

# Communities, Equality and Local Government Committee

CELG(4)-06-11 : Paper 3

## Evidence paper – Welsh Government’s Draft Tourism Budget 2012/13

### Introduction

1. This paper provides background financial information to the Communities, Equality & Local Government Committee regarding the Department for Business, Enterprise, Technology & Science’s spending plans for Tourism and Major Events as outlined within the draft budget published on 4 October 2011.

### Summary of Budget Changes

2. The draft budget proposals for Tourism and Major Events have been made against a background of reducing baselines following the CSR settlement. A summary of the main expenditure areas covered within the Spending Programme Area is at Annex A. Overall the Tourism and Major Events budget has been reduced by £0.279m which represents a 1.4% reduction against the 2011/12 baseline.

### Tourism and Major Events

Action	Expenditure Category	2011/12 Supplementary Budget £'000	Changes	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Tourism and Major Events	Revenue	16,677	84	16,593	16,523	16,523
	Capital	2,790	195	2,595	2,313	2,313
	<b>TOTAL</b>	<b>19,467</b>	<b>279</b>	<b>19,118</b>	<b>18,836</b>	<b>18,836</b>

### Tourism

Action	Expenditure Category	2011/12 Supplementary Budget £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Tourism	Revenue	12,747	12,723	12,626	12,626
	Capital	2,790	2,595	2,313	2,313
	<b>TOTAL</b>	<b>15,537</b>	<b>15,318</b>	<b>14,939</b>	<b>14,939</b>

3. £15.3m funding for tourism actions will focus on increasing visitor demand and conversion, developing the visitor experience and facilitating relevant marketing campaigns. The overall reduction of £0.219m represents efficiency savings in Tourism Actions

4. The overall reduction of £0.219m reflects efficiency savings of £0.416m relating to developing the visitor experience, offset by an increase of £0.197m to address demand and conversion pressures.
5. The priority for tourism is to work with public and private sector partners to build a sustainable visitor economy. Administering the Tourism Investment Support Scheme and the UK harmonised grading schemes effectively will support improved product quality and higher levels of competitiveness in the tourism sector.
6. Tourism will contribute to several commitments. Actions will develop tourism activity, niche markets and secure maximum benefit from major events in our high profile venues and promote Wales as a destination making a high quality tourism offer. The budget will support the extension of the tourism season and associated benefits as well as identify funding opportunities to improve the visitor infrastructure and product in Wales. Associated support for investment in staff training and management to support a high quality industry will also be important

### Major Events

Action	Expenditure Category	2011/12 Supplementary Budget £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Major Events	Revenue	3,930	3,870	3,897	3,897
	<b>TOTAL</b>	<b>3,930</b>	<b>3,870</b>	<b>3,897</b>	<b>3,897</b>

7. £3.9m funding for Major Events will support work with national, UK and international sports federations to ensure more major events are hosted in Wales in the future, ensuring that the whole of Wales reaps the benefits of this ambition. The budget will also support work with Cardiff City Council to explore the feasibility of bidding to host the Commonwealth Games in 2026.
8. The reduction of £0.060m represents efficiency savings.
9. Funding for Major Events will support the delivery of Event Wales – Wales' first major events strategy launched in September 2010. The strategy aims to build on the success of the 2009 Ashes Test and 2010 Ryder Cup in building Wales' position as a world class destination for major events.

## **Spending Programme Areas – main expenditure areas covered**

### **Tourism**

This Spending Programme supports the development, promotion and marketing of Wales as a tourist destination within the UK and overseas.

The marketing programme seeks to build the reputation of Wales as a tourism destination in the medium term whilst stimulating demand for Welsh tourism businesses in the short term.

In order to optimise the return on investment from the funds available Visit Wales analyses the marketing environment and identifies the priority markets and segments which are deemed to offer the best potential for Wales. In doing so there is a need to trade off the need to develop markets and segments which offer potential for growth in the longer term against the need to continue to drive business from more mature markets in the short term.

The result of this analysis creates a Strategic Marketing Action plan which informs annual priority actions. The impact of these marketing activities is evaluated through a series of 7 key performance indicators. Moving forward priorities will be agreed by the Tourism Sector Panel.

Visit Wales use marketing techniques which offer a holistic and integrated response to the business challenge. This includes extracting maximum benefits from the supported major events and increased emphasis on digital marketing techniques. It supports and encourages an all Wales approach to tourism development - involving both public and private sectors - working closely with four Regional Tourism Partnerships.

### **Major Events**

The strategic priorities over the period will be to:

- support a programme of Growth Events outside Cardiff;
- work strategically with the owners and organisers of Wales' Signature Events to identify new and innovative ways of extending their reach;
- seek to attract major international events which enhance international recognition and reputation of Wales; and
- co-ordinate, in association with the appropriate Sector Skills Councils, the education sector and training providers a skills action plan to strengthen Wales' professional event management and production capacity.

The major events budget will be used to deliver specific Programme for Government commitments to: work with national, UK & international sports federations to ensure more major events are hosted in Wales in the future; and to support work with Cardiff County Council to explore the feasibility of bidding to host the Commonwealth Games in 2026.