEDA made the decision to use a devolved delivery route, with TSE as the chosen public/private sector partner. Whilst SEEDA does not wish to dominate TSE's agenda, SEEDA has ensured that the two organisations' objectives and delivery plans are closely aligned, and consistent with the Regional Economic Strategy (RES) and that TSE benefits reach the whole industry, rather than being restricted to TSE members. As documented in the 2006-16 RES, developing the visitor economy is listed as a priority for the Rural South East and targeted growth areas. Whilst the 2002 RES was less explicit, in the current version tourism is identified as a major employer and economic driver. Following the 2002 RES, SEEDA set up Sector Groups to provide a strategic overview of the challenges for their sector and giving advice on how to overcome barriers in the region; tourism was identified as one of these sectors.

In its Corporate Plan 2008-11, SEEDA has committed to developing a Cultural and Creative Opportunities Framework with partners, taking account of the central Government Creative Economy Programme Strategy and working with TSE to implement the regional Tourism Strategy (designed to "Deliver support to the region's tourist sector to boost the visitor economy"). The role of TSE is also explicit in relation to the Agency's approach to maximising the impact of London 2012, around "creating a world-class arrival and visit",

In order to optimise impact on the region's economy, TSE delivers against targets and monitors their progress against the RES, investing in SEEDA core funding in broad support of the headline objectives of the RES; Global Competitiveness, Smart Growth, and Sustainable Prosperity. Aside from contributing to specific RES objectives, TSE's agenda also influences wider issues in the region; as outlined in their recent planning options document "Hosting the World". TSE's activity also makes a contribution to cross-cutting cultural issues and the place-shaping agenda.

Further to core TSE funding, SEEDA supports the visitor economy through less direct routes. This includes expenditure and policy on infrastructure, culture and other place-shaping activity which strongly contributes to attracting and retaining visitors. In addition, project specific funding is provided by teams in SEEDA such as skills, rural, international, culture and sustainable communities.

2.2.4 Partners for England

The South West RDA is the lead RDA for tourism and represents the views of all the RDAs on a national platform. Partners for England came out of the South West RDA and VisitBritain and was prompted due to the fact knowledge around spend on the visitor economy within the regions is often fragmented due to a lack of partnership working between Local Authorities and private sector. This lack of partnership working has been highlighted as one of the reasons why England may struggle to

compete with other destinations. Partners for England also strive to bridge communications and strategy between RDAs and VisitBritain. Partners for England was formed in 2005 and in 2007 identified four priority areas:

- Leadership
- Development of a Charter for Destination Management
- The alignment of Tourism Marketing
- Improving the quality of tourism data

Further work streams include Skills and the Visitor Economy and the VisitBritain Review.

Partners for England have created a new body - the English Tourism Intelligence Partnership (ETIP) - that will report to the Partners for England Executive Board and to the Partners for England Forum. Funded jointly by the RDAs and VisitBritain, the partnership will be focused on delivering an agreed vision for better tourism intelligence. The Office of National Statistics is a key partner, who have agreed to establish a new Tourism Intelligence Unit as part of the delivery programme.

The Partners for England Summit is an initiative which began in 2005 and has been developed into a formal forum, meeting bi-annually with a remit of ensuring real engagement on the key issues facing the industry.

Partners for England have also developed a Charter to champion excellence in place making and destination management. The objective of the Charter is to bring together the cross-cutting themes of the visitor economy including economic, environmental and social benefits. The Charter underpins an ethos of joined up thinking in the industry.

2.2.5 Sub-regional policy

Tourism is a non-statutory role for Local Authorities, but they recognise the importance to the local economy and many have tourism services such as Tourist Information Centres (TICs), marketing, events, and Destination Management Systems (DMS) to ensure that visitors have access to information. Due to the introduction of RDAs in to tourism support, many Local Authority tourism departments are being replaced by Destination Management Organisations (DMOs). These are organisations responsible for supporting and growing tourism in their area, whether it is city, resort, district, county or geographical area.

2.3 Tourism South East

2.3.1 Background

Tourism South East (TSE) is the strategic tourism body for the South East which is funded by a combination of grants from bids, commercial activities, membership activities and public sector grants via SEEDA. TSE was formed in April 2003 from the amalgamation of the Southern and South East England tourist boards. It is the largest geographical regional tourism organisation in England, serving Berkshire, Buckinghamshire, East Sussex, Hampshire, Kent, Oxfordshire, Surrey, West Sussex and the Isle of Wight, which creates servicing issues for a single agency which SEEDA will be familiar with. This amounts to a geographical area of 19,000 square kilometres. Approximately a third of TSE's funding between the period 2003-08 has

come from SEEDA, and in return for this the Agency is able to influence TSE activities, ensuring that they are consistent with the RES and that benefits extend beyond the TSE membership to the entire industry.

2.3.2 Aims and objectives

The vision of the TSE Corporate Plan for 2006 to 2009 is for TSE to help the region to:

- Compete with the best;
- Exceed visitor expectations;
- Invest in product and service quality;
- Foster profitable tourism businesses; and
- Welcome visitors and embrace them.

This is described in the regional strategy as “Tourism ExSEllence”.

The mission of TSE is to generate a step-change improvement in the management and performance of the travel, tourism and leisure sector in the South East. This will be achieved by optimising the economic and social benefits from tourism in the region by sustaining, improving and developing the performance of the travel, tourism and leisure industry by working in effective partnership with public and private sector stakeholders.

This mission is achieved by “Driving Tourism ExSEllence” i.e. the above vision as laid out in the corporate plan.

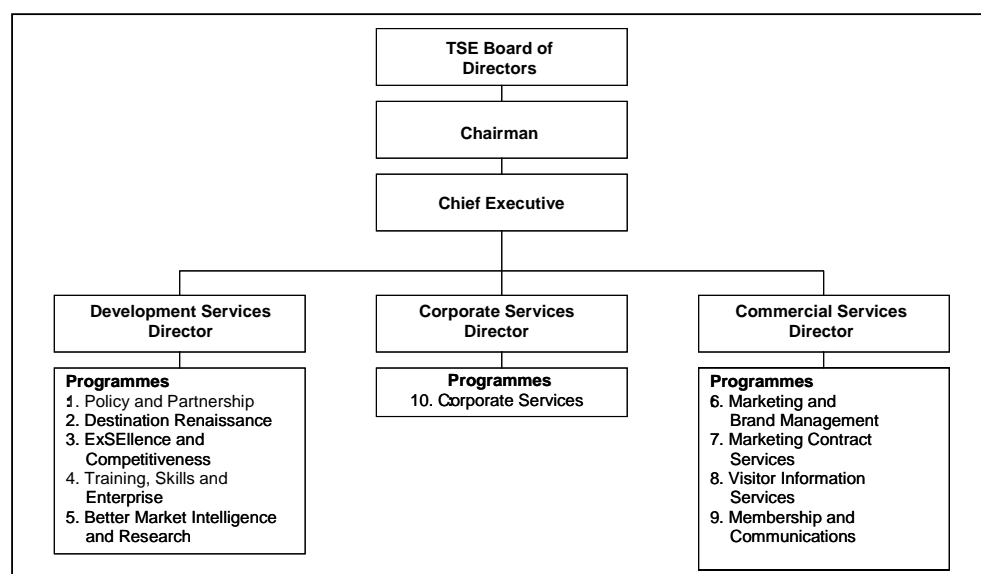
2.3.3 TSE Structure

As figure 2.2 shows, TSE's operations are monitored by a board of directors, the Chairman, the managing director and then 3 service directorates, each led by a service director.

The Development Services department undertakes a wide range of development projects across the region. By working with partners from the public and private sector, TSE: leads on regeneration projects; identifies new markets; provides policy support; provides business support and advice; promotes the use of local produce; and promotes major sporting events in the region. Since 2005/6 the Development Services directorate is responsible for programmes one to five.

The Commercial Services department are responsible for commercial, marketing, e-commerce, visitor information and membership services. The departments are responsible for delivering programmes six to nine. Finally the Corporate Services departments are responsible for delivering programme 10, the support service for the running of TSE. Figure 2.3 outlines individual programme remits.

Figure 2.2: TSE Structure



2.3.4 Tourism South East Objectives

TSE's objectives as an organisation drive the Tourism ExSEllence objectives:

1. **Competing for the Customer:** To improve the level of understanding of consumer needs and expectations, and work with others to promote appropriate brands and provide destination information throughout the region.
2. **People, Products and Places:** To ensure that the products and services offered by the region's tourism industry and the tourism infrastructure of built and natural assets are of sufficient quality and standards to ensure sustainable and profitable future performance.
3. **Performance through Partnership:** To provide responsible leadership by consent, and act as a voice for the tourism industry in order to improve the management and co-ordination of a complex and dynamic industry. To ensure that the limited funds available for intervention are well spent.

Figure 2.3: TSE programme outlines

No.	Programme title	Programme Remit
1	Policy and Partnership	Encompasses TSE's responsibility for creating a policy and legislative climate in which the tourism industry can develop and compete successfully.
2	Destination Renaissance	Work with partners to develop and indentify funding for new destination regeneration programmes. The programme also attracts major sports events to the region, supports market towns with tourism development, organises conferences on regeneration themes, supports online marketing for small rural destinations and has developed a wildlife tourism

No.	Programme title	Programme Remit
		programme.
3	ExSEllence and Competitiveness	Secures funding and advice for businesses on sustainability, provides business advice including for example quality assessment scheme for accommodation. The programme also undertakes sector study work e.g equestrian sector, accommodation sector.
4	Training, Skills and Enterprise	The programme is underpinned by Tourism Skills Network South East. Responsibilities include Delivering Training projects (including externally funded/ co-financed schemes).
5	Better Market Intelligence and Research	The role of this programme is to disseminate core Marketing intelligence base to TSE members, industry and stakeholders. The programme also fills tourism data gaps for specifically commissioned projects.
6	Marketing and Brand Management	The responsibilities of this programme include developing e-marketing/ brochure material. The programme has developed a new approach to marketing, grouping different types of destinations, accommodation, and attractions for specific groups of visitors (focusing on families, couples, specific sport enthusiasts) and provides pump priming money to encourage further funding from key partners.
7	Marketing Contract Services	Delivers tailored contract services particularly for LAs who have limited budgets for marketing and service contracts. This programme also provides management and administration of Membership services for contracts.
8	Visitor Information Services	Deliver on going support to LAs through regional TIC coordination and activity.
9	Membership and Communications	Responsibilities include engagement with tourism businesses through new and improved membership offers and to produce and deliver correspondence with members(publications/members conference etc)
10	Corporate services	Responsible for internal running of TSE including finance, admin, HR, Health and safety, assets, insurance, IT and payroll.

2.3.5 Tourism ExSEllence Objectives

Tourism ExSEllence is the regional tourism strategy developed by TSE for the South East. It is a plan for all tourism stakeholders including TSE and SEEDA. It is aimed at tourism businesses, tourism associations and trade bodies, the 'not for profit' sector, Local Authorities and communities, regional agencies and government. The three key objectives are:

1. Promoting a must visit Region

2. Providing an unrivalled experience
3. Establishing effective management and organisation

The Tourism Strategy will be revised in 2008/09.

2.3.6 Regional Economic Strategy Objectives

The Regional Development Agencies Act 1998 required the RDAs to develop a Regional Economic Strategy that seeks to improve regional economic performance, and to identify strategies for achieving them. The Regional Economic Strategy 2006-2016: A Framework for Sustainable Prosperity is the current RES in place for the South East. In order to address the key challenges facing the South East, the strategy contains the following three objectives:

1. Global Competitiveness – investing in success
2. Smart Growth – lifting underperformance
3. Sustainable Prosperity – supporting quality of life

Tourism is identified as a key driver for the “Smart Growth” objective. A key action for this objective is to increase business stock, and more specifically for the tourism sector, support new and growing businesses in the creative, cultural, leisure, sporting and visitor economy sectors.

2.3.7 Sub-Regional Tourism Priorities

Each sub-region has a committee made up of volunteers that represent Local Authority partners and TSE commercial members. The Chair of the committee, or a nominee, is also a Director on the Board of TSE. Each sub region's aim is to encourage the pooling of resources and effort to improve areas where there is a common agenda such as business performance, quality and provide support for the industry at a local level. Each sub region has actions to support their 'statement of priorities' which are agreed strategic development plans that are in line with the three Tourism ExSellece objectives. TSE allocate both staff and financial resources (50% of all member subscriptions) that allow each sub region to deliver tourism projects tailored to their needs.

2.3.8 Hosting the World

In December 2007, TSE published a document containing TSE's Corporate Planning Options for 2008/09 to 2010/11 entitled “Hosting the World”. The purpose of the document is to set out a three- year partnership plan for TSE and SEEDA in light of the reduced funding as a result of the CSR and the fact that tourism is a non-statutory service for Local Authorities. The document provides five funding options for the delivery of support services to the tourism industry leading up to the 2012 Games. The first three of the options are based on current funding levels, plus 5% or minus 5%. The other two options are focused on more substantial changes to funding with potential leverage resources being considered. Option four considers improved core funding (£2.5m per annum) which would cover all current programme and new programme costs. Option five would hope to increase funding to £5m per annum as a result of following a delivery model based on a central strategic body and the formation of Destination Management Organisations (DMOs).

2.3.9 Review of Tourism Framework

There is currently an industry-wide review being conducted to determine how VisitBritain should work with other agencies to deliver against its four core strategic objectives, working with other publicly funded agencies and within the context of its funding settlement with DCMS. The strategic objectives for VisitBritain are:

- Marketing England at home and overseas
- Marketing Britain overseas
- Supporting the development of national tourism policies and the resolution of key national tourism issues
- Securing the tourism benefits of the 2012 Olympic and Paralympic Games

The review is expected to be complete in October 2009.

3. Process assessment

This chapter presents an evaluation of the processes used for delivering tourism support in the South East, focusing specifically on the TSE delivery model and drawing on a business and stakeholder consultation exercise held in Spring 2008 and an analysis of project documentation.

3.1 **Headline themes**

Based on the consultation process and contextual review the key qualitative findings can be divided into those relating to SEEDA's investment in tourism in general, and those specifically relating to TSE.

In terms of SEEDA's investment in tourism via TSE:

- The existing model, with a small SEEDA team, and outsourced delivery body, is efficient and makes best use of the tourism funding available to the Agency. Whilst SEEDA's investment in tourism is small in comparison to most other regions, the funding is result driven and has avoided the inefficiency described by many stakeholders as evident elsewhere;
- SEEDA generates strong leverage through its investment in TSE, in terms of directly measurable outputs in relation to skills provision and business assists, and also in relation to less frequently captured achievements such as return on marketing investment and seed support for physical regeneration investment; and
- Given that SEEDA's investment covers a range of activities across a series of programmes, it is difficult to track the return on this investment, and the achievements of TSE in its entirety are attributable to the SEEDA investment.

In terms of the TSE organisation and delivery model itself:

- There is a strong perception, backed up with clear evidence, that TSE are delivering well with a small budget in relation to many other regions and sectors;
- The TSE 'brand' is strong and the organisation is broadly respected within the industry;
- The organisation is characterised by strong leadership, with good track record in business and other member engagement, provision of relevant and accessible skills and lobbying at a strategic level. Furthermore it is clear that improvements have been made in relation to each of these over the past 2-3 years;
- TSE's objectives are clear and there is strong alignment between its priorities and the aims and objectives of SEEDA, and of other partner organisations such as DCMS and VisitBritain, whilst retaining its independence as a tourism specialist;

- TSE has been successful in engaging and influencing at a national level and is 'best in class' in this respect. It is also nationally recognized for the quality of its research and training/skills development capability;
- There are mixed views, and conflicting evidence on the role of commercial and Local Authority membership. It has been suggested that it is crucial to increasing industry engagement, others highlighting the potentially conflicting objectives between members, partners and funders. Regardless of either view, it is clear that TSE plays an important role as 'honest broker', balancing the needs of central and local government, and the business community;
- Concerns exist as to whether the current sub-regional structures, which differ for each sub region, are fit-for-purpose to support the tourism industry in the South East with insufficient funds to resource effectively at both the regional and sub-regional level;
- The importance of 'destination marketing' differs for various localities and sub regions. There is challenge to ensure that the marketing structures are appropriate for a range of geographies with differing tourism identities;
- The late approval of funds from SEEDA to TSE can be disruptive to its operation and strategic planning. This can impact upon the operation of customer facing programmes. Consultation suggests that this led to a loss of impetus in early 2008. Ideally steps should be taken to avoid this situation.

3.2 Delivery Model

3.2.1 Context

The previous section discussed the structure of TSE and its delivery mechanisms. Prior to considering our assessment of the effectiveness of the organisation, it is appropriate to consider the structure of TSE alongside that of the seven other regions of England in respect of tourism delivery. These structures are summarised in Figure 3.1.

It is evident that tourism organisations in England have changed structure several times over the past couple of decades. Part of this process of change was driven by the moves towards the establishment of RDAs, which, as stated previously, have a statutory responsibility for tourism strategy. Initially their involvement was reflected by changing the areas of responsibility of the various tourism bodies to align them with those of their RDA. Subsequently there have been significant structural changes in the tourism bodies that in some cases have involved the disbanding of the original tourism board and the formation of a new organisational structure.

Some of this change has also been undertaken to avoid duplication between various bodies. Note, as an example, a service body delivering business services/training for tourism providers in the West Midlands is being shut down with the role now being taken on partly by Business Link and partly direct by the tourism section of the RDA. Prior to this, funding to the independent Heart of England Tourist Board was ended after 3 years, leading to the closure of this organisation. Further change is also to be considered likely. We are aware that recently a consultation period closed for an overall review of tourism structures, funding etc. in the UK (see <http://www.tourism-review.co.uk/>). This seems to focus on VisitBritain but will probably be more wide ranging in its impact and may result in another shake-up. There is a TSE comment in respect of this review provided on the TSE corporate website. Initial findings might be expected in late-summer 2008.

Outside the South East there are now two predominant models in use by the various regions. In summary:

- West Midlands, East Midlands, North West and the North East all use structures where the overall tourism infrastructure is managed directly from a team within the RDA. However sub-regional marketing is undertaken through Destination Management Organisations (DMOs) and these organisations are very much the 'public face' of tourism marketing in these regions. Members join the DMOs not the central body. This model is still in its infancy in the West Midlands and South West, where only a small number of DMOs are up and running; and
- In the South West, Yorkshire and Humberside and East of England the overall tourism bodies remain as companies limited by guarantee, which in the case of the South West is a public-private partnership. These three regions also work through a variety of DMOs and it appears that the umbrella bodies are far more closely aligned to their RDAs than is the case in the South East.

Overall other regions are operating more devolved marketing structures than is the case in the South East. Furthermore, in all the other cases, it appears that the body with overall responsibility for tourism in the region is more closely tied to the RDA than is the case in the South East. It should be noted that, in the South East, TSE were instrumental in developing the current sub regional arrangements (with the exception of Kent which had a pre-existing body akin to a DMO) and they have a high degree of autonomy therefore allowing for ownership and commitment at a sub regional level. However, the sub regional partnerships arguably have a reduced role, than the DMOs adopted in the other regions which are primarily marketing orientated, mainly as a result of limited available resources.

Strategically the shape of tourism structures, and consequently their effectiveness, is still emerging in all of England's regions. Certainly from where each region is at the moment, and based on our overview research, it would be hard to state that a particular region has a discernibly better or more effective structure. Arguably, what England's tourism needs most at the moment is a period of stability and consistency to allow these structures to fall into place – such a period, in contrast to the changes that have taken place in recent years, would allow the various models to be proven or otherwise. Without it, it is too easy to blame underperformance on inconsistency and change.

Nevertheless, what is evident is that the other regions are moving towards structures that are more heavily focused on sub regional or destination focused delivery. The easiest region to determine and briefly explain is in the North West where they have based a DMO structure on five 'attack brands'. These are thought to be most easily recognised by tourists and therefore used to attract visitors to the region. However for three of these, the exceptions being Manchester and the Lake District, they have added a wider region, or hinterland, which can benefit from this approach. Thus there are five DMOs namely Blackpool and Lancashire, Chester and Cheshire, Liverpool and Merseyside, Cumbria-The Lake District and Manchester. This sub-regional marketing is supported by an umbrella organisation that provides strategic, support services and some economies of scale for pan-region marketing.

While the structure in the South East is more centralised than elsewhere, and overall has been formed by evolution rather than revolution, it does appear to have moved increasingly towards recognition of the importance of sub regional partners – and this has been confirmed in the primary research driving this evaluation. TSE have provided 50% of subscription fees to the sub regional partnerships since 2004,

encouraging close working, working towards common goals and increasing industry engagement. The best example is in the case of Visit Kent, which was originally formed as Kent Tourism Alliance and has benefited from some significant funding from external organisations including, we understand, Eurostar/Channel Tunnel, Kent County Council and the European Union. The organisation existed before TSE and is now TSE's sub regional partner for Kent, with Kent Tourism Partnership receiving 50% of the subscription fees. In other sub regions, TSE were instrumental in developing and, in some cases, creating sub regional partnerships.

Figure 3.1: Summary structure of organisations responsible for tourism in England's regions

Region	Regional Development Agency	Overall Tourism Body	Status/Structure of overall tourism body	Other delivery organisations	Other organisations
South East	South East England Development Agency (SEEDA)	Tourism South East	Company Limited by Guarantee which is a public-private partnership	6 Sub-regional structures	Tourism Council, Destination Managers Forum
West Midlands	Advantage West Midlands (AWM)	Heart of England Tourism	Tourism West Midlands (based at AWM, effectively direct)	7 aspirational destination management partnerships of which 3 are active	Regional Centre for Tourism Business Support and Quality at Heart (now being closed)
East Midlands	East Midland Development Agency (EMDA)	East Midlands Tourism	Direct (Part of EMDA)	5 Destination Marketing Partnerships based on counties	
East of England	East of England Development Agency (EEDA)	East of England Tourist Board	Company Limited by Guarantee	There are a number of Sub-regional partners	
Yorkshire and Humberside	Yorkshire Forward	Yorkshire Tourist Board	Company Limited by Guarantee	4 Sub-regional partnerships	Tourism Council, Tourism Operator's Group and Tourism Authority Forum
North West	North West Development Agency (NWDA)	Direct from NWDA	Direct	5 Destination Marketing organisations are responsible for delivery of tourism in the region	
South West	South West Regional Development Agency (SWRDA)	South West Tourism	Limited Company which is a public-private partnership	9 aspirational destination management organisations of which 3 are active	
North East	One North East (ONE)	Direct from ONE	Direct (under banner of North East Tourism)	4 Area Tourism Partnerships	

3.2.2 Performance

A summary of the current performance in relation to delivery model is shown in Figure 3.2 below.

Figure 3.2: Assessment of the SE delivery model for tourism

Areas of achievement	Learning points and possible improvement areas
<ul style="list-style-type: none"> ▪ Well resourced and respected central team best placed to lead skills, research, strategic marketing and regeneration activities ▪ Central model provides most cost efficient delivery without compromising the quality of the offer ▪ Establishment of loose sub-regional structure despite lack of resources ▪ Successfully avoiding high bureaucracy and overheads evident in other regions 	<ul style="list-style-type: none"> ▪ Destination marketing would be most effective at the level of supply and demand clusters – some of which are destinations (e.g. Canterbury) and some of which are destinations and sub regions (e.g. Kent) ▪ Need to revisit the sub regional structure ▪ Evident lack of sufficient resources to adequately fund DMOs ▪ Need more clarity on relationship with Business Link – duplication of 'brokerage' services is a risk

There is a clear divide between the view that tourism support and marketing is best led at a 'destination' level, and the reality that the South East receives significantly less public funding than most other regions and it is unlikely that a sub regional structure could be sustained. Furthermore, the size and geographical diversity of the South East region is complex. Whilst the importance of a destination (which could be entire subregions or components within them) is recognised, the central team are valued with regard to the strategic role they provide and the influence they can exert on issues such as regeneration. Quality has clearly taken preference over geographical coverage in terms of the size and location of the team, and in addition to other achievement, TSE have been able to establish a loose sub regional network.

It is apparent from many of the TSE members consulted, that the marketing of easily identifiable destinations is easier for consumers to identify with and therefore more effective for the members in some situations. As stated in one of the interviews, *"people won't choose to visit the South East, but they might decide to visit Kent. It is more identifiable in terms of offer"*. This does not mean that a transfer to a DMO based model is desirable or inevitable, nor does this advocate the use of sub regions as coherent delivery geographies. Indeed, it is suggested that only three sub regions represent strong marketing brands (Kent, Sussex and the Isle of Wight). Surrey is also a relatively strong brand and elsewhere local or 'destination' brands dominate (e.g. The New Forest, Brighton and Oxford). Overall it appears that members believe that some marketing is best undertaken on a destination basis, particularly for domestic tourists within easy reach of the area. However, there are economies of

scale for using TSE or VisitBritain as marketing vehicles to attract business from further afield places in the UK, Europe and around the world, as well as attending some trade fairs.

Our research has shown that the TSE Board are well aware of this issue (evidenced in the 'Hosting the World' document developed by TSE in 2007) and we would expect a continuing evolution towards stronger destination focused organisations through, what is after all the largest of England's regions and the most significant for tourism. There is a need for strategic management of this and we believe the current approach is appropriate and prudent within the financial constraints that exist. There is no doubt that even with strong DMOs there is also the need for a strong overall umbrella organisation for tourism in each region. There is a need for a marketing role at both destination and regional level. Roles for this include the management of tourism strategy, arrangement of pan-regional tourism marketing initiatives as well as non-marketing functions such as advocacy, training and skills provision and research and statistics. These are likely to be more appropriately carried out on a regional basis and this is also likely to be more cost effective. Consultations also suggest that another area to address is the relationship between TSE and Business Link (BL). At the moment TSE refer a number of members and other businesses within the sector to BL and vice versa, but there appears to be little incentive after that to keep the relationship active, which could be to the detriment of the tourist business seeking help. The role of BL as a series of brokerage organisations leaves uncertainty over when its role starts and TSE's ends.

In summary, the conflict here is one of resource issues. Only with further financial resources does it seem tenable that a destination network akin to that created in the North West can be created in the South East. TSE have outlined their proposals for this in "Hosting the World". Many have argued that even then, the tendency for sub-regional structures to increase the levels of bureaucracy means that any move in this direction should be planned carefully. It should also be noted that there are only a small number of areas within the South East region where a DMO approach would be an effective model. Hence the most significant message to emerge from this evaluation is that a destination focused approach can work, but only if it is aligned with the supply and demand of tourism (i.e. at destination level rather than 'false' sub-regional level) and appropriately resourced.

3.3 Organisation and governance

3.3.1 Context

TSE was formed in April 2003 following a merger of the Southern and South East England tourist boards. TSE is the largest geographical regional tourism organisation in England, serving nine counties. Since 2003, SEEDA has part funded TSE in return for influence in part of its activities, ensuring that they are aligned with the RES, and that benefits extend beyond TSE members to the entire tourism industry. The decision by SEEDA to invest in TSE was made, in part, because TSE is a membership organisation directly in contact with the industry and key stakeholders with its own revenue stream.

TSE has a strong national profile and it was commented on by several stakeholders, including DCMS, that TSE have it "spot on" with regards to their position as a national and regional policy interface. VisitBritain value this close relationship with TSE.

3.3.2 Performance

A summary of the current performance in relation to organisation and governance is shown in Figure 3.3 below.

Figure 3.3: Assessment of the organisation and governance arrangements

Areas of achievement	Learning points and possible improvement areas
<ul style="list-style-type: none"> ▪ Strong central organisation with correct mix of skills with respected leadership and team of experienced tourism professionals ▪ Honest, transparent and independent organisation - valued by stakeholders, businesses and SEEDA. ▪ Good relationship with SEEDA contract manager and with other areas of the Agency working on within the visitor economy ▪ Evidence of culture of 'cost efficiency' since 2003 – central cost have been driven down by streamlining, and through securing strong VAT position ▪ Revised reporting since 2006/7 - comprehensive and capturing a vast array of data ▪ Vastly improved communication between TSE departments ▪ Strong track record in securing external funding to optimise SEEDA core funding 	<ul style="list-style-type: none"> ▪ Need to recognise and plan for funding to ensure that projects are sustained ▪ Need for review of strategic importance of providing contract services and TIC management ▪ Initial friction around merger of legacy organisations in 2003 ▪ Need for more dialogue between senior SEEDA staff and TSE ▪ Hierarchical structure within TSE ▪ Need for more forward planning in terms of securing funding in the long term – particularly around skills/SR focused staff. Funding needs to be agreed with reasonable notice to avoid disruption to TSE programmes. ▪ Possible that not all relevant achievements have traditionally been reported to SEEDA

Organisational perception

TSE is well respected amongst partners as signified by responses from both businesses and stakeholders who were quick to comment on the high level of specialist skills within TSE. The consultation also revealed that partners enjoy working with TSE and found them to be an approachable and honest organisation. TSE's visible leadership is regarded as appropriate and representative of the region's tourism industry. Stakeholders who work closely with TSE value the fact that over recent years they have become more focused as a strategic body. Overall perceptions of TSE from stakeholders are positive, with stakeholders stating TSE are highly professional, well linked to key partners and an effective organisation. Likewise,

businesses also commented on the fact that TSE are committed to fulfilling a vital role.

Relationship with SEEDA

WME's research has highlighted an effective and beneficial relationship between TSE and SEEDA. TSE are aware of the RES objectives and are successful in interpreting these into their own work plans. In particular, the 2012 Olympic and Paralympic Games is a current example where TSE and SEEDA are working closely together. Tourism is very much championed by key staff within SEEDA and is well understood and valued by a small number of individuals. TSE has a good relationship with the skills, rural, international and culture and sustainable communities teams within SEEDA, all of which have provided funding against projects. SEEDA is also integrating the support for businesses under the simplification process and TSE is working with Business Link with TSE taking on a specialised broker role. Similarly TSE training is working closely with Train to Gain who are targeted to have an impact on tourism businesses.

There is conflicting anecdotal evidence with regard to the level of senior contact between SEEDA and TSE. At present TSE meets with SEEDA's relevant Executive Director two to three times annually, the SEEDA Board on an annual basis and the SEEDA Chief Executive periodically and regularly in specific relation to London 2012. Despite this positive evidence, it was felt by some consultees that while TSE have a good relationship with SEEDA, it is often felt that TSE are the "poor relation" when compared with tourism structures elsewhere in the country. It was felt by some that tourism is not high enough on the SEEDA agenda and as a result, tourism has not received ample funding. Whilst there is no concrete evidence for this, it is clear that there would be significant benefits from more regular contact between senior management at TSE and SEEDA as well as reporting of TSE successes, in particular, around regeneration activities.

TSE and SEEDA need to improve their systems with regard to information sharing and this might go some way in enhancing senior contact. SEEDA have recently undergone a restructuring and it has been suggested that there may be scope for TSE to engage with the newly defined Area Teams in order to improve information sharing. Several stakeholders referred to the fact that it was probable that TSE struggles, on occasion, to satisfy multiple audiences with differing requirements and expectations – in particular balancing the demands of business members and SEEDA. Indeed it is well documented that SEEDA values the fact that TSE is a membership body and therefore close to the needs of business in the region. In this respect, TSE is well placed to bring together the needs and aspirations of the public and private sectors to aim for a common goal. SEEDA funds TSE with knowledge and appreciation of TSE's membership base and, on issues such as skills, quality and business support, SEEDA's commitment is aligned with the expectations of TSE's membership base. Concerns were expressed during the consultation process, however, that SEEDA may have "too much" influence over TSE and that this may have a detrimental impact on the extent to which local partners and businesses are engaged. Larger businesses with knowledge of strategic issues echoed this response during consultation.

It is clear that the monitoring process has improved following KPMG's evaluation in 2006, with TSE generating a number of KPIs against each programme from 2006/7. These KPIs have enabled TSE to monitor progress in line with programme objectives. This has also enabled TSE to remain mindful of their corporate objectives and also allows for recognition of the good work that falls outside the remit of SEEDA. Reporting against these KPIs goes on in parallel to reporting back to SEEDA through

the Tasking Framework, however, there is scope to share progress against these KPIs with SEEDA where appropriate. In order to further improve the understanding of the tourism sector and its value to the regional economy within SEEDA, it is important to ensure that TSE successes and achievements also are communicated to the relevant SEEDA department on a regular basis and acknowledged.

Efficiency and membership

TSE have exercised constant downward pressure on central costs in order to free up funds for delivery of front line benefits. Examples of such streamlining include the merger (reduction of £105,000 in 2003/04) and closing the Tunbridge Wells office (saving of £155,000 in 2004/05 and for each subsequent year).

TSE's role as a membership organisation has a dual role in increasing revenue. Membership raises a significant amount of income through membership subscriptions and secondly TSE are exempt from VAT on their SEEDA funding. This is due to a negotiation between TSE with HMRC agreeing that if a minimum of 50% of TSE income comes via commercial revenue (including commercial revenue from service provisions and membership subscriptions) TSE are not eligible to pay VAT on their SEEDA funding. This is a particularly innovative and unique position for a tourist body and one that is only possible given the current tourism infrastructure of the South East. It is important to note that this is a benefit of having TSE as a central fund holder – a devolved sub regional model is unlikely to generate over 50% of income from commercial revenue and therefore the VAT of any SEEDA funding is likely to be lost. Figure 3.4 provides an estimate of the level of funding saved through the negotiated VAT status. This conservative estimate suggests that £2.14m of funding has been saved since 2003, including £1.21m of SEEDA funding.

Figure 3.4: Savings achieved through VAT status (£000)

Year	SEEDA funding savings	Other funding savings	Total savings
2003/04	126	329	455
2004/05	164	278	442
2005/06	328	109	437
2006/07	298	104	402
2007/08	298	105	403
Total	1,214	925	2,139

Source: TSE, 2008

Several of the larger businesses consulted mentioned that not only was the level of funding crucial but particularly that approval of funds by SEEDA should be more prompt. Also it was mentioned that longer term funding streams could be confirmed to allow the industry to plan more effectively for the future. Some stakeholders and partners recognise that TSE do not always adequately plan ahead with regard to funding for their activities. There is a recognised need to ensure that funding is identified and sought in good time so as to avoid gaps in provision.

Contract services

Contract Services are an important income stream for TSE, with Programme 7 (Marketing Contract Services) generating the following income over the past four years:

- 2004/05: £270,023
- 2005/06: £125,196
- 2006/07: £338,715
- 2007/08: £197,846

Similarly, Programme 8 (Visitor Information Services) generates a significant amount of income, in particular, for the contracts picked up with East England and South West England. This has amounted to some £2.7m over the past five years. Training and research contracts also generate significant income for TSE.

However, as TSE moves towards a more strategic role, there is a question with regards to the appropriateness of TSE continuing to deliver these activities. It has been suggested on occasion that, whilst there is a value in providing these services with regard to the income streams, they are not aligned or consistent with the role of TSE as a strategic body. It is recognised that there are different skills sets required for the operation of TICs and that there is a potential conflict around this and the 'core' mission of TSE.

3.4 Engagement and partnering

3.4.1 Context

TSE's membership base is made up of businesses, local authorities and other organisations. At a strategic level it has an ongoing relationship with DCMS, VisitBritain and SEEDA (with VB and SEEDA represented on the TSE Board and Management Team) and works with other regions via the Partners for England initiative.

In terms of delivery, TSE has built a strong reputation for leveraging funding from a series of sources and delivering to the tourism industry alongside local partners.

3.4.2 Performance

A summary of the current performance in relation to engagement and partnering is shown in Figure 3.5 below.

Figure 3.5: Assessment of the engagement and partnering arrangements

Areas of achievement	Learning points and possible improvement areas
<ul style="list-style-type: none"> ▪ Clear strength within TSE around strategic policy influencing and challenging ▪ Formalised relationship between TSE and SEEDA and TSE and VisitBritain ▪ Creation of SR committees, bringing businesses and other local stakeholders together ▪ Meaningful (although limited) engagement at sub regional level ▪ Excellent reputation within the tourism industry around business engagement, skills provision and strategic marketing ▪ Regional setup allows for easy collaboration with other regional bodies 	<ul style="list-style-type: none"> ▪ Decision required on importance of TSE membership base (possibly problematic at regional level but appropriate if adequate sub regional structures are in place) ▪ Possible challenge in having three different partner groups to report to – SEEDA, Local Authorities and businesses ▪ Risk that SR committees lose a valuable resource following the end of regional skills network funding in 2009 ▪ Need for closer working with sub-regions ▪ A need for TSE to ensure that their membership offer is suitable across a range of geographies and member-types ▪ Relatively few larger businesses within TSE membership base

Strategic engagement

TSE is the only tourist organisation to remain as an organisation which has clearly evolved from the prior RTB structure and many stakeholders agreed that this model allowed for true partnership working. TSE are, as mentioned above, well linked in with VisitBritain and DCMS and therefore have a strong role around influencing strategic policy. The relationship with VisitBritain is particularly strong due to the presence of a Director on the TSE Board and a liaison manager on the management team.

A regional model also allows for easy collaboration with other regional bodies such as Sport England South East and MLA South East. In addition, TSE have established a number of sub regional committees and partnerships in order to consolidate a sub regional presence. It is often through the sub regional structure or TSE employees based within the sub region that businesses make their first contact with TSE.

Commercial Membership engagement

Commercial business members pay an annual membership fee. This differs depending on the size of the business and the nature of the TSE services it engages in. Typically, membership fees range from £85-£1,000.

Table 3.6 shows the numbers of commercial members from 2004-2008 and Table 3.7 the revenue that this membership has attached to it. As the tables show, membership, and membership income is now slightly lower than it was in 2004. The key reason for this apparent decrease in the size of commercial membership was removal of over 250 duplicates in the membership records caused by the merger of the Southern and South Eastern Tourist Boards. The trend of declining membership revenue was reversed in 2007, which witnessed a first annual increase since TSE was created.

Figure 3.6: TSE Commercial Members from 2004-2008 for year January - December

Activity	Volume/ Value	2004	2005	2006	2007	2008
Commercial Membership	Volume	2246	2017	2037	2204	2202
Deletions	Volume	402	377	308	223	70
Reason for Deletion	No benefit	n/a	54	18	27	13
	Other factors	n/a	323	290	203	58
New Membership	Volume	127	187	103	165	51

Source: TSE data August 2008

Figure 3.7: TSE Commercial Members and Revenue Generated for financial years April - March

Activity	Volume/ Value	2003/04	2004/05	2005/06	2006/07	2007/08
Commercial Membership	Value	£282,128	£210,994	£188,983	£200,896	£183,434*

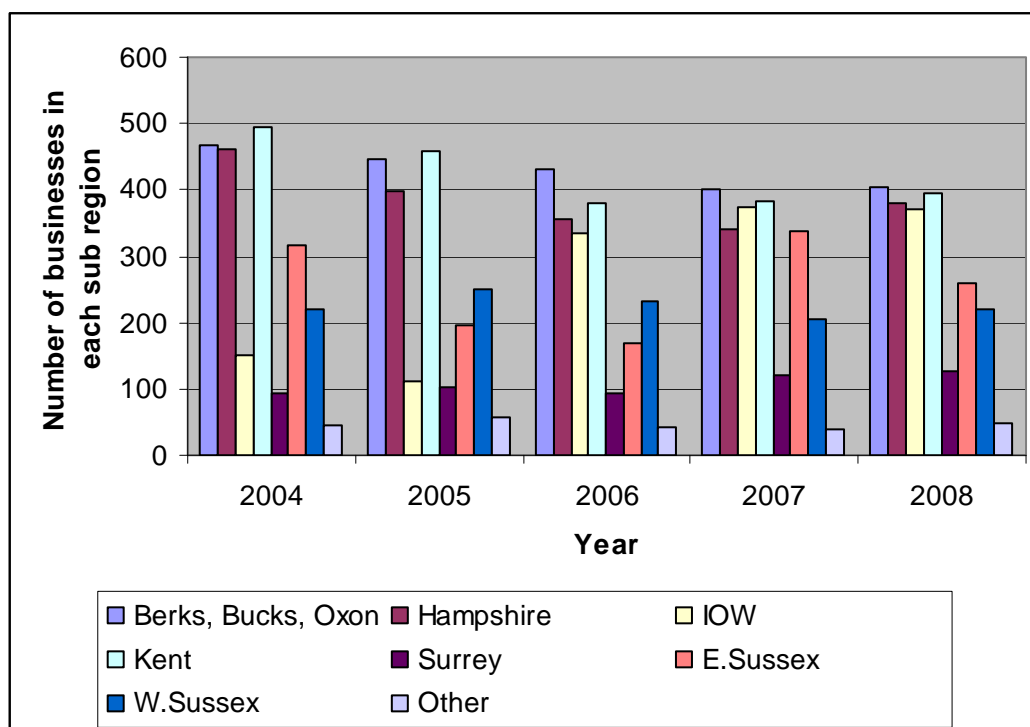
Source: TSE data August 2008

Note: Membership runs from calendar year January-December. Revenue for membership is accounted for financial year April-March.

* Assumes all current outstanding renewals are made

Figure 3.8 breaks down the number of members by each sub region per year. Whilst it has declined slightly in the BBO and Kent regions, there have been increases in membership in Isle of Wight and Surrey. It is often through a TSE employee who is employed to work at a sub regional level that businesses first engage with TSE.

Figure 3.8: Number of TSE Commercial Members by sub region 2004-2008



Source: Created from TSE Data August 2008

Overall it is felt that businesses are well engaged with TSE. Several examples were cited where this business engagement was visible – the 2012 Launch at Ascot and the Magnetic South Conference in Eastbourne amongst others.

Businesses referred to a number of factors that attract them to becoming and remaining members. Such benefits include a special rate Barclaycard and subsidised accreditation schemes available to members. One of the main reasons quoted for becoming a TSE member was to become affiliated with TSE; this is seen as an important stamp of approval and quality in terms of marketing a business.

It is important to note that TSE work with a large number of businesses beyond their membership base. For example, a business does not necessarily have to be a TSE member to benefit from a training course. So whilst membership numbers give some indication as to the extent to TSE's engagement, the numbers do not reflect TSE's wider reach.

Businesses felt that engagement with TSE had added value to their business. Particular examples include:

- Training courses have been very important, very visible, of a high standard, and affordable for small businesses who might not otherwise have the opportunity to partake in such training.
- In cases where Local Authority funding for tourism is not provided, as is the case for Surrey, TSE is a vital support line for funding and advice.
- Networking events allow for sharing ideas that would otherwise not happen without TSE.
- The support from regional co-ordinators was commended by all businesses that mentioned them.
- Lobbying assistance from TSE allows the industry to be represented as a whole and has more clout than individual businesses.

Whilst it is apparent that there are a range of business types and geographies represented within the membership base, it has been suggested that the arts sector are not engaged to a satisfactory extent. There is little data available in regard to the size of the membership businesses, but anecdotal evidence suggest that there are relatively few larger organisations (even taking into consideration that 80% of tourism businesses in the region are SMEs). It has been suggested that larger businesses have less need to engage with TSE as they are less likely to be in need of support and that it is more appropriate for smaller businesses to be the focus of TSE. However, TSE should encourage larger businesses in order to ensure a representative membership base.

There is a perception amongst public sector stakeholders that businesses are primarily interested in receiving marketing from TSE and through offering marketing, businesses will be willing to become members. However, businesses themselves have mentioned a range of services that they are interested in receiving. For smaller businesses in particular, such as the one or two room B&Bs, training opportunities are the most vital resource especially as they are provided for free. Such small businesses rarely have a substantial marketing budget built in to their costing and cannot afford to buy in to campaigns.

Stakeholders observed a potential tension for TSE because, within the membership base, members will have differing views on what TSE should promote: this is particularly true of businesses that have different needs to Local Authorities. Some stakeholders feel that business engagement is not as strong as it could be because TSE are 'distracted' by SEEDA priorities. TSE have put energy into rectifying this and are now actively engaging with leisure businesses traditionally not considered as tourism businesses such as taxis and bars. Perhaps the most significant way in which TSE have increased membership is through association deals. TSE have also increased the number of benefits for smaller businesses including discounts at high street shops. As a result TSE is now in a position where membership is growing for the first time in three years.

It is important to note that while there has been much discussion and variance of opinion regarding the delivery model, governance issues and engagement, a common response is that the exact details of the model is not important and it is what happens "on the ground" that really matters.

Local Authority Member Engagement

Public sector members of TSE pay subscriptions based on a population formula, ranging from a basic rate of £500 for town councils to c. £15,000 for the largest County council. Public sector membership is a significant income generator for TSE generating approximately £250,000 in 2008 for example.

Members were asked to comment on the extent to which TSE objectives are consistent with their own organisation. The majority of public sector stakeholders regarded the following as particularly valuable:

- Policy advice and support
- Advise on sustainability and green issues
- Advise on equal opportunities, in particular, disabled access
- Research
- Quality and standards
- Understanding the international customer
- Regeneration support and investment

A view held by some stakeholders is that marketing should not necessarily be a key objective for TSE.

Public sector members observed that TSE are increasingly regarded as a strategic body rather than a membership body. Stakeholders commented that it is not necessarily a 'bad thing' for TSE to be regarded in this way but clarity is needed in order for members to understand what and who TSE represents if engagement is expected to increase and improve.

Whilst TSE has a good level of overall engagement with its public sector partners, there are examples where this is not so strong. It has been suggested that this is due to the fact that TSE has not been proactive in ensuring all of its members are satisfied with the level of service it is receiving. With this in mind, there is a need for TSE to ensure that their membership offer is suitable across a range of geographies and member-types.

Sub regional engagement

A common theme emerging from consultation with stakeholders, businesses and TSE staff has been the issue of sub-regional engagement and resource deployment.

TSE have established a number of sub regional committees and partnerships in order to consolidate a sub regional presence. These sub regional partnerships receive 50% of the subscriptions paid by members to TSE. On the whole these sub regional partnerships are working well, in particular with engaging businesses, although the extent to which they are wholly effective differs from sub region to sub region.

Sub regional structures, whilst limited, are highly valued, in particular, by businesses for which the sub regional contact is the most visible. However, one of the problems with the sub regional structures has been the "patchwork" approach that has been in place over recent years. There has been no standard approach to sub regional

support. TSE have funded various posts on a short-term basis and there has been a lack of sustainability or consistency of provision. This has resulted in a lack of clarity as to what is available and opportunities to gain momentum may have been lost.

It is recognised that robust structures at sub regional partnership level could be more effective and would lead to meaningful business engagement. Because the South East region is so big and unusually shaped, it is challenging for one organisation to have a presence at this scale. The current regional approach to membership was described as “too big” and “unwieldy” and a sub regional membership system was considered to be the most appropriate approach for meaningful engagement. Businesses spoke of excellent relationships with the sub regional managers and skills coordinators; however it was often mentioned that they felt that these were resources spread too thinly for the level of demand across the sub region. Stakeholders were mindful of the fact that if a sub regional structure is to be effective it would need to be adequately funded – it was acknowledged that poorly funded sub regional structures could do more harm than good for the sector. It is also recognised that if the delivery model were devolved further, economies of scale would not be exploited and maybe some services (e.g. training courses) would not be cost effective to run.

Common themes

Several stakeholders and businesses raised the question as to whether increasing the membership base of TSE should be a key objective. Some strongly believe that TSE should grow its membership base because it demonstrates support for TSE and makes TSE more meaningful. It is also an important income stream for TSE. On the other hand, some felt that growing the membership is not necessarily an appropriate objective for TSE as they already have several “audiences” and clarity is needed around objectives, in particular clarity is needed on the extent to which TSE is a strategic body or a delivery body.

3.5 Equality and sustainability

3.5.1 Context

RDAs have a duty to impact-assess the way in its various activities relates to race, disability and gender. SEEDA extends its definition of equalities to cover the following:

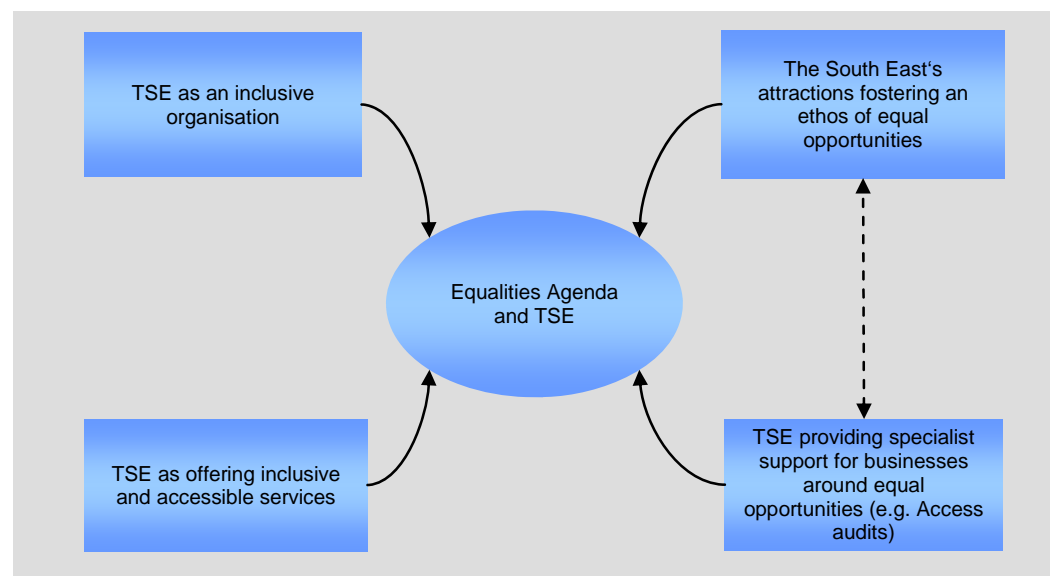
- Race/ethnicity
- Gender and transgender
- Disability
- Age
- Religion and belief
- Sexual orientation
- Social inclusion

SEEDA are in the process of introducing and encouraging associated delivery partners to undertake an equality impact assessment (EqIA). EqIAs are to be taken as part of the planning stage of a new project, programme or proposal. SEEDA

stresses that such assessments should be about analysis rather than a “box ticking” exercise.

There are a number ways in which the equality agenda is important for TSE:

Figure 3.9: Why the Equalities Agenda is important for TSE



Source: WME 2008

One of the key SEEDA objectives is “Sustainable Prosperity” under which there are four targets:

- Climate change and energy
- Sustainable consumption and production
- Natural Resources and the Environment
- Sustainable Communities

The RES states that these targets should not be viewed as a constraint on business performance but instead should be viewed as a challenge and an opportunity to secure economic and social benefits.

3.5.2 Performance

A summary of the current performance in relation to equalities is shown in Figure 3.10 below.

Figure 3.10: Assessment of equality and sustainability

Areas of achievement	Learning points and possible improvement areas
<ul style="list-style-type: none"> ▪ Innovative work in the area of sustainability ▪ Positive feedback with regard to work around disabled access issues ▪ Positive feedback from DCMS with regards to awareness of equality and sustainability issues ▪ The Green Advantage training courses have received excellent feedback ▪ 130 businesses certified under Green Tourism Business Scheme and a further 70 received advice and guidance via bespoke green training courses in 2007/8 	<ul style="list-style-type: none"> ▪ Need to continue to raise awareness of the importance of equal opportunities ▪ Data collection could be improved, in particular, around ethnicity of those who visit the area ▪ Need to build upon work on Access Audits – but this would carry a cost which would require more funding

Inclusiveness and Engagement

TSE operate an in-house equal opportunities policy for their staff and colleagues.

Throughout the evaluation process it has been apparent that there is a reasonable level of awareness of the equalities agenda within the tourism sector in the region. Businesses and stakeholders commented on the fact that TSE is accessed and utilised by a range of partners, including smaller businesses who can often be harder to reach. Many stakeholders referred to examples where TSE have pioneered initiatives to promote the importance of equal opportunities. For example, Disabled Access Audits were commonly referred to as an example of good practice - in particular, it was stated that these audits have provided excellent value for money. The 2012 Olympic and Paralympic Games are also regarded a catalyst to raising awareness of equal opportunities.

Businesses stated that in their experience training has been well advertised and inclusive. Many businesses felt unable to comment on the equal opportunities agenda, although it is fair to say that the limited feedback was positive. Furthermore, some businesses commented on the fact that training programmes, such as The Welcome Host programme have an element of cultural sensitivity with regards to working with international visitors and are therefore fostering overarching issues around equal opportunities.

The National Accessible Scheme (NAS) is a set of recognised standards against which businesses can be assessed and awarded a rating based on awareness and work on disabled access. In 2007/8 TSE has a KPI to assist 10 businesses with NAS grading which was achieved and in 2006/7 five Access Audits were carried out.

It was widely acknowledged that whilst TSE and partners have an appreciation and awareness of equal opportunities, there is still more to be done. For example, the industry would benefit from a rolling out of Access Studies across more sites and attractions.

Sustainability

There is a positive attempt to align TSE initiatives around sustainability with SEEDA's priorities and this approach is cutting across all of TSE's programmes. TSE have developed a small number successful interventions aimed directly at businesses including:

- Sustainable Tourism Awards
- 'Guide to Sustainable Tourism for Dummies'
- Green Workshops and Green Advantage Training Courses

Whilst the importance of sustainability is recognised across all of TSE's programmes, it is under Programme 3 (ExSEllence and Competitiveness) that much of the remit falls.

For 2007/8 the following KPI Achievement has been made with direct regard to sustainability:

- 130 businesses certified under Green Tourism Business Scheme and a further 70 received advice and guidance via bespoke green training courses

One business mentioned that after attending a course on green tourism it kick started their eco-B&B and consequently they won a gold award for green tourism.

In particular, the 'Guide to Sustainable Tourism for Dummies' has been successful at engaging with industry through 5,000 booklets sent out to businesses (both members and non-members) and is now being rolled out in other regions. TSE have been able to enjoy the royalties as a result of being rolled out to other regions providing a small income stream.

There are a number of strategic initiatives including Chairing the Tourism Group for the Climate South East (formerly the South East Climate Change Partnership). This is a partnership of over 50 private and public sector organisations working together to enable the SE region to adapt to and mitigate the effects of climate change. TSE chairs the Tourism Sub-Group.

TSE is currently working on a proposal to set up a 'Centre for Sustainable Tourism', the purpose of which is to enable the region's tourism industry to play a full and active part in achieving regional Sustainable Prosperity objectives, leading to a low-carbon future, reduced resource use, a resilient countryside and vibrant communities.

TSE are also developing entry-level sustainability training in collaboration with VisitBritain and sit on their advisory board for this. Feedback from national partners including VisitBritain and DCMS has been that the South East is particularly strong and innovative on the sustainability agenda. There is recognition at national level that all regions need to develop initiatives to address challenges around sustainable and green tourism.

3.6 Summary of process performance

3.6.1 Areas of Achievement

Delivery Model

The current delivery model where TSE provides services to the Tourism industry from a central base is strong in that:

- A well respected central team is best placed to lead skills, research, strategic marketing and regeneration activities, avoiding a dilution of expertise;
- There has been success in the establishment of loose sub regional structures despite lack of resources; and
- Successfully avoiding high bureaucracy and overheads evident in other regions.

Organisation and Governance

TSE has the correct mix of skills and a respected leadership team. Consultation feedback and data suggest that it:

- Is an honest and transparent organisation internally and externally - valued by stakeholders, businesses and SEEDA as an independent organisation;
- Has a good relationship with SEEDA's contract manager (and tourism lead), and is successfully integrating with other areas of SEEDA's visitor economy investment around rural issues, culture and sustainable communities;
- Has had a culture of 'cost efficiency' since 2003 – central costs have been driven down by streamlining, and through securing a strong VAT position;
- Has improved reporting since 2006/7 and captures a large amount of useful performance data;
- Has vastly improved communication between internal departments; and
- Has a strong track record in securing external funding to optimise SEEDA core funding.

Engagement and Partnering

In terms of engagement and partnering, TSE has:

- A clear strength around strategic policy influencing and challenging;
- A unique, formalised relationship with SEEDA, DCMS and VisitBritain;
- Created a solid platform of sub regional committees, bringing businesses and other local stakeholders together, representing meaningful (although limited) engagement at sub regional level;
- An excellent reputation within the tourism industry around business engagement, skills provision and strategic marketing; and

- A good track record of collaboration with other regional bodies.

Equality and Sustainability

The equality and sustainability areas are still in the process of being developed by TSE, and to date the organisation has:

- Exhibited innovative work in the area of sustainability. For example, the Green Advantage training courses have received excellent feedback;
- Started to pioneer work around disabled access issues which has received strong feedback;
- Received praise from DCMS with regards to awareness of equality and sustainability issues; and
- Helped 130 businesses become certified under Green Tourism Business Scheme and a further 70 have received advice and guidance via bespoke green training courses in 2007/8.

3.6.2 Key Learning points

Delivery Model

TSE are faced with a number of challenges around its delivery model moving forward, these include:

- An appetite for more destination focused marketing but lack resource required to adequate service 20-30 strong destinations in the SE region, some of which are sub regions;
- The possible need to revisit the sub regional structure, and potentially transfer more resources and responsibility to sub regional teams;
- An evident lack of sufficient resources to adequately fund effort at destination level, with the South East receiving considerably less public sector support for tourism that most other regions; and
- The need for more clarity on relationship with Business Link with clear duplication of 'brokerage' and a lack of incentivisation for cross fertilisation of contacts and clients.

Organisation and Governance

From an organisational and governance perspective, this research suggests that:

- Short-term funding for specific projects is an important income stream for TSE. There is, however, a need to ensure that follow-on funding is sought in good time to avoid gaps in funding and therefore gaps in service provision. Skills is an area where this needs to be addressed and is hardest hit by funding peaks and troughs;
- In light of TSE's strategic role, there is a need to review the strategic importance of providing contract services and TIC management, and assess

the balance between their value in revenue generation and the appropriateness of their delivery;

- There remains a slightly hierarchical structure within TSE, suggesting the possible need for a flatter structure as an incentive for staff;
- It is clear that not all relevant achievements have traditionally been formally reported to SEEDA; and
- There is a need for TSE and SEEDA to enhance contact at senior levels to communicate strategic issues and achievements.

Engagement and Partnering

There are some emerging issues around engagement and partnership, including:

- The need for a decision around the need, or desire, to grow the membership base;
- The ongoing challenge in having three different partner groups to report to – SEEDA, Local Authorities and businesses. This could become a benefit if TSE can optimise its role in developing common goals and aspirations;
- Whilst some progress is being made, there is a need to further engage, through membership or other means, with a greater number of larger businesses;
- The risk that sub regional committees lose a valuable resource following the end of regional skills network funding in 2009;
- There is a need to get closer to the destinations in order to enhance overall performance – businesses/LAs engage at this level, and the SE is not an obvious geographical unit from a tourism perspective; and
- There is a need for TSE to ensure that their membership offer is suitable across a range of geographies and member-types.

Equality and Sustainability

Around equality and sustainability there is a clear need for TSE to:

- Continue to raise awareness of the importance of equal opportunities within the sector;
- Improve data collection, in particular, around ethnicity of those who visit the area; and
- Build upon work on Access Audits, however this would carry a cost which would require more funding.

4. Impact assessment

The section outlines the performance of the TSE in terms of outputs, outcomes and ultimately overall impact. It draws on programme and project level reporting data and includes internal and external benchmarking, to assess value for money.

4.1 Introduction

4.1.1 SEEDA Targets

In line with the other spend areas; SEEDA's investment in TSE contributes to the following targets:

- 4. **Business Support** – businesses assisted to improve performance
- 4c. Business Support – businesses helped into business networks
- 4k. Business Support – businesses assisted into new supply chains
- 4m. Business Support – businesses helped to improve resource efficiency
- 4p. Business Support – businesses supported with their quality assurance
- 6. **Skills** – people assisted in their skills development

In addition to these explicit measures, TSE is delivering financial leverage and strategic outcomes that are also relevant to SEEDA targets.

4.1.2 TSE Targets

TSE's corporate objectives as set out in 2.3.4 (Competing for the Customer, People, Products and Places, and Performance through Partnership) are aligned with the Regional Tourism Strategy but clearly differ somewhat to the dry targets laid down by SEEDA. To overcome this, TSE reports against SEEDA funding in two ways – first reporting annually against the targets set out in 4.1.1 and second, since 2006/7 and following KPMG recommendations, submitting a quarterly programme monitoring report against 40 Key Performance Indicators. These were agreed in the Business Plan at the start of FY2006/7. These KPIs are programme specific and are shown, for FY2007/8, in Appendix 8.

4.2 TSE Income and Expenditure

4.2.1 TSE income sources

TSE's funding is a mix of grant funding and funding for specific projects. The majority of funding is from SEEDA's core investment and revenue from TSE's Commercial Revenue. Total income peaked in 2004/5 when all revenue sources were far higher than in 2007/8, except for SEEDA Core. Since the peak total income has declined each year up to 2007/08. The principle reasons for this are due to the withdrawal of funding from VisitBritain post 2004/5 and the loss of the Area Centre role related to the national Quality Assurance schemes.

Figure 4.1: TSE income sources over the evaluation period (£000)

Source	2003 /04	2004 /05	2005 /06	2006 /07	2007 /08	Total
SEEDA Core	1,461	1,748	2,417	2,000	2,000	9,626
VisitBritain/N4T	490	196	30	35	10	761
SEEDA other*	302	352	129	219	252	1,254
ESF/EAGGF/ERDF & Gov match	430	688	488	311	243	2,160
VIC/TIC mgt fees	668	675	557	408	394	2,702
Research Contracts	273	446	319	141	237	1,416
Commercial Revenue	2,383	2,608	1,917	2,019	1,990	10,917
Membership income	543	452	469	459	442	2,365
Total	6,551	7,165	6,327	5,591	5,568	31,202

*SEEDA other spend refers to project based funding outside the core funding agreement

Source: Amended from TSE Annual Reports

The two largest funding contributions are SEEDA's core funding (comprising 30.8% of funding over the 5 years) and commercial revenue (constituting 35% of the total). Over the five-year period the proportion of funding from SEEDA has increased year on year, whilst the proportion deriving from commercial sources has decreased. The remainder of the income is made up from project based funding, management fees, research contracts and membership income.

4.2.2 Direct Financial leverage

For the purpose of looking at financial leverage achieved by SEEDA's core investment, WME have extended the method employed in the 2006 KPMG

evaluation for the whole evaluation period. Figure 4.2 is a simplified version including leverage ratios. Overall there has been a significant fall in direct funding leverage through TSE. In 2003/4 TSE generated £2.72 for each £1 of SEEDA funding, whilst this dropped to £1.47 by 2007/8.

Figure 4.2: simplified TSE income sources and leverage (£000)

Source	2003/04	2004/05	2005/06	2006/07	2007/08	Total
SEEDA Total	1,763	2,100	2,546	2,219	2,252	10,880
Other Funding	4,788	5,065	3,781	3,372	3,316	20,322
Total	6,551	7,165	6,327	5,591	5,568	31,202
Leverage Ratio	1:2.72	1:2.41	1:1.49	1:1.52	1:1.47	1:1.87

Source: TSE 2008

This table does not include indirect leverage – specifically funding for projects that do not pass through the TSE accounts. This includes large regeneration projects where TSE has successfully planted 'seed' funding and skills and business support projects where TSE has delivered in conjunction with a partner. Anecdotal evidence suggests that this leverage could stretch to several tens of millions. It would be useful if TSE could arrange to keep a record of such investments so as to further justify the business case for such occurrences.

4.3 Gross outputs

4.3.1 Summary performance

The outputs being delivered across TSE that are applicable to SEEDA's corporate objectives are:

- Brokering and delivering skills and training to individuals operating, or aspiring to operate, in the tourism sector;
- Support small, medium and large businesses within the tourism sector in growing, prospering and driving success;
- Providing financial ('seed fund') and project management support in a series of physical regeneration activities around the South East, primarily in areas with tourism potential such as coastal resorts, market towns and rural communities; and
- Increasing visitor volume and spend within the South East through a series of strategic marketing programmes.

In addition to these, there are a series of other outputs, which are described in qualitative terms. Annual performance for each of these outputs is shown in Figure 4.3. The skills and business support metrics have formal targets set by SEEDA as the funding body, and we have created a proxy target for regeneration leverage and visitor spend based on KPIs introduced in 2006.

In headline terms TSE has performed well over the past five years in terms of outputs. For each of the four quantitative measures, TSE has exceeded their target over the total time period.

Figure 4.3: TSE Outputs by category from 2003/4 to 2007/8

Output Category	2003/4	2004/5	2005/6	2006/7	2007/8	Total	Target	Performance v. Target
People assisted in their skills provision	646	2,019	3,696	2,053	2,433	10,847	7,451	145.60%
Business assists	941	2,595	5,762	1,273	1,498	12,069	8,531	141.50%
Direct physical regen spend leveraged (and ratio)	-	£201k (1:3.8)	£324k (1:8.0)	£380k (1:10.7)	£398k (1:11.5)	£1,303 (1:7.6)	£800k ³	162.9%
Return on marketing investment	£9.9m	£16.6m	£14.6m	£17.2m	£17.1m	£75.4m (1:13.9)	Overall ROI of 1:6 ⁴	231.6%
Other outputs	<ul style="list-style-type: none"> ▪ Market intelligence ▪ Business outreach / membership ▪ Eminence ▪ Strategic influencing 						See section 4.2.6	

Source: Various including SEEDA Tasking Framework, marketing evaluations and TSE feedback on Programme 2.

Sections 4.3.2 to 4.3.6 now describe each of these outputs in detail, including how these outputs have been calculated.

4.3.2 Skills provision

The majority of the outputs in relation to the provision of skills are delivered within Programme 4. As described in section 3, the brokerage and delivery of skills and training within the tourism sector is perceived as a strength of TSE. Figure 4.4 illustrates the TSE performance against this output since 2003.

Over the five-year period TSE has exceeded its performance targets by 45.60%, despite slight under performance in 2006/7. Consultation suggests that this some shortfall was caused by a mis-alignment of resources between core and non-core programmes.

³ Physical Regeneration target based on £200k per annum as per KPIs (since 04/05)

⁴ Based on KPI of achieving ROI of 1:6 on domestic marketing

Figure 4.4: People supported in skills provision 2003-08

Year	Target	Actual	Against Target	%
2003/4	646	646	-	100.00%
2004/5	680	2,019	1,339	296.90%
2005/6	1,800	3,696	1,896	205.30%
2006/7	2,225	2,053	(172)	92.30%
2007/8	2,100	2,433	333	115.90%
Total	7,451	10,847	3,396	145.60%

Source: Business Plan Programme Monitoring Reports 2003/4 – 2007/8

The creation and delivery of skills programmes that meet specific market needs are key to the success of TSE. Many of these have been around customer service and basic management skills. As described in section 3, skills provision is widely acknowledged to be high quality, and well brokered through the Skills Network. A major risk moving forward, however, is the end of Skills Network funding in Summer 2009.

4.3.3 Business assists

TSE has assisted 12,033 businesses through the delivery of programmes 3 and 4 since 2003/4. As illustrated in figure 4.5, this exceeded target by 41% with only a small annual shortfall occurring in 2006/7 and 2007/8.

Figure 4.5: Businesses supported 2003-08

Year	Target	Actual	Versus Target	%
2003/4	941	941	-	100.00%
2004/5	345	2,595	2,250	752.20%
2005/6	4,250	5,762	1,512	135.60%
2006/7	1,475	1,237	(238)	83.90%
2007/8	1,520	1,498	(22)	98.60%
Total	8,531	12,033	3,502	141.00%

Source: Business Plan Programme Monitoring Reports 2003/4 – 2007/8

A combination of consultee feedback and secondary suggests that, as with skills, business support is key strength of TSE.

It is important to note that in 2006/7 and 2007/8 TSE were successful in achieving and exceeding their core target for "Number of Businesses Assisted to improve their Performance". There was, however, a small shortfall with non-mandatory areas of activity. This is partly because the primary focus of TSE has been to achieve mandatory targets. It is also important to note that these figures do not capture the occasions where TSE supported businesses more than once and/or for more than 2 hours. It is important to note that the structure of reporting from TSE to SEEDA changed between 2005/6 and 2006/7 from Tier 3 to the Tasking Framework and this can go some way in explaining the different outputs. However, TSE must still ensure that this small underperformance does not become a new trend.

4.3.4 Physical regeneration

The portfolio of activity that falls under the broad definition of "regeneration" is amongst the more visible and valued areas of TSE's work. When public sector stakeholders are referring to TSE's examples of best practice, they often refer to work that can be described as "tourism as regeneration".

It should be noted that work within the sphere of regeneration and renaissance is present throughout multiple TSE programmes. However, Programme 2, Destination Renaissance, is where the majority of this activity is directed.

Programme 2 is concerned with improving the overall "welcome" of a place and by definition is a broad and varied work stream. One of the great successes of this programme, recognised by TSE and stakeholders, is the track record of "levering" funding. Typically, this can involve working with small seaside resorts and committing small amounts of seed funding into an initiative. Following on from this initial investment, there will be an attempt to secure joint funding with key partners possibly leading on to a feasibility study and/or further investment.

The exact level of the funds levered is difficult to calculate. Figure 4.6 below outlines the gross leveraged contribution and, over the four-year period, calculates this to be an average of 1:7.6 with 2007/8 demonstrating a much higher ratio of 1:11.5. There are also high levels of indirect leverage a recent example being the investment from the Jerwood Foundation for a major gallery in Hastings. TSE played an influential role in the realisation of this large-scale investment expected to be around £8 million. Other examples include securing major sport events to the region such as Tour of Britain which generated a minimum of £150,000 of partner funding and visitor expenditure of £600,000.

Figure 4.6: TSE budget and breakdown for Programme 2 from 2004-2008 (£000)

Year	Total project spend	Leveraged contribution	TSE Contribution	Leverage ratio
2004/5	274	201	73	1:3.8
2005/6	371	324	47	1:8.0
2006/7	419	380	39	1:10.7
2007/8	436	398	38	1:11.5
Total	1,500	1,303	197	1:7.6

Source: TSE 2008

Up until 2006/7 there were no formal performance measures for physical regeneration. Since the introduction of quarterly KPIs, a target of £200,000 annual leverage has been installed. This has been comfortably surpassed in each of the past two years, and assuming a four-year target of £800,000, over the full period of the programme.

During the period of this evaluation it has become clear that this is not an area of TSE activity that is widely known or reported within SEEDA. It is also likely that these activities are relevant to several directorates within the Agency and hence there is potential for further collaboration.

4.3.5 Return on marketing investment

Strategic marketing forms the majority of activities within TSE's programmes 6 and 7. In order to assess the value of this investment in strategic marketing WME have analysed three marketing campaigns, based on research conducted by TSE. For each of the marketing campaigns, TSE carried out online and telephone research with members of the public who had registered for competitions or for further information on certain themes. Across the three campaigns, over 4,000 people were contacted and asked about:

- Their demographic profile;
- Their interaction with TSE marketing materials;
- Whether they made trips to the SE following the campaign;
- If so the length of their stay, the level of spend, the type of accommodation and facilities utilised; and
- The possibility of additional trips in the future.

We have summarised this vast body of data into Figure 4.7. All costs include administrative expenses and the Gross Additional Spend incorporates both day-trippers and overnight visitors. This suggests that the average return on investment, in gross terms, is 1:13.9. In addition each visitor costs approximately £6.40 to attract.

Figure 4.7: Return on investment for selected marketing campaigns

Campaign	Total Campaign Cost	Gross Additional Visitors	Gross Additional Spend	Return on Investment
Just the Two of Us	£133,725	17,814	£1,712,082	1:12.8
A Fine Tradition	£134,729	10,176	£1,101,197	1:8.2
Family Fun	£165,000	39,671	£2,873,963	1:17.4
Total	£433,454	67,661	£5,687,242	1:13.1

Source: TSE Marketing Evaluations, 2007

The outcome of the above figures have now been used as a basis from which to estimate the overall gross impact of all marketing spend since 2003. This is shown for each year in figure 4.8 below, by applying the outcome figure of 1:13.1 to the amounts expended.

Figure 4.8: Estimated return on investment for all marketing campaigns

Campaign⁵	Total Campaign Cost (including admin)	Gross Additional Visitors	Gross Additional Spend	Return on Investment
Just the Two of Us	£133,725	17,814	£1,712,082	1:12.8
A Fine Tradition	£134,729	10,176	£1,101,197	1:8.2
Family Fun	£165,000	39,671	£2,873,963	1:17.4
2003/4	£715,980	110,293	£9,379,338	1:13.1
2004/5	£1,196,406	184,301	£15,672,918	1:13.1
2005/6	£1,055,376	162,576	£13,825,425	1:13.1
2006/7 ⁶	£911,591	140,426	£11,941,842	1:13.1
2007/8 ⁷	£1,155,125	177,941	£15,132,138	1:13.1
Total	£ 5,467,932	843,198	£71,638,903	1:13.1

Source: WME, 2008 adapted from TSE Marketing Evaluations, 2007

The £15.1m projected above for 2007/8 represents approximately 0.4% of the £4.1 billion spent by tourists in the South East.

Feedback on TSE's marketing activity suggests that it has exceeded its 1:6 return on investment targets through the delivery of high quality campaigns designed to target specific demographics. Overall, it is felt that TSE do a good job on their marketing campaigns. However, some stakeholders expressed differing views as to whether TSE are best placed to deliver the majority of the marketing initiatives. It is felt that the South East is not easily understood as a brand and is therefore not an appropriate level at which to lead on marketing. In particular, some of the larger, well known tourist destinations suggested that they would be able, with adequate funding, to do their own marketing but there was recognition that smaller destinations would be unlikely to do this. No doubt this replicates a debate which is frequently undertaken in tourist boards and other forums, but without a greater budget and more sub-regional influence we believe the current methodology to be appropriate and cost effective. Nonetheless we would expect the debate to continue within TSE in order to search for optimal solutions and ensure that their overall membership base view is considered.

⁵ 2003-08 totals exclude three listed projects

⁶ Excludes 'Family Fun' and 'Just the two of us'

⁷ Excludes 'A Fine Tradition'

4.3.6 Other and unintended outputs

TSE deliver in a number of areas where they are not formally tasked or “contracted” to do so. This section summarises such outcomes, where no formal targets have been set for or by SEEDA but where there has been a visible impact.

- **Policy information** - This activity falls mainly within Programme 1 where TSE lead increasing local influence in terms of policy and strategy, supporting businesses and disseminating information around policy. This function is particularly valued by stakeholders in Local Authorities who welcome policy support on tourism issues and recognise the expertise within the TSE team.
- **Regeneration support** - This evaluation has recognised the leverage that regeneration activities have generated. TSE also provide constructive “soft” support to small scale regeneration activities. This includes attendance and chairing of meetings, and ensuring that the value tourism is understood within regeneration projects.
- **Sustainability awareness** - TSE are increasingly supporting businesses to recognise the importance of sustainable tourism in tangible ways such as training courses and advice guides. This has recently become a KPI for TSE.
- **Market intelligence and research** - TSE provides significant market intelligence and research services to local authorities and commercial members. This can take the form of data collection and impact studies. The aim of market intelligence is to support industry by informing decision making through understanding market trends. Stakeholders recognise that sophisticated market intelligence can lead to improved quality and services leading to greater economic benefits. Other research activity consists of primary research for members, for example, economic impact studies. Nevertheless we note that income from this source has declined in recent years over prior levels, although there was an improvement in 2007/8. The activity is considered vitally important for a sector which generally lacks such information and so cannot be solely judged on the income produced, but also for the value-added and the foundation that it creates for other investment and marketing decisions.
- **Corporate Services** - TSE hold budgets and manages the accounting for some of the sub regional partnerships. It is recognised that this is adding real value, saving the partnerships resources. In Sussex, for example, approximately £6,000 per year is thought to be saved through such support.

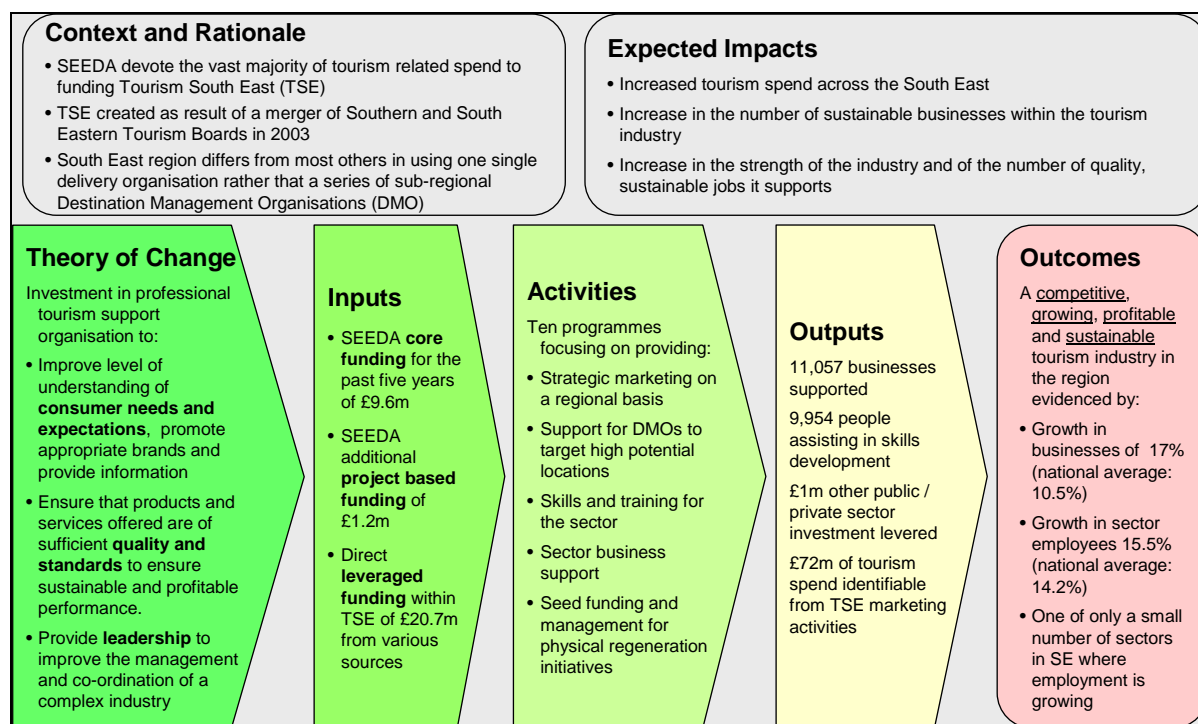
4.4 Additionality and impact

4.4.1 Impact logic chain

The outputs shown in section 4.3 are gross figures and take no account of the skills provision, business assists, physical regeneration or marketing benefits that would happen regardless of SEEDA or TSE investment.

A summary basis for SEEDA's investment in tourism and TSE's activities is shown in figure 4.9. The theory of change sets the rationale for investment in tourism, the inputs are primarily SEEDA funding and leveraged resources and activities are programmes as described in figure 2.3 and measured against. The outputs are tangible benefits as shown in section 4.3 and the ultimate outcome is a competitive, growing, sustainable and profitable tourism industry.

Figure 4.9: SEEDA tourism logic chain

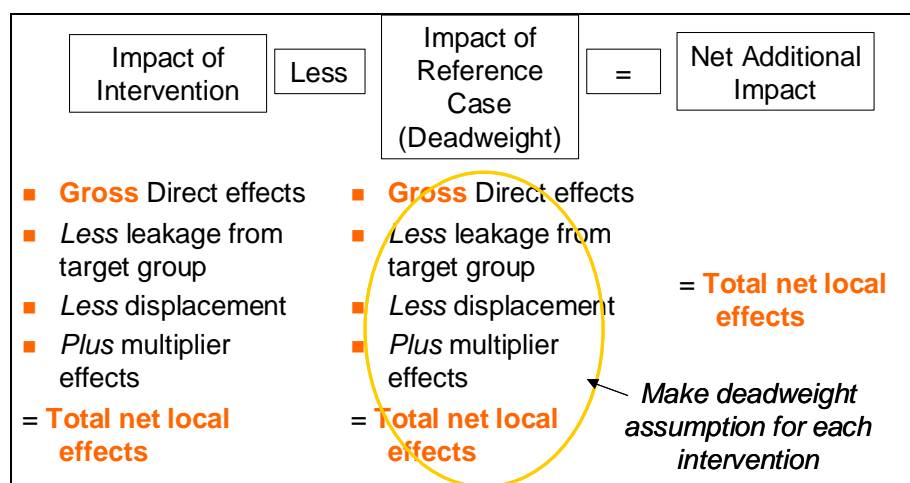


Source: WME, 2008

4.4.2 Calculating Net Impact

An important component of this evaluation is the calculation of the net impact of SEEDA's investment in TSE. This is the value of the SEEDA investment over and above what would have happened anyway, taking into account **leakage** from the South East, **displacement** of other activities, the assumption that must be made for 'spin-off' or **multiplier** effect of the spend and consideration of the outputs that would have been created regardless of it (deadweight). Figure 4.10 illustrates how net additional impact is calculated.

Figure 4.10: Net impact calculation



Source: WME, 2008

The data used to generate each component of net impact has been collected through the stakeholder, business and TSE programme leader interviews.

Sections 4.4.3 – 4.4.6 now outlines each component, on an output-by-output basis, stating the source for each piece of data.

4.4.3 Programme Leakage

Programme leakage refers primarily to those that have developed their skills, businesses which have developed or grown and tourism investment created through TSE but are now located outside the South East region. Following consultation with stakeholders and businesses there appears to be very little or no leakage from the area. This is primarily due to the geographically specific, self contained nature of the industry. Despite this, we acknowledge that there will be some leakage for the areas of skills assists and business support, and in line with IEF guidance have used a ready reckoner of 10%.

4.4.4 Programme Displacement

Programme displacement is the phenomenon where the provision of support in areas targeted by SEEDA has led to reduced support elsewhere. Displacement can happen when a tourism development occurs at the expense of another industry, or when a new tourism project takes customers away from an existing attraction or facility. When tourism development simply substitutes one form of expenditure and economic activity for another, this is known as displacement.

Following on from stakeholder consultation, there are a number of ways in which displacement might occur. For example, it has been suggested that TSE could have supported areas in physical regeneration directly, or developed specific skills or business support initiatives on a regional basis. In the absence of any concrete evidence to support a figure for displacement, the SQW/PA Consulting Guidance 'Implementing the RDA Impact Evaluation Framework' will be used. These estimates were calculated using a number of case study projects for each of the output types and are based on primary data collection through beneficiary surveys. Figure 4.11 below shows the relevant ready reckoners calculated. For return on marketing investment, displacement does not apply. The reason for this is that this activity is not taking place at the expense of possible beneficiaries elsewhere in the region.

Figure 4.11: Displacement ready reckoners

Output type	Estimated displacement
People assisted in their skills provision	10%
Business assists	12%
Direct physical regeneration spend leveraged	40%
Return on marketing investment	Does not apply

Source: SQW/PA Consulting Guidance

4.4.5 Multiplier Assumption

As for displacement above, it makes sense to use specific multiplier assumptions that are relevant to the different output types. Within the tourism industry, there are few genuine, high quality studies of multiplier analysis. The Scottish Tourism Multiplier (STMS) is recognized as one of the most comprehensive studies in the UK and is used by TSE, amongst others. The STMS study provides indirect and induced multipliers for holidaymakers and day trippers on-site (e.g. at an attraction) and a combined indirect and induced multiplier off-site (e.g. in the wider local economy). For each of these categories, the study also distinguishes between urban, rural and remote rural areas. Other acknowledged multipliers, such as the Cambridge Model, use this technique and the STMS multiplier is relevant to tourism spend leveraged.

For the other three outputs, we refer back to the SQW/PA Consulting Guidance, which suggest nil multipliers in relation to skills and business assist. This study developed estimates of multipliers derived from sampling a number of studies across a series of industries, all of which were based on primary research (mostly beneficiary surveys). Our estimates are shown in Figure 4.12.

Figure 4.12: Multiplier by output type

Output	Deadweight Rationale	Estimate	Source
Skills provision	Comparable to a series of other skills based interventions	None	SQW/PA Consulting IEF Guide
Business assists	Comparable to a series of other business support based interventions	None	SQW/PA Consulting IEF Guide
Investment in regeneration leveraged	Those projects that would have taken place anyway are those where TSE have invested but are not the fund holder	1:1.42	SQW/PA Consulting IEF Guide
Tourism spend leveraged	Use of a nationally recognised tourism spend multiplier	1:1.4	STMS

Source: SQW/PA Consulting Guidance / STMS

4.4.6 Deadweight

The counterfactual (or “deadweight”) refers to the people or businesses that have benefited through the investment in TSE that would have done so regardless of it taking place, through another means or delivery organisation. We can only hypothesise what the tourism support landscape would look like in the absence of SEEDA's investment in TSE. It can be assumed, however, that:

- TSE would either be absent or would be a scaled down organisation focused heavily on servicing the needs of members and commercial clients not aligned with the RES; and

- Local Authorities would be forced to play a far greater role in support for the tourism sector, and in the light of current funding restrictions, this is likely to be low.

In this case a deadweight assumption has been made for each of the output types based on data from the consultation process. This is shown in Figure 4.13 below.

For skills and business assists the source used is the SQW/PA Consulting IEF Guide. The ready reckoners developed by this study were derived from sampling a number of studies across a series of industries, all of which were based on primary research (mostly beneficiary surveys). It is currently considered to be the best source of estimates of deadweight.

For the investment in regeneration, we have taken deadweight as being those projects where TSE has contributed by are not the fund holder and therefore unlikely to be the main initiator. Consultation with those involved confirmed the validity of this approach.

Finally for tourism spend leveraged, a deadweight of zero have been made. The key driver of this relates back to the TSE questionnaire used during the survey. Only those visitors to the region that stated that they visited the South East "because of the TSE marketing campaign" have been captured in this and therefore we can make the assumption that without the campaign, they would not have made the trip or the associated expenditure.

Figure 4.13: Deadweight by output type

Output	Deadweight Rationale	Estimate	Source
Skills provision	Comparable to a series of other skills based interventions	42%	SQW/PA Consulting IEF Guide
Business assists	Comparable to a series of other business support based interventions	35%	SWQ/PA Consulting IEF Guide
Investment in regeneration leveraged	Those projects that would have taken place anyway are those where TSE have invested but are not the fund holder	£233k	TSE programme data
Tourism spend leveraged	One of the questions in the TSE market research questionnaires was "Did you visit the SE <u>because</u> of this campaign?"	None	Sample of TSE market research questionnaires

Source: SQW/PA Consulting Guidance / TSE

It could be suggested that some of the business support may have taken place through generic business support offered through Business Link. However, our business consultation exercise revealed that tourist businesses prefer the specialist support that TSE can offer and would not approach Business Link in the first instance.

4.4.7 Net outputs

Figure 4.14 show the calculation for net impact for each for the four main output areas. These calculations suggest that the net impact is:

- The provision of skills support to 5,196.0 individuals;
- Assistance to 6,324.6 businesses within the industry;
- The leverage of £877.2k of physical regeneration funding; and
- The leverage of £100.2m of tourism expenditure through marketing campaigns.

Figure 4.14: Net Impact of TSE spend

Output	Gross Outputs	Leakage	Displacement	Regional Multiplier	Deadweight	Net Impact
Skills provision	9,954	10%	10%	None	42%	4,676.4
Business assists	11,057	10%	12%	None	35%	5,692.1
Investment in regeneration leveraged (and ratio)	£1,303k (1:7.6)	None	40%	1:1.42	£233k	£877.2k
Tourism spend leveraged (and ratio)	£71.6m (1:13.1)	None	None	1:1.4	Zero	£100.2m

Note: Figure 4.11 shows the formula used

Source: WME, 2008

4.5 Attribution to SEEDA

Of total TSE expenditure between 2003 and 2008, £2.16m (6.9% of the total) has been sourced from ERDF and other public sector income sources that would want to claim outputs. To avoid double-counting, these have been removed from the net outputs shown above, as per figure 4.15.

Figure 4.15: Attribution of outputs

Output	Net Attributable to SEEDA	Net Attributable to ERDF and other sources	Net Impact
Skills provision	4,353.7	322.7	4676.4
Business assists	5,299.3	392.8	5,692.1
Investment in regeneration leveraged	£816.7k	£60.5k	£877.2k
Tourism spend leveraged	£93.2m	£7.0m	£100.2m

Source: WME, 2008

Here it has been assumed that SEEDA have leveraged all funding apart from the ERDF and other comparable sources, and can therefore claim all other outputs. Net attributable output are therefore:

- The provision of skills support to 4,353.7 individuals;
- Assistance to 5,299.3 businesses within the industry;
- The leverage of £816.7k of physical regeneration funding; and
- The leverage of £93.2m of tourism expenditure through marketing campaigns.

BERR's impact evaluation of the RDAs runs from 2002/3 to 2006/7. The net outputs above can be distributed across this period as shown in Figure 4.16 below.

Figure 4.16: Distribution of outputs across BERR evaluation period

Output	2002/3	In scope 2003/4 – 2006/7	Out of scope (2007/8)	Total Net Attributable Impact
Skills provision	-	3,483.0	870.7	4,353.7
Business assists	-	4239.4	1,059.9	5,299.3
Investment in regeneration leveraged	-	£653.4k	£163.3k	£816.7k
Tourism spend leveraged	-	£74.6m	£18.6m	£93.2m

Source: WME, 2008

4.6 Conversion to Gross Value Added

The IEF requires a conversion of net outputs into an estimate of the Gross Value Added (GVA) attributable to SEEDA's investment in TSE. To undertake this assessment, we must examine some of the (somewhat limited) relevant literature on the subject. Dearden et al (2000) identify an economically significant effect of training on value added per head in the UK as an increase of five percentage points in the proportion of employees trained being associated with a 4 percent increase in productivity (Dearden et al, 2000: 53). This training is non-specific to the business or individual and in the absence of a suitable equivalent ready reckoner for businesses assisted, we shall make the assumption that Dearden et al's metric can be applied to both. The calculation is as follows:

- There are 320,000 individuals working in the tourism sector in the South East and 9,653 net assists provided by TSE attributable to SEEDA (5,299.3 businesses and 4,353.7 skills) benefiting from TSE support, this equates to 3.02% of the tourism workforce.
- Adopting Dearden et al's formula, this can be understood as translating into an increase of 2.42% productivity increase (taking 4/5 of 3.02%).
- Given a tourism sector in the South East worth £4.1 billion, a 2.42% increase as a result of TSE intervention equates to **£99.2m**.

Dearden et al's study is largely consistent with other similar studies. This particular formula has been adopted because it has been recommended in the IEF. It is worth noting that this formula should be treated with caution—studies used to inform this formula are based on very specific examples. Dearden et al's study is based on a typical training course lasting for 2 weeks.

Making the further assumption that the leverage of physical regeneration spend is too small to make a direct material difference to GVA, the only other aspect to consider is net leveraged tourism expenditure. There will be some overlap between the £93.2m net tourism expenditure attributable to SEEDA expenditure, and the GVA estimate above through tourists attracted using businesses assisted by TSE and also through businesses using their expertise to maximise the expenditure of visitors (i.e. some of the GVA growth is not just due to tourists being attracted, but also to the workforce facilitating expenditure). This overlap is difficult to estimate with great accuracy and could be anything from 5% to 25%. because of the small proportion of overall individuals and businesses assisted. Hence, a realistic estimate for total GVA generated through SEEDA's investment is:

$$\begin{array}{rclclcl} \pounds 99.2\text{m} & + & \pounds 93.2\text{m} & - & (\pounds 9.6\text{m to } \pounds 48.1\text{m}) & = & \pounds 144.3 - \pounds 182.8\text{m} \\ \text{(skills/business assists)} & & \text{(tourism expenditure)} & & \text{(5-25\% double counting)} & & \end{array}$$

The estimated total impact of SEEDA's investment in tourism through TSE is **£144.3 to £182.8m** over the period 2003-08.

4.7 Outcomes and Impact

In order to estimate the impact that the net outputs above have had on the sectoral performance across the region, we must assume a causal link between the two. The rationale for this is as follows:

- The additional skills provided by TSE in the sector have made businesses more competitive and deliver higher quality products and services to visitors (in line with the calculations presented in 4.6, this is expected to be worth some £45m in GVA over the five year period);
- The additional businesses assisted are now more efficient and sustainable, and are being managed more effectively (in line with the calculations presented in section 4.6, this is expected to be worth some £54m in GVA over the five year period);
- The net investment in regeneration has leveraged further additional investment (including over £800k of net direct investment and other indirect investment), such as the creation of new infrastructure, and made the region more accessible and appealing as a tourist destination; and
- The net £100m of spend (£93m attributable to SEEDA) leveraged has boosted overall sector performance.

Using the hotels and restaurants two digit Standard Industrial Classification (SIC) code as a proxy for the tourism sector, it is evident that over the period 1998 and 2006:

- The number of businesses within the sector in the South East grew by 17%, compared to a national average of 10.5% (making it the second fastest growing region in the UK, narrowly behind the South West(17.3%));
- The number of employees within the sector grew by 15.5%, again ahead of the national average of 14.2%; and
- Along with construction and financial & business services, tourism is one of only a small number of non-public sector dominated categories of employment to be growing in the South East. Anecdotal evidence suggests that these other growth sectors have recently stalled as the economy slows, whilst tourism remains strong.

VisitBritain are currently undertaking a piece of work to understand the value of tourism to the economy and once published this will provide invaluable data for TSE to understand the significance of the sector to the regional economy.

4.8 Strategic added value

4.8.1 Introduction to SAV

A key measure, particularly in the context of the IEF, is assessment of Strategic Added Value (SAV) provided by an intervention. In particular this provides qualitative indicators of how an RDA has leveraged funding and influenced partners' and stakeholders' behaviour, decisions and outcomes in ways that would not otherwise have occurred⁸.

First it is necessary to define the RDA's activities with respect to the initiative being evaluated. In the case of the tourism sector it is evident that the main role played by SEEDA is the provision of funding and associated monitoring and quality assurance.

⁸ Evaluating the impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework (DTI, February 2006)

Whilst SEEDA has not played an active role in the delivery of interventions and programmes in the tourism sector, it has undertaken work to inform, and to a lesser extent, influence, the actions and spend of TSE (for example, providing advice on whether project activity is likely to address the key principles of the RES). Each of the following aspects of SAV is now addressed in turn.

- Strategic leadership and catalyst
- Strategic influence
- Leverage
- Synergy
- Engagement
- Examples of good practice

4.8.2 Strategic leadership and catalyst

Through the influence of SEEDA, TSE are increasingly aligning their work with the South East RES. This is particularly apparent in their latest "Hosting the World" strategy (2007) where KPIs have been clearly aligned with RES objectives. TSE are SEEDA's main delivery vehicle for tourism and, with regards to leadership are:

- well respected and valued amongst national tourism partners including VisitBritain and DCMS. They have an open dialogue with both partners and this relationship is valued by all parties;
- valued as the voice of the sector within the South East region and are thought to be well engaged and therefore able to take a lead on strategic issues, representing the sector to SEEDA and national partners;
- regarded to be "taking the lead" on a number of initiatives. For example, a number of high profile regeneration schemes would have been unlikely to happen without input (both financial and strategic) from TSE. In many cases TSE have been the catalyst for regeneration projects; and
- having a catalytic role in the region's hosting of sporting and cultural events. A post has been funded for 12 months, jointly funded with Sport England South East, to raise the profile of the South East as a major sporting venue and has been massively successful leading to events such as the start of the Tour de France in Kent.

4.8.3 Strategic Influence

Tourism in the South East has relatively little funding in comparison to other English regions. However, TSE's presence is still strongly felt at national level. They have an excellent relationship with VisitBritain and over recent years have developed more of a "strategic" role rather than a delivery role. This focus is highly valued by public sector stakeholders in particular, their lobbying and policy work is acknowledged.

TSE are regarded the lead body in the South East to influence policy which will have an impact on the tourism sector. This evaluation has revealed that this "influencing" function is particularly well regarded with public sector partners. A current example of this includes ensuring gains from the 2012 Games are beneficial for the tourism

sector in the South East. TSE are equipped specifically to represent and coordinate the tourism industry and it is in this role they are valued. Whilst TSE have a significant role to play in delivering SEEDA's RES, TSE are committed to supporting the tourism industry as their primary objective and they are valued by stakeholders for this reason.

TSE have potential to increase their strategic influence at Director Level in SEEDA, reporting not simply against outputs and targets but in more qualitative terms around impact and long term strategy.

4.8.4 Leverage

One of the greatest benefits that SEEDA have realised through TSE is the successful leveraging of funds, both directly in terms of direct TSE expenditure (through income from commercial activities etc.) but also indirectly through leveraged spend and 'spin-off' investments in infrastructure.

The following table outlines TSE's leverage ratios from 2003/04 to 2007/08. For example, in 2007/08, for every £1 SEEDA invested, £1.47 was generated by TSE through other means (membership fees, for example). SEEDA have invested c £10.8m over the past five financial years and a total of £20.3m has been secured from other sources demonstrating a ratio of 1:1.87. Given feedback from consultees, it is the evaluators view that this is all genuine leveraged funding rather than matched funding, as TSE in its present or any comparable form would be an unsustainable organisation without SEEDA's funding.

Figure 4.17: Direct Leverage Summary Table

Source	2003/04	2004/05	2005/06	2006/07	2007/08	Total
Leverage Ratio	1:2.72	1:2.41	1:1.49	1:1.52	1:1.47	1:1.87

Source: WME, 2008

It is through the Destination Renaissance programme that TSE demonstrate particular leverage success. For example, over the four years 2004-8, the average funding leveraged is £7.60 for every £1 of SEEDA funding. This has been improving over recent years with a ratio of 1:11.5 for 2007/08.

Figure 4.18: TSE leverage ratio Programme 2, Destination Renaissance from 2004-2008

Year	Leverage ratio for Destination Renaissance
2004/5	1:3.8
2005/6	1:8.0
2006/7	1:10.7
2007/8	1:11.5
Total	1:7.6

Source: WME, 2008

Whilst TSE's leverage track record is excellent, there is potential to share this with SEEDA in order to improve the knowledge of tourism and the value TSE add to the region's economy and regeneration agenda.

4.8.5 Synergy

TSE have been instrumental in the development of sub regional structures for tourism. These structures include dedicated staff based locally to drive forward the Tourism ExSEllence Statements of Priorities, carry out regular visits and provide support. This has been supplemented by TSE giving 50% of subscriptions at regional level to these sub regional partnerships. Through its membership, TSE has the ability to disseminate best practice, and through its highly successful skills and business support programmes, is reaching businesses both large and small. Moving forward the challenge remains to engage with those LAs which have opted out of membership, and to strike a balance between resource constraints and sub regional deployment.

Having a South East regional body (as opposed to a DMO model employed in other regions) allows for synergy in the sector that otherwise might be lost. Several stakeholders have commented on the fact that they value this regional model precisely because it allows for such synergies. Good practice in research was mentioned as an example of where economies of scale can be realised.

There have also been recent synergies between the tourism agenda and other agendas, notably, sport events. Joint funded posts, such as the one with Sport England South East, encourage such synergies.

4.8.6 Engagement

TSE have been instrumental in developing existing and creating new sub regional structures for the industry. This has put useful structures in place to engage with businesses in a meaningful way. However, it has been noted that whilst these partnerships are effective, they would benefit from increased resources. TSE have a number of Local Authorities engaged and this is represented through the membership base. In 2008, TSE has 58 public sector members. TSE also have a successful track record engaging commercial members with 2202 commercial members so far in 2008.

Most stakeholders and businesses stated that TSE are successfully engaged with business members and regard this as a major strength. Another example of where TSE engagement is valued is the Thames Gateway partnership on which TSE sit and represents the business voice of the sector.

4.8.7 Examples of good practice

The Welcome Host programme is a training course that introduces businesses to the essentials of customer service such as how to deal effectively with difficult situations so that businesses achieve repeat custom and word of mouth recommendation. It takes place across the region and many of the businesses consulted had taken part in these activities and for some, it was the first contact they had with TSE. Feedback from businesses includes:

- "The training was excellent and enjoyable ... we got certificates for participating. We kept a relationship with TSE and now all our staff have been through the course" (business feedback)
- "No one else is funding this type of training" (business feedback)

The Welcome Host programme is well known in the region and beyond. For some businesses, after taking part in this training, they opted to become members of TSE as a result of their satisfaction.

The 'Guide to Sustainable Tourism for Dummies'® is a resource to encourage the tourism industry to 'go greener' and was recently published in partnership with South West Tourism and West Sussex County Council. It is a 36-page A6 guide designed to help tourism businesses of all sizes become more sustainable - saving money, attracting more 'green conscious' customers and reducing their impact on the environment. It is an example of good practice because it is the first of its kind in the UK, is in language accessible to businesses and has been widely distributed. It is also consistent with SEEDA's RES objective of Sustainable Communities. Furthermore, because it is being rolled out in other regions, TSE are able to obtain royalties from the format.

5. Benchmarking & value for money

This section estimates the relative value for money that SEEDA generates through its investment in tourism support through TSE. It first benchmarks TSE with other regions and second compares the cost of achievements with other SEEDA funded initiatives.

5.1 Benchmarking against peer organisations

5.1.1 Introduction

In Appendix 1 we attach a briefing note from VisitBritain's website explaining the structure of UK Tourism. This also quantifies the grants being expended by the RDAs (£28.8m in 07/08) and local councils (£122m). The breakdown of the specific levels of grant from the RDAs for tourism on a region-by-region basis is not immediately transparent from accounts. Figure 5.1 presents latest research undertaken by TSE. The data shows that direct public sector investment in the region is second lowest in the country, after East of England, while the number of tourists was highest in the country and visitor spend was second highest after London.

5.1.2 Comparing regions

Data is collected from different sources for different time periods but is nonetheless consistent between regions for the comparables used. VisitBritain's note, in Appendix 1 provides an additional source by which we can consider the sentiment implied in the TSE data. With SEEDA funding from TSE at around £2m p.a. it is some 6.9% of total RDA regional tourism funding (2007/8). Considering the most up to date tourism statistics available, presented in figure 5.1, the region accounts for around 18.5% of tourism expenditure. In that context it can certainly be argued that TSE is either providing good value for money, or is underfunded, by comparison to other regions. In itself the restriction on funding available to SEEDA to service such a large industry was crucial in the decision to devolve to a body like TSE in that they would be able to raise overall funding through a considerable additional revenue flow. Therefore investment in the industry may be considered low and the challenge is not only around increase public sector investment, but also investment from within the industry.

A counter argument that might be considered, but cannot be proven at this time, is whether the costs of the structures in the other regions may fall over time. It is important to consider whether the recent changes have caused a temporary rise in costs which might fall more into line after the initial costs of these changes have been incurred. If these costs are considered high by historic levels we would doubt that this has been planned to be sustained into the long term. The other issue to be considered is whether, as a result of higher funding, there is any evidence of these more highly funded regions increasing their share of tourism.

In the data tables on Appendix 6 we present data from the current decade for both UK overnight visitors and international overnight visitors. We have sourced the data by RDA region for international visitors (re-allocating as required to account for boundary changes) for the period 1999 to 2006. For domestic data we have sourced

the data from 2000 to 2006 on a basis that enables comparison between the South East and total domestic tourism in the English regions (London is excluded). As noted at the foot of the table for domestic tourism, the survey had a new methodology from 2005 onwards – data before and after this data period is not directly comparable and there is a period for which data is considered suspect. We have used the data as provided, subject to the appropriate caveat, on the basis that for comparative purposes it is likely to be equally inaccurate for the SE and England. We can draw the following conclusions from this data:

- In terms of international visitors, the rate of growth is slower in the South East than in the country as a whole. The difference is reasonably material and therefore the South East had 31.75% of England's overseas visitors in 1999 but only 27.2% in 2006. We consider this a significant difference and in fact there were just 59,000 more overseas visitors to the region in 2006 than 1999 whereas for England as a whole the number increased by 2.443m. Thus the South East benefited from just 2.4% of the incremental figure compared to its 'normal' share of around 30%;
- The total spend in the region by overseas visitors has risen to £1.7bn from £1.4bn. The trend in average spend per night is similar to the national trend and thus the shortfall against the All-England figure can be attributed to loss of volume;
- Taking account of the statistical problems, it can be seen that as a proportion of All-England domestic overnight tourism, the South East has maintained its position. It had 19.1% of visitors in 2000 and this was 19.9% by 2006. In respect of actual bednights it was consistent at 18.5% of the total. As a proportion of total spend the figures were similar, albeit slightly lower partly as a result of lower growth in average spend.

Clearly it is very difficult to draw conclusions related to the reasons for the changes in visitation, particularly when the statistics themselves have changed in the interim. In addition there have been structural changes in tourism boards throughout the country. In overall terms it is clear that the South East has lost ground against England as a whole, particularly in terms of overseas tourism.

There are no doubt many reasons for these trends and consultation suggests that TSE, VisitBritain and partners have analysed the reasons for the decline and redistribution. In fact in respect of domestic tourism there was a dip during 2004 and 2005 with an improvement in 2006. In respect of overseas tourism it is particularly evident that the North West and Yorkshire/Humberside have fared best in terms of overall growth. This does not correlate particularly well with the tourism expenditure in the regions. Although both receive well over £1m more than in the South East, their grants are far less than in some other regions such as the South West where performance has been lacklustre.

Overall we do not believe that there is a direct correlation, at least in the short term, in the public sector investment made in the regional tourism structures. It may be possible to show benefit with steady investment over a period of time. For the time being it seems that TSE's grant is capable of enabling the South East to maintain its visitor base but this will see it decline in terms of its overall position in the increasingly competitive UK tourism market. However as previously discussed, its role is far broader than purely driving visitation to the region.

Figure 5.1 Tourism in the Regions – The contribution to the UK economy compared to the allocation of RDA funding

Region	RDA investment* £m (2006/7) (Source: RDAs)	Rank	Tourism employment '000 (2006) (Source: ONS)	Rank	Total Spend by Visitors (2006) £m	Rank	RDA investment per head of population employed in Tourism (£)*	Rank
South East	2.3	8	320	2	10,228	2	7.19	9
South West	3.4	6	224	4	6,606	3	15.18	6
London	22.9	1	348	1	13,782	1	65.81	2
East Midlands	4.7	4	143	7=	3,837	7	32.87	3
West Midlands	4.3	5	202	5	4,252	6	21.29	5
East of England	1.3	9	143	7=	5,087	5	9.09	8
Yorkshire and Humber	2.4	7	178	6	3,760	8	13.48	7
North West	7.9	2	264	3	6,041	4	29.92	4
North East	7.5	3	90	9	1,600	9	83.33	1
TOTAL	56.7		1,912		55,193		29.66	

Source: TSE, June 2008

* Note that this is RDA direct investment only and does not reflect leveraged public or private sector investment

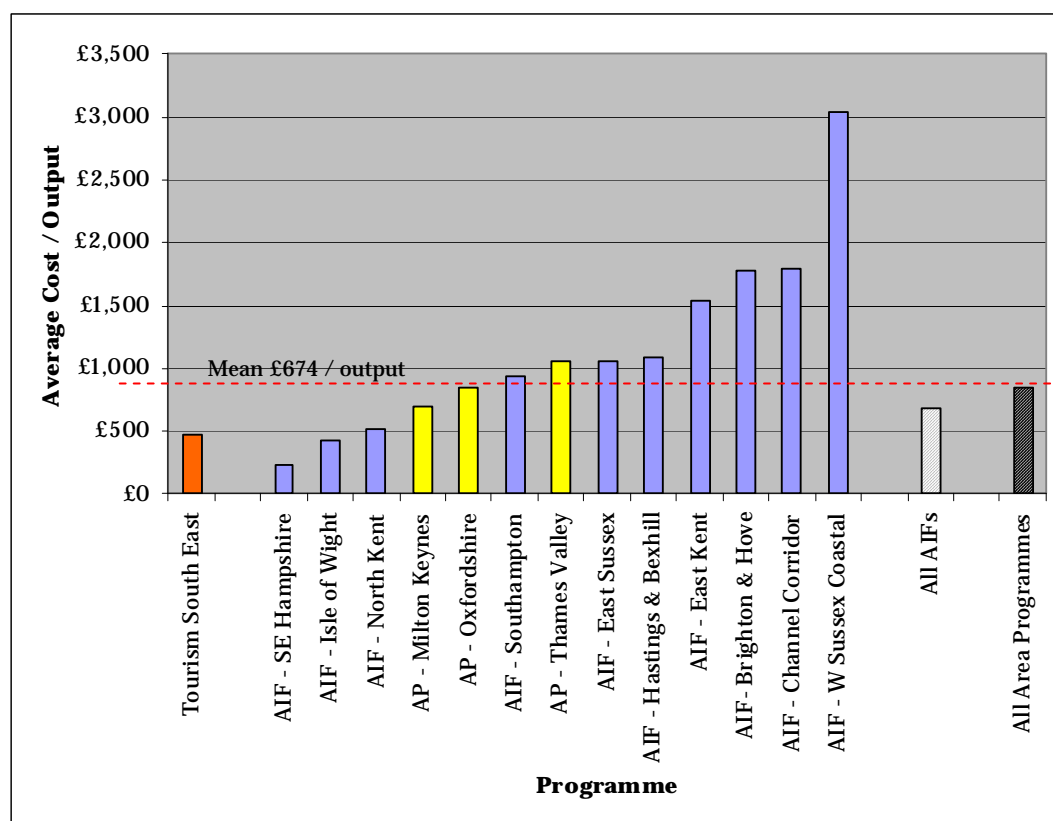
5.2 Comparison with other SEEDA programmes

Two of the major output categories delivered by TSE on behalf of SEEDA are skills provision and business support. Given that there are no directly comparable programmes with which to benchmark SEEDA's investment (i.e. it does not invest in any other tourism delivery organisations) the closest available comparison is the performance of other 'combined' skills and business support in order to understand the value for money SEEDA receive for these outputs. We have identified the Area Programmes and Area Investment Frameworks as:

- They have multi-dimensional aims and outputs around jobs, skills/employability and business support;
- They are managed and delivered on a devolved basis by a third party group;
- They have been conceived and delivered over the past three years; and
- They are currently in the process of being evaluated, and as such, data is becoming available in relation to their performance.

The AP and AIF figures include skills, employment facilitation and businesses supported, whilst for TSE they include skills and businesses support. As illustrated in figure 5.2, in headline terms the average cost per output for the Area Programmes (£851) and the AIFs (£690), are both notably more expensive than the figure for investment through TSE of £474 per output. This suggests that SEEDA is generating relatively good value for money from its investment.

Figure 5.2: Benchmarking the Area Programmes against the AIFs



Source: WME, 2008

This analysis needs to be heavily caveated in that the APs and AIFs are targeted on specific geographies and many on hard to reach communities. It is also true, however, that they exclude other outputs created by TSE, especially in relation to return on investment. This simple benchmarking exercise should, therefore, be treated as purely indicative.

5.3 Summary of benchmarking and value for money

5.3.1 Areas of Achievement

The discussion above illustrates that:

- TSE is providing good value for money by servicing a larger and more diverse tourism market with a higher number of visitors and level of spend than most other regions, on a relatively small budget;
- By undertaking some simple benchmarking with other programmes where skills and business support are important outputs, it is possible to suggest that TSE is generating good value for money. In order to substantiate this further a more detailed analysis of spend and return on investment across SEEDA is required.

5.3.2 Key Learning points

Given the relative importance of the tourism industry in the South East in terms of visitors, expenditure and jobs supported there is a case for increasing the level of public sector investment. With trends suggesting that the region is losing market share of international visitors (South East had 31.75% of England's overseas visitors in 1999 but only 27.2% in 2006), and strengthen the possibility of sub regional offerings.

6. Conclusions & recommendations

This section summarises the evaluation findings and makes direct recommendations to TSE and SEEDA

6.1 Addressing IEF evaluation questions

Figure 6.1, below, provides a response to each of the IEF evaluation questions, drawing on the information presented in this document.

Figure 6.1: Response to IEF evaluation questions

Key evaluation area	Extent to which this has been achieved
The intervention rationale has been achieved	SEEDA's investment in TSE is ongoing with funding committed for another three years. It is not, therefore, easy to say that the intervention rationale or original objectives has been achieved, as they are ongoing challenges. It can be stated that:
The objectives have been achieved	<p>Quantitative objectives have been achieved (see below);</p> <p>There is evidence of continued growth in comparative and absolute terms within the tourism industry (see below); and</p> <p>In qualitative terms, SEEDA through TSE are continuing to:</p> <ul style="list-style-type: none"> • provide additional skills in the sector making businesses more competitive and deliver high quality products and services to visitors; • assist businesses, making them more efficient and sustainable, and are better managed; • investing in regeneration that is leveraging further additional investment, such as the creation of new infrastructure, and making the region more accessible and appealing as a tourist destination; and • boosting overall sector performance through strategic marketing.
The contracted outputs have been delivered	Over the five-year evaluation period, gross output targets were achieved for all four identified quantitative metrics. These are summarised as:

	Output Category	Total	Target	Performance v. Target
	People assisted in their skills provision	10,847	7,451	145.60%
	Business assists	12,069	8,531	141.50%
	Direct physical regen spend leveraged (and ratio)	£1,303 (1:7.6)	£800k ⁹	162.9%
	Return on marketing investment	£75.4m (1:13.9)	Overall ROI of 1:6 ¹⁰	231.6%
The gross and net outputs are attributable to SEEDA	93.1% of net outputs are attributable to SEEDA, equating to the provision of skills support to 4,353.7 individuals; assistance to 5299.3 businesses within the industry; the leverage of £816.7k of physical regeneration funding; and the leverage of £93.2m of tourism expenditure through marketing campaigns.			
Delivery has been effective, economic and efficient	<p><u>Effective</u></p> <p>Section 3 outlines the effectiveness of TSE's delivery against a number of criteria.</p> <p><u>Economic</u></p> <p>Gross and net outputs are presented above. Estimates suggest that TSE's work over the period 2003-08 is worth £144.3 to £182.8m to regional GVA.</p> <p><u>Efficient</u></p> <p>TSE have exercised constant downward pressure on central costs in order to free up funds for delivery of front line benefits. Examples of such streamlining include the merger (reduction of £105,000 in 2003/04) and closing the Tunbridge Wells office (saving of £155,000 in 2004/05 and for each subsequent year).</p> <p>In addition, membership raises a significant amount of income through membership subscriptions and TSE are</p>			

⁹ Physical Regeneration target based on £200k per annum as per KPIs

¹⁰ Based on KPI of achieving ROI of 1:6 on domestic marketing

	<p>exempt from VAT on their SEEDA funding. A conservative estimate suggests that £2.14m of funding has been saved since 2003, including £1.21m of SEEDA funding.</p>
<p>The intervention has contributed to RES objectives and other key targets</p>	<p>TSE delivers against targets and monitors their progress against the RES, investing in SEEDA core funding in broad support of the headline objectives of the RES; Global Competitiveness, Smart Growth, and Sustainable Prosperity.</p>
<p>The net outputs translated into outcomes</p>	<p>Using the hotels and restaurants two digit Standard Industrial Classification (SIC) code as a proxy for the tourism sector, it is evident that over the period 1998 and 2006:</p> <ul style="list-style-type: none"> • The number of businesses within the sector in the South East grew by 17%, compared to a national average of 10.5% (making it the second fastest growing region in the UK, narrowly behind the South West(17.3%)); • The number of employees within the sector grew by 15.5%, again ahead of the national average of 14.2%; and • Along with construction and financial & business services, tourism is one of only a small number of non-public sector dominated categories of employment to be growing in the South East. <p>This is evidence that the Tourism Industry in the South East is successful, sustainable and resilient.</p>
<p>What is the VFM of the programmes/projects as a whole against the available benchmarks?</p>	<p>As described in section 5, TSE operates with low public sector funding in relation to equivalent organisations around the country and, in terms of funding/sector employee, the SE has the lowest allocation. Despite this, the SE remains the second largest region in terms of tourism sector size, behind London.</p> <p>Simple benchmarking against some other SEEDA mixed output projects suggests that TSE is performing well, with an average of £474 per output as opposed to £851 for the Area Programmes and £690 for the AIFs. These comparisons are, however, heavily caveated as the type of output and beneficiary varies considerably.</p>
<p>What has worked well and not so well and what lessons can be learnt?</p>	<p>See section 6.2 below.</p>

6.2 Summary of findings

SEEDA's £10.8m total investment over the period 2003-08 enabled TSE to deliver skills to almost 11,000 individuals (over 5,000 in net terms of which 4,354 to attributable to SEEDA) and support to over 12,000 businesses in the sector (over 6,000 in net terms of which 5,300 are attributable to SEEDA). It also helped TSE leverage over £72m of visitor investment in the region (over £100m in net terms of which £93m is attributable to SEEDA) and support £1.3m of investment in physical regeneration (almost £900k in net terms of which £816k is attributable to SEEDA). In total, SEEDA's investment in TSE between 2003 and 2008 is the equivalent of £144.3 to £182.8m in GVA over the period.

In addition to this, TSE has played a leading policy development, research and strategic influencing role in the sector.

This has helped to maintain the South East as the second most important region in the UK from a tourism perspective in terms of expenditure (behind London) and the most visited region in the country. Tourism was one of only 5 growth sectors in the period 1998-2006 and employment in restaurant and hotels, for example, grew by over 15% in that period.

TSE has achieved this success through:

- Aligning its priorities with those of SEEDA, whilst maintaining a membership and industry focus;
- Building an efficient, well resourced and respected team, successfully avoiding high bureaucracy and overheads evident in other regions, and earning the respect of stakeholders, businesses and SEEDA as an independent organisation;
- Creating a good relationship with SEEDA's contract manager, with other parts of SEEDA working on the visitor economy, and with national partner agencies such as VisitBritain and DCMS;
- Improving its reporting since 2006/7, on the advice of KMPG including vastly improved communication within internal departments;
- Developing and delivering high quality business support and skill provision programmes;
- Pioneering the area of sustainability as lead for several regional and national initiatives;
- Creating a solid platform of sub regional committees, bringing businesses and other local stakeholders together, and developing a strategy for more destination marketing (given additional resource); and
- Collaborating with other regional bodies on areas as diverse as sporting events, physical regeneration initiatives and sustainability.

TSE, and by default SEEDA, are faced with a number of challenges moving forward including:

- An appetite for more destination focused marketing with limited funding. This presents a need to revisit current sub regional structures and potentially transfer more resources and responsibility to 20-30 strong destinations around the region;
- The need for more clarity on TSE's relationship with BL. At present there is clear duplication of 'brokerage' and a lack of incentivisation for cross fertilisation of contacts and clients;
- The need for more planning to secure long term funding, with too much current funding short term in its nature, especially in the area of skills which is hardest hit by funding peaks and troughs;
- The need for review of strategic importance of providing contract services and TIC management;
- A slightly hierarchical structure within TSE, suggesting the possible need for a flatter structure as an incentive for staff;
- The ongoing challenge in having three different partner groups to report to – SEEDA, Local Authorities and businesses;
- The risk that sub regional committees lose a valuable resource following the end of regional skills network funding in 2009;
- Some isolated disengagement at county level in some cases and a need for TSE to ensure that their membership offer is suitable across a range of geographies and member-types;
- The need to continue to enhance work around equality and diversity, including the collection of information on ethnicity and demography of beneficiaries and visitors; and
- The need to ensure continuity of funding over a rolling medium term period so as to establish a basis for proper strategic planning of resources by the TSE Board, and so as to avoid disruption to established programmes as has recently occurred. This is also important from the SEEDA perspective since it also has the effect of tarnishing their name among TSE members and the wider tourism community.

6.2 Recommendations

6.2.1 Recommendations to TSE

Based on the evidence and analysis presented in this evaluation report, the following evaluations are presented to TSE:

1. The current level of public sector funding is too prohibitive to adequately resource the destination based structure used elsewhere in the UK and any course of action to move to such a model at present would not be feasible. With this in mind, TSE should:
 - a. Develop a model based on successful elements of the existing sub regional model (such as the TSE resource deployed to cover skills, membership and web-based support in Sussex – which is part paid for

- by TSE through the skills network and part by Sussex Tourism Partnership), securing appropriate funding and replicating them elsewhere. This includes the concept of creating a single point of contact for each sub-regional within the TSE central organisation;
- b. Increase the strategic influencing and policy support around destinations identified as being strong in the marketplace, using senior central TSE resources, in the same way that successful influencing takes place at a national level; and
 - c. In appreciating that this could be a long-term process, attempt to build relationships with those Local Authorities that are currently less engaged than most (e.g. Oxfordshire, Surrey and East Sussex) to broaden the strength of the destination offer and truly meet the needs of all potential 'clients'.
2. At present, TSE presents a relatively narrow series of quantitative outputs to SEEDA. In order to communicate the work of TSE and the wider benefits of supporting the tourism industry as an enabler for a stronger regional economy, TSE should hold periodic dissemination and learning sessions with senior SEEDA individuals. Achievements around physical regeneration and marketing, in particular, are currently not widely acknowledged. In addition TSE should investigate opportunities arising through the re-organisation of SEEDA's Area Teams, particularly in relation to skills and business support activities. This also a required SEEDA commitment.
 3. Linked to point 2 above, there is a need for more research and dissemination around the value of intervention into the South East economy. In the appreciation that this would bear a cost, at the expense of direct support delivery, this could be minimised by linking work being carried out by VisitBritain around tourism in the national economy.
 4. A major issue within TSE, especially in relation to the development and delivery of skills programmes, is the short term nature of funding. The high value for money evident, and positive feedback received by stakeholders around, skills and business support provision, suggests that SEEDA and other funding partners would be interested in investing over a longer period. This should be investigated fully.
 5. Within TSE there remains a hierarchical structure with, consultations suggest, limited opportunity for progression. This should be addressed by moving to a more fluid model, with the aim of incentivising staff.
 6. There remains unclear boundaries between the business support brokerage offered by TSE to the tourism sector and Business Link's Information Diagnostic and Brokerage (IDB) offering to business in general. A clear process needs to be developed to ensure that business use the correct point of contact and receive the optimum support. This could start by opening dialogue, at a senior level, to establish the issues and move to resolution.
 7. Although membership revenue increased in 2007/8, there is a need to engage with more large tourism businesses to ensure a representative spread and leverage private sector investment in the industry.

6.2.2 Recommendations to SEEDA

Based on the evidence and analysis presented in this evaluation report, the following recommendations are presented to SEEDA:

1. Given performance to date, as illustrated in this document, and broadly positive feedback, we recommend that SEEDA continues its funding in TSE for the next three years. It should recognize the value for money which TSE can generate and ensure that all interested parts of the Agency are aware of current activity.
2. In broad terms, maintain its current contract management regime and resourcing, which have received praise from a number of stakeholders and are far more efficient than those evident elsewhere in the UK.
3. In line with recommendation 2 to TSE, senior SEEDA staff should allocate sufficient time to receive regular reports from TSE and better understand the impact of tourism on the South East economy.
4. There are several areas in which TSE operate where performance is not fully measured or acknowledged. The most prominent of these are the activities around physical regeneration and strategic marketing. The outputs of these (around leverage and GVA) are particularly important to SEEDA's new priorities (as per the RES 2006), and should be understood and supported.
5. SEEDA funds sporting, cultural and leisure related projects that could complement many of TSE's activities yet it is clear that these are rarely joined up. An event or workshop linking these activities may have a long term benefit.
6. Given the current national evaluation of RDA activity, SEEDA should compare the findings of this study with comparable reviews of other RDA investment in Tourism.

Appendix 1: BACKGROUND, STRUCTURES & FUNDING OF NATIONAL & REGIONAL STATUTORY TOURISM BODIES

1.	English Partners	8 Regions of England (excl. London)
2.	National Partners	London, Scotland, Wales
3.	Offshore Partners	Northern Ireland, Jersey, Guernsey, Isle of Man

1 ENGLISH TOURISM BODIES

1.1 Regions of England

Strategic responsibility for tourism in England lies with the **Regional Development Agencies (RDAs)**. Delivery of their tourism strategies - marketing, PR etc - is contracted in most cases to their respective Regional Tourist Boards, known collectively as **Regional Delivery Partners** although in some regions (East Midlands, North East) this function is performed in-house, and in the North West, by five sub-regional tourist boards.

Total direct RDA funding of the management and development of tourism in 2006 / 07 was estimated to be **£28.8million**, (excluding London). This figure however does not include amounts invested 'indirectly' through regeneration schemes, broadband and IT, capital investment in galleries, museums, sporting venues etc, so the total tourism – related pot is much bigger.

Additionally, most Regional Delivery Partners draw from the private sector to support their own activities. This is either in the form of an annual membership subscription (a declining practice), through the sale of partner marketing opportunities, or both.

1.2 Local Authorities

Tourism is not a statutory service for local authorities and consequently there has been no common approach to tourism management among the 400+ authorities in England. The Local Government Association has recently formed a Culture Tourism and Sport Board, which indicates a positive shift change in their approach to the sector. Collective, although disparate, local authority annual tourism spend in England is at least **£122 million** (DCMS estimate).

2 NATIONAL TOURISM BODIES

London

The structure in London is very similar to other English regions - the **London Development Agency** contracts **Visit London** as its Regional Delivery Partner. The main differences to other regions are:

1. the existence of an elected authority and Mayor as tiers above the LDA
2. the strength of the London brand in comparison to the rest of the country.

The London Development Agency tourism budget of **£22.9 million (2006-07)** puts it in the same league as other nations the UK, reflecting the brand status and the priorities of the elected authority and Mayor.

2.2 Scotland

The Scottish Executive, through the Tourism, Culture and Sport division of the Education Department, provided core funding for VisitScotland of **£38.35m** in 2006/07 with a further **£6.5 million** coming from Scottish local authorities.

Via its **14 area offices** VisitScotland provides a single point of contact for tourism businesses and is responsible for delivery and implementation of a national strategy complemented by local tourism action plans.

March 2006 saw the publication of **Scottish Tourism: The Next Decade** that takes a fresh look at what's happening in tourism markets, both globally and in Scotland, and how the tourism market might change over the next decade.

2.3 Wales

In April 2006 the **Wales Tourist Board** was wound up as a separate statutory body and integrated into the Welsh Assembly Government as **Visit Wales** with responsibility for the promotion and development of tourism in Wales.

Welsh Assembly Government funding of **£22.55 million** is ring fenced until the end of 2007/08.

3 OFFSHORE TOURISM BODIES

VisitBritain's offshore partners of Jersey, Guernsey, Isle of Man and Northern Ireland provide key product to VisitBritain activity overseas, reflecting what many consumers perceive to be 'British', but their promotion is not part of VisitBritain's remit under the 1969 Development of Tourism Act.

VisitBritain's relationship with the **Northern Ireland Tourist Board** (NITB) is influenced in part by the **Belfast Agreement of Good Friday** in 1998, which created the cross border **Tourism Ireland** (TIL). Tourism Ireland undertake the majority of international and mainland marketing for the Province, but the agreement allows for VisitBritain, at the request of NITB, to undertake promotional activities outside of the UK, and for collaboration between VisitBritain & TIL where this is considered appropriate.

Jersey, Guernsey and the **Isle of Man** enjoy Crown Dependency status but are not part of the United Kingdom. The tourism bodies on the islands are departments of their respective governments and each island has developed a relationship with VisitBritain based on the essential 'Britishness' of the product from a consumer perspective.

Appendix 2: BUSINESSES CONSULTED

Alvia Hotel, Brighton
Ascot Racecourse
Beaulieu Motor Museum
Bedgebury National Pinetum
Blenheim Palace
Bruford B&B
Canute Cottages
Chatham Royal Dockyard
Chewton Glen Hotel
Concorde club and Hotel
Croftside B&B
Denbies Wine Estate
Destination Milton Keynes
DickensWorld
Dinosaur Isle
Englewood
Farmer Gow's Ltd
Hever Castle
Little Hoyle
Loseley Park
Oatlands park hotel
Painshill Park
Penny Hooks Farm Project
The Historic Dockyard Chatham
The Lookout
The Mil Sonning Theatre
Theatre Royal, Brighton
Waddesdon Manor
West Quay Cars

Appendix 3: STAKEHOLDERS CONSULTED

Name	Organisation
Adam Bates	Bristol City Council
Andrew Batemen	Hampshire County Council
Bob Cotton	British Hospitality Association
Chris Foy	VisitBritain
Dan Pillay	DCMS
Dave Waller	Oxfordshire Economic Partnership
David Philip	VisitBritain
Diane Hayward	Basingstoke and Dean District Council
Elizabeth Molineux	SEMLAC
Fiona Wickens	SEEDA
Helen Ryan	Oxfordshire Economic Partnership
James McVeigh	Arts Council South East
Jenny McGee	VisitBritain
John Gibbs	West Sussex County Council
Julie Edwards	Sport England South East
Kathy Slack	SEEDA
Ken Robinson	TSE Board Member
Lyn Bibbings	Chair of BBO Sub region
Mark Smith	Bournemouth Council
Maureen McAllister	SWRDA
Mike Bedingfield	VisitBritain
Neil McCollum	Canterbury City Council
Nick Head	Chair of Sussex Tourism Partnership
Peter Grant	Local Skills for Productivity Alliance
Sandra Matthews Marsh	Visit Kent
Sean Coster	DCMS
Simon Curtis	Medway Council
Sue Thompson	Chair of Visit Surrey Partnership//Marketing and PR Manager for RHS Garden Wisley
Tom Wright	VisitBritain
Valerie Carter	SEEDA

TSE Employees

Name	Role
Andrew Gostelow	Head of Communications
Cat Carkeet	West Sussex Tourism/Sussex Skills Coordinator
Dr Parves Khan	Head of Research
Karen Roebuck	Head of Marketing
Malcolm Lane	Corporate Services Director
Mark Dowling	Head of Development and Urban Regeneration
Nigel Smith	Director of Commercial (Interim)
Paul Jeffries	Senior Development Manager
Peter Colling	Director of Development Services
Robert Collier	Managing Director
Sue Gill	Head of Skills and Training

Appendix 4: TSE FINANCIAL RESULTS SUMMARY

Financial Results

Profit/Loss Statement	2003/04	2004/05	2005/06	2006/07	2007/08**
	£	£	£	£	£
Income source					
Board's activities*	4,280,239	4,775,405	3,610,426	3,076,740	3,116,000
Core funding (SEEDA, DCMS, Visit Britain)	1,727,885	1,936,894	2,246,970	2,055,257	2,010,000
Membership subscription income	542,577	452,209	469,287	459,459	442,000
Turnover	6,550,701	7,164,508	6,326,683	5,591,456	5,568,000
Cost of sales	5,314,642	5,908,275	4,987,088	4,964,552	4,812,000
Gross Profit	1,236,059	1,256,233	1,339,595	626,904	756,000
Administrative expenses	1,077,984	1,061,552	1,156,817	1,019,304	920,000
Operating Surplus/(Deficit)	158,075	194,681	182,778	(392,400)	(164,000)
Exceptional Items	(160,638)	516,405	(233,534)	0	0
Interest Receivable	63,802	88,614	92,430	119,236	134,000
Other Finance Charges FRS 17	0	(74,000)	(46,000)	(7,000)	6,000
Surplus/(Deficit) on ordinary activities before tax	61,239	725,700	(4,326)	(280,164)	(24,000)
Tax	(14,824)	(89,353)	(27,121)	59,827	(20,000)
Surplus/(Deficit) after and tax per Annual Report	46,415	636,347	(31,447)	(220,337)	(44,000)

* Includes TSE research contracts, VIC/TIS management fees, extra project funding including, commercial revenue (e.g. sales at TICs)

** 07/08 pre-audit estimate

Appendix 5: UK OVERNIGHT VISITORS AND INTERNATIONAL OVERNIGHT VISITORS DATA

Number of Staying Visits by Overseas Visitors by region 1999-2006 (Thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	CAGR '99-'06	CAGR '04-'06
North East	488	440	440	530	500	540	590	650	4.2%	9.7%
North West	1,586	1540	1,460	1,520	1,840	1,810	2,330	2,610	7.4%	20.1%
Yorkshire	874	920	800	860	920	1,110	1,130	1,240	5.1%	5.7%
West Midlands	1426	1450	1,230	1,530	1,730	1,730	1,680	1,670	2.3%	-1.7%
East Midlands	821	820	780	830	960	1,030	1,090	1,050	3.6%	1.0%
East of England	1,691	1780	1,430	1,660	1,770	1,930	2,180	2,090	3.1%	4.1%
South West	2,272	2350	1920	1,850	1,880	2,030	2,140	2,230	-0.3%	4.8%
South East	4,261	4150	3,820	3,700	3,590	3,950	4,140	4,320	0.2%	4.6%
Total	13,417	13,450	11,880	12,480	13,190	14,130	15,280	15,860	2.4%	5.9%

Number of Bednights spent by Overseas Visitors by region 1999-2006 (Million)

	1999	2000	2001	2002	2003	2004	2005	2006	CAGR '99-'06	CAGR '04-'06
North East	4.7	4.1	3.8	3.9	5.0	4.3	5.1	5.8	3.1%	16.1%
North West	10.8	10.7	9.1	10.5	12.8	12.8	18.2	19.8	9.1%	24.4%
Yorkshire	6.6	6.4	6.2	7.5	6.5	8.8	8.5	12.7	9.8%	20.1%
West Midlands	10.0	10.8	8.8	11.5	11.1	10.9	13.3	13.6	4.6%	11.7%
East Midlands	6.7	6	6.7	7.2	6.6	9.1	9.2	8.8	4.0%	-1.7%
East of England	13.7	14.1	12.1	13.6	15.0	14.5	18.1	17.4	3.5%	9.5%
South West	16.7	17.2	15.1	16.5	16.2	16.7	17.8	20.0	2.6%	9.4%
South East	30.9	29.2	28.8	28.8	28.4	31.3	32.7	36.0	2.2%	7.2%
Total	100.0	98.5	90.6	99.5	101.6	108.4	122.9	134.1	4.3%	11.2%

**Total spend by Overseas Visitors staying overnight by region 1999-2006
 (£million)**

	1999	2000	2001	2002	2003	2004	2005	2006	CAGR '99- '06	CAGR '04- '06
North East	181	169	172	169	213	194	206	254	5.0%	14.4%
North West	544	500	436	507	611	558	883	951	8.3%	30.5%
Yorkshire	240	259	262	303	294	346	387	463	9.9%	15.7%
West Midlands	459	495	368	494	571	552	533	557	2.8%	0.5%
East Midlands	245	245	260	275	291	440	365	354	5.4%	-
East of England	546	654	525	616	592	609	709	879	7.0%	20.1%
South West	694	733	635	741	663	714	868	824	2.5%	7.4%
South East	1,395	1359	1,398	1,400	1,295	1,467	1,470	1,679	2.7%	7.0%
Total	4,303	4,414	4,056	4,505	4,530	4,880	5,421	5,961	4.8%	10.5%

**Average spend per night by Overseas Visitors staying overnight by region
 1999-2006 (£million)**

	1999	2000	2001	2002	2003	2004	2005	2006	CAG R '99- '06	CAG R '04- '06
North East	38.70	41.22	45.26	43.33	42.60	45.12	40.39	43.79	1.8%	-1.5%
North West	50.52	46.73	47.91	48.29	47.73	43.59	48.52	48.03	-0.7%	5.0%
Yorkshire	36.33	40.47	42.26	40.40	45.23	39.32	45.53	36.46	0.0%	-3.7%
West Midlands	46.10	45.83	41.82	42.96	51.44	50.64	40.08	40.96	-1.7%	-
East Midlands	36.54	40.83	38.81	38.19	44.09	48.35	39.67	40.23	1.4%	8.8%
East of England	39.85	46.38	43.39	45.29	39.47	42.00	39.17	50.52	3.4%	9.7%
South West	41.62	42.62	42.05	44.91	40.93	42.75	48.76	41.20	-0.1%	-1.8%
South East	45.12	46.54	48.54	48.61	45.60	46.87	44.95	46.64	0.5%	-
Average	43.04	44.81	44.77	45.28	44.59	45.02	44.11	44.45	0.5%	0.6%

Source: Visit Britain

South East

	Trips (Mn)	Nights (Mn)	Spend (£Mn)	Average Spend (£)
2000	23.3	73.4	2,992	40.76
2001	23.3	73.6	3,391	46.07
2002	22.6	68.0	2,975	43.75
2003	21.0	60.1	3,001	49.93
2004	16.6	48.5	3,006	61.98
2005	18.2	51.3	2,644	51.54
2006	18.1	52.7	2,429	46.09
England (without London)				
2000	121.9	396.8	16,820	42.39
2001	115.0	380.4	17,283	45.43
2002	118.8	380.4	17,969	47.24
2003	107.0	339.1	17,348	51.16
2004	88.6	284.3	16,201	56.99
2005	100.5	316.4	15,402	48.68
2006	90.87	284.23	13,942	49.05
South East				
CAGR '00-'06	-4.1%	-5.4%	-3.4%	2.1%
CAGR '04-'06	4.4%	4.2%	-10.1%	-13.8%
England (without London)				
CAGR '00-'06	-4.8%	-5.4%	-3.1%	2.5%
CAGR '04-'06	1.3%	0.0%	-7.2%	-7.2%
South East proportion of England (without London)				
2000	19.1%	18.5%	17.8%	96.2%
2006	19.9%	18.5%	17.4%	94.0%

Source: United Kingdom Tourism Survey (UKTS), VisitBritain

Note: In May 2005 the four national tourist boards introduced a new methodology for the United Kingdom Tourism Survey replacing a telephone methodology with a face-to-face survey methodology. The change was brought about as a result of doubts in the validity of the survey data produced by the telephone methodology, which in 2004 produced significant drops in the levels of domestic tourism, going against other survey data and industry feedback. Since the new survey commenced in May 2005, VisitBritain and the other national tourist boards have estimated the number of trips for the period January - April 2005. 2005 data is not comparable with previous years due to the introduction of a new methodology.

Appendix 6: INDICATIVE LIST OF THEMES FOR CONSULTATION

WME have been commissioned by SEEDA to conduct an evaluation of their Tourism Programme which is delivered through Tourism South East (TSE).

The following is a list of themes that will guide stakeholder consultation.

Note: This set of questions is just a guide and stakeholders are not expected to comment on all aspects.

Background

- Please outline your role
- Overall view of TSE?
 - Management?
 - Structure?
 - Delivery model?
- Which TSE programmes are you aware of and in what ways are they successful and why?

Objectives

- To what extent is there alignment between TSE and SEEDA objectives?
- How effective is the programme in meeting TSE objectives?
- Extent to which Tourism ExSEllence objectives are being met by the programme?

How does the programme meet the needs of sub-regional tourism objectives/priorities?

Processes and Delivery Model

- Do you feel TSE delivery has improved over the past 2 years? In what ways?
- How effective are the project management and governance processes, in particular, including linkages with TSE and SEEDA?
- Comments on the delivery model of TSE (in comparison to models elsewhere if appropriate)?
- Comments on recruitment and retention of members
- Comments on business engagement, success stories and/or gaps in support
- Comments on the relationship between TSE and SEEDA

Outputs and Impact

- Which TSE initiatives do you feel are most effective and why?

- Comments on examples of innovation and good practice
- Comments on the contribution of the programme towards SAV
 - Likely continuation of newly created partnerships
 - Strategic influence
 - Leverage (mobilise partner resources)
 - Synergy (information exchange and knowledge transfer)
 - Engagement (setting up mechanisms and incentives for more effective and deliberative engagement of stakeholders)
- Comments on the brand/theme of a South East regional offer
- Can you comment on existing monitoring procedures - in what ways can they be improved? How has TSE performed against targets?
- Comments on the extent to which the programme is providing VFM

Other

- Comments on the ways in which the programme is ensuring equality of opportunity and examples of good practice
- What are the most appropriate ways of attracting and retaining TSE members? What is the most appropriate way of gaining commitment (financial and otherwise) from business and local authorities? And what benefits should they expect in return?
- How effectively are businesses being engaged by the programme? Is the support efficient? Are there any examples of good practice or success stories? Are there any gaps in support?
- Are you aware of examples of good practice in supporting the tourism sector elsewhere?

Moving Forward

- Comments on any policy agendas (national or regional) that may influence the ways in tourism policy, in the SE should develop
- In what ways would you like to see the TSE improve / expand?
- What do you regard to be the main challenges facing TSE over the next few years?

Appendix 7: INDICATIVE LIST OF QUESTIONS FOR CONSULTATION FOR TSE MEMBERS / BUSINESSES

Introduction

WME have been commissioned by SEEDA to conduct an evaluation of their Tourism Programme which is delivered through Tourism South East (TSE). We would like to speak to you, as a stakeholder, in order to understand the following:

- Your overall views of the Tourism Programme and the delivery model for this sector in the South East
- The outputs, outcomes and strategic added value achieved by the programme
- The extent to which SEEDA, through TSE is helping tourism in the region and your thoughts on changes moving forward.

Note: This set of questions is just a guide and should be adapted for each interview.

Background

- Please outline your business
- Please describe how you heard about TSE
- Please describe why you became a TSE member
- Please describe the ways in which TSE have worked with you

- What is your overall view of TSE?
 - Management?
 - Structure?
 - Delivery model?

Process

- Please describe the ways in which you contact TSE? E.g. through local authority, business link, direct, word of mouth etc
- What has been your involvement with TSE?
- Please provide comments on the TSE delivery model. Is TSE's central role with sub-regional committees the most effective model? (Would you like to see a further devolved model to provide more localised specialist support?)

Outputs and Impact

- How have you utilised TSE services? What effect have these had on your business?
- Can you provide any examples of intervention that have been particularly innovative or are examples of good practice?
- Could there be any improvements to these services?
- What has been the contribution of the programme towards SAV (e.g. likely continuation of newly created partnerships, strategic activity, improved

intelligence)? What benefits have there been to your business that would not have occurred otherwise?

- Do you have any comments on the brand/theme of a South East regional offer? Is this the most appropriate approach? Are TSE marketing methods the most appropriate? Does this best support the private sector?
- Are there any gaps in support available to businesses?

Other

- In what ways is the programme ensuring equality of opportunity within the Tourism Sector? Any examples?
- In what ways can this be done better??

Moving Forward

- In what ways can the model develop/improve in the future?
- What are the key business support needs of businesses in the sector and what support will you/others require in the future?

Appendix 8: TSE KEY PERFORMANCE INDICATORS FOR 2007/8

Programme	KPIs	Relations hip to SEEDA Outputs
1. Policy and Partnership	<ol style="list-style-type: none"> 1. Minimum of 72% of local authorities in membership of TSE 2. Achievement of sub-regional working arrangements 3. Implementation of new sub-regional and staffing arrangements 	
2. Destination Renaissance	<ol style="list-style-type: none"> 4. Leverage of £100k investment funding to rural tourism regeneration plan 5. Establish two new resort development initiatives, leveraging minimum of £200k of match funding 6. Stimulation and support of regeneration projects worth up to £½m of capital investment 7. Establish two new cultural and tourism projects within growth areas 8. Secure three new major sports events in the region, generating partnership funding of £200k and visitor expenditure of £½m 	Financial Leverage Financial Leverage Financial Leverage Financial Leverage Financial Leverage
3. ExSEllence and Competitiveness	<ol style="list-style-type: none"> 9. Help 100 businesses to adopt sustainable management practices 10. Provide specialist tourism advice to 50 businesses in the region 11. Support 3 sector product groups and integrate them into the TSE web platform and lifestyle marketing campaigns 12. Produce and disseminate a regional cycling strategy 13. Help secure the investment of £100k into rural sector product groups 	Business Support Business Support Business Support Financial Leverage
4. Training, Skills and Enterprise	<ol style="list-style-type: none"> 14. Training / learning opportunities delivered to 3,000 participants within the tourism sector 15. 300 businesses engaged and participating in training projects / workshops 16. 6 Tourism Skills Network Co-ordinators in place / SLAs agreed and signed with successful delivery of related SEEDA targets 	Skills Business Support / Skills Strategic
5. Better	17. Region-wide business performance monitor to	Business

Programme	KPIs	Relations hip to SEEDA Outputs
Market Research and Intelligence	achieve 500+ participating businesses 18. Disseminating market intelligence – 25,000 hits via email news and TSE newsletter 19. Lever £300k of commercial income	Support Business Support Financial Leverage
6. Marketing and Brand Management	20. Achieve overall ROI of 6:1 in domestic marketing 21. Leverage partner funding of £390k 22. Achieve a email database of 28,000 for CRM programme 23. Maintain profile in Group markets and deliver growth for CRM programme	Financial Leverage Financial Leverage
7. Marketing contract services	24. 2 new contracts secured 25. Retain 5 contracts	
8. Visitor Information Services	26. Carry out a second customer service review via the delivery of a Mystery Shopper Programme 27. Undertake 14 Information Partner TIC assessments and 40 regional network TIC criteria assessments 28. Continue to develop close relationships VB to anchor funding to allow TSE to adopt a regional and national delivery role, leading on a series of areas 29. Deliver ten TIC contracts 30. Deliver one region wide information conference and achieve a 10% increase in audience from 2007	
9. Membership and Comms	31. Production of 2 TSE news magazines, 12 TSE e-newsletters to LAs and 6 to commercial members, 12 news bulletins for SR Committees 32. Increase TSE profile in regional, local and specialist trade media resulting in ten articles which profile TSE as providing specialist tourism comment 33. Deliver PR programmes for all key TSE events, achieving at least one piece of relevant media for each event 34. Deliver the Tourism ExSEllence campaign, introducing at least one new category and increasing participation by at least 10% 35. Deliver one region-wide members conference, increasing attendance by 10% 36. Deliver a 5% increase in membership income growth	

Programme	KPIs	Relations hip to SEEDA Outputs
	via direct sales activity including the delivery of 2 direct marketing campaigns, production of sales and marketing material, 8 association membership programmes, 3 new membership benefits and 9 new active key accounts 37. Secure marketing sales of £300k from new and existing key small business account	
10. Corporate Services	38. Manage delivery of the annual and periodic product data collection programme for accommodation, attraction and events 39. Meet budget targets for 2007/8 40. Deliver internal 'customer service support' proportionate to reduced resources	

20th November 2008

Mr Jeff Alexander
Director
Business and International Division
SEEDA Headquarters
Cross Lanes
Guildford
GU1 1YA

Dear Jeff

Tourism South East response to the WME appraisal and recommendations

The Board of Tourism South East (TSE) would like to acknowledge SEEDA's role in commissioning the report: **'Evaluation of SEEDA's investment in Tourism South East 2003/4 to 2007/8'** from WM Enterprise (WME), received in September 2008. We welcome the report as an encouraging independent assessment of TSE performance during the period 2003 to 2008, and as a valuable aid to planning

We are pleased to note the confirmation of the **exceptional value-for-money for SEEDA** of the investment in TSE, confirmed by the assessment of performance against targets, and the contribution to GVA;

The recognition of the efficiency and effectiveness of TSE activities, both in absolute and comparative terms, related to the outputs and outcomes achieved, is useful to confirm that **TSE is doing the right things, and doing them well;**

We intend to promote widely, the results of the evaluation, which in our view confirms **the value of the SE tourism partnership arrangements.**

However, we recognise that there is **scope for further improvement** in key areas of activity, and our detailed response to the recommendations in the report is contained in the attached table.

TSE notes the following key statements from the report:

"The results of this evaluation suggest that TSE is a respected organisation with a strong and efficient central team well placed to lead skills provision, sector research, strategic marketing and regeneration activities. In recent years there has been success in the establishment of loose sub regional structures despite lack of resources, and in general the organisation successfully avoids high bureaucracy and overheads evident in other regions."

"Consultation suggests that TSE is an honest and transparent organisation internally and externally - valued by stakeholders, businesses and SEEDA as an independent organisation."

"In gross terms, within the evaluation period, TSE has assisted 10,847 people in skills provision (against a target of 7,451), assisted 12,069 businesses (against a

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target of 8,531), levered £1.3m of physical regeneration spend (against a target of £800k) and generated £75.4m of expenditure through marketing activity at a rate of 1:13.9 (against a target rate of 1:6)."

"The estimated total GVA impact of SEEDA's investment in tourism through TSE is £144.3 to £182.8m over the period 2003-08."

"Using the hotels and restaurants as a proxy for the tourism sector, there is evidence of strong sectoral performance with a higher than average growth rate in terms of businesses and employees. Tourism is one of only a small number of non-public sector dominated categories of employment to be growing in the South East."

"By undertaking some simple benchmarking with other programmes where skills and business support are important outputs, it seems clear that TSE is generating good value for money."

In summary, we are pleased with a positive report on TSE performance, though far from complacent, as the report also gives advice for various **'learning points and possible improvement areas'**, including:

"It is clear that, despite a comprehensive formal reporting regime, not all relevant achievements have traditionally been formally reported to SEEDA. Both parties need to ensure clearer relationships between senior personnel in order to improve the understanding of the value of tourism."

"Concerns exist as to whether the current sub-regional structures, which differ for each sub region, are fit-for-purpose to support the tourism industry in the South East with insufficient funds to resource effectively at both the regional and sub-regional level."

"Need for more forward planning in terms of securing funding in the long term – particularly around skills/SR focused staff. Funding needs to be agreed with reasonable notice to avoid disruption to TSE programmes."

"Some isolated disengagement at county level in some cases and a need for TSE to ensure that their membership offer is suitable across a range of geographies and member-types."

As an immediate response to the appraisal and analysis, we plan **further performance improvements** which we have already started to implement:

We have invested new resources in the task of securing **improved funding for the tourism sector** from the range of sources available;

We intend to substantially **increase the resources dedicated to partnership and industry engagement** in the region, to build on past success;

Limited funding will be re-cycled through a range of **new projects** on a regular basis, to ensure that TSE activity is current and appropriate;

The regional **tourism strategy** – Tourism ExSEllence – will be **revised, up-dated** and re-launched;

Reporting to SEEDA and regional stakeholders will be improved, on the back of up-graded monitoring and evaluation activity.

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Our detailed response to the report's specific recommendations to TSE is attached, for information.

In conclusion, the TSE Board look forward to working closely with SEEDA and regional stakeholders, to build on the strong foundations, to drive further continuous improvement, and to obtain exceptional results for the visitor economy in the SE region.

Yours sincerely

Robert Collier
Managing Director

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WME Recommendation to TSE	TSE Response
<p>1. <i>The current level of public sector funding is too prohibitive to adequately resource the destination based structure used elsewhere in the UK and any course of action to move to such a model at present would not be feasible. With this in mind TSE should:</i></p> <p>a. <i>Develop a model based on successful elements of the existing sub-regional model, securing appropriate funding and replicating them elsewhere. This includes the concept of creating a single point of contact for each sub-region within the TSE central organisation.</i></p> <p>b. <i>Increase strategic influencing and policy support around destinations identified as being strong in the marketplace, using senior central TSE resources, in the same way that successful influencing takes place at national level, and</i></p> <p>c. <i>In appreciating that this could be a long term process, attempt to build relationships with those Local Authorities that are currently less engaged than most.</i></p>	<p>1. We agreed with this analysis.</p> <p>a. We will form a working group of the sub-regional chairs to undertake this analysis and define the best model(s) going forward, which will then be subject to consultation with sub-regional committees and stakeholders.</p> <p>b. We will review this proposal with the advice of the Destination Managers Forum and allocate resources as appropriate on the basis of an agreed plan.</p> <p>c. We regard this as an existing and on-going process, but will step up our efforts to win the support of all Local Authorities in the region.</p>
<p>2. <i>At present, TSE presents a relatively narrow series of quantitative outputs to SEEDA in the form of tasking framework targets and very detailed business plan output KPIs. In order to communicate the work of TSE and the wider benefits of supporting the tourism industry as an enabler for a stronger regional economy, TSE should hold periodic dissemination and learning sessions with senior SEEDA individuals, focusing on key achievements and challenges within the sector.</i></p>	<p>2. TSE currently reports what is required. We will improve and modify reporting to SEEDA to give more complete feedback. We will engage with SEEDA to define the new reporting arrangements.</p> <p>TSE will require technical support and assistance from SEEDA to develop reporting on the GVA model</p> <p>Sessions with senior staff at SEEDA would be welcomed by TSE.</p>
<p>3. <i>There is a need for more research and dissemination around the value of intervention into the South East visitor economy. In the appreciation that this would bear a cost, at the expense of direct support delivery, this could be minimised by linking work being carried out by VisitBritain around tourism in the national economy</i></p>	<p>3. TSE will review the work being undertaken by VB when available, and assess the value to TSE. When the analysis is completed, we will assess whether to deploy funds diverted from direct support delivery, or seek funding from SEEDA.</p> <p>We will also review the effectiveness of the</p>

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WME Recommendation to TSE	TSE Response
	Cambridge Model as a means of building appreciation of the value of tourism at a local political level and take on board any subsequent recommendations of the England Tourism Intelligence Partnership.
<p>4. <i>A major issue within TSE, especially in relation to the development and delivery of skills programmes, is the short term nature of funding. The high value for money evident, and positive feedback received by stakeholders around, skills and business support provision, suggests that SEEDA and other funding partners should be interested in investing over a longer period. This should be investigated fully by both SEEDA and TSE.</i></p>	<p>4. We agree with the analysis, and look forward to a constructive meeting with SEEDA. A mutually beneficial arrangement with Train to Gain could be a component part of this providing underpinning funding to the SE Tourism Skills Network.</p>
<p>5. <i>Within TSE there remains a hierarchical structure with, consultations suggest, limited opportunity for progression. This should be addressed by moving to a more fluid model, with the aim of incentivising staff.</i></p>	<p>5. We plan to introduce more of a flexible 'project management' work-style to achieve progress against this issue.</p>
<p>6. <i>There remain unclear boundaries between the business support brokerage offered by TSE to the tourism sector and Business Link's Information Diagnostic and Brokerage (IDB) offering to business in general. A clear process needs to be developed to ensure that business use the correct point of contact and receive the optimum support.</i></p>	<p>6. We will engage with the Business Links to secure an improved arrangement. Piloting different types of arrangement with Business Links will help to identify a preferred model which can be rolled out region wide.</p>
<p>7. <i>Although membership revenue increased in 2007/8, there is a need to engage with more large tourism businesses to ensure a representative spread and leverage private sector investment in the industry.</i></p>	<p>7. We agree with the analysis.</p>

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