

Supporting Tourism in Rural Areas

National Context

Tourism plays an important role in the English economy as a whole and a vital one in many rural economies. In England, tourism is worth £106 billion taking into account direct and indirect impacts, and supports 2.6 million jobs. The turnover of rural tourism businesses in this country is around £25 billion and accounts for 13% of rural employment and 10% of rural businesses.

The RDP Growth Programme can fund a variety of investments in rural tourism to promote growth in the sector, including the development of businesses; support for visitor attractions and tourism infrastructure; and promoting local cooperation in order to develop and market tourism destinations. The aim is to support the creation of distinctive and high quality destinations¹, based on what each individual destination can offer.

Setting the Local Context

LEPs and local partners will have identified their key priorities for economic growth using ESIF funds within their ESIF strategies, including in many cases their local strategic priorities for investment in the tourism sector.

In providing advice to inform the development of EAFRD Growth Programme business development calls in their areas, local ESIF sub-committees will need to ensure that the calls are fully aligned with the priorities set out in their Local ESIF strategies.

Local ESIF sub-committees are encouraged to work with destination organisations² (DOs), where these are in place or emerging, either singly or as part of a wider group, to shape their advice to ensure that it is best suited to meeting local needs as set out in local Destinations Plans (DP). Where a DO is not established, the Growth Programme can support the establishment of a DO and the drawing up of a DP³.

Tourism is also a priority under the LEADER programme. Approved Local Action Group Strategies were required to complement wider LEP strategies. Consequently,

¹ VisitEngland defines destinations as places that people want to visit and experience

² Destination Organisations are place based organisations involved in the strategic management of the visitor economy. Further information is available on the VisitEngland website.

³ Destination Plans (DPs) are a shared statement of intent between public and private partners with the status and remit to manage tourism locally. DPs include priorities for growing, developing and managing the destination, identifying clear actions and the roles and responsibilities of stakeholders. Further information is available on the VisitEngland website.

projects under both LEADER and Growth Programmes should work together to deliver jobs and growth irrespective of the measures/grants used to fund projects.

Summary of Grants Available for Support

LEPs and local partners can choose one or more of three measures to support tourism through the RDPE Growth Programme:

- **Support for investments in the creation and development of non-agricultural activities (measure 6.4).** These grants will help develop and grow existing rural tourism micro and small enterprises and help farms to diversify through rural tourism activities. Project applicants must demonstrate how their proposed activity brings about both direct economic benefits, for example job creation and visitor spend, but also how it contributes to development of the destination and wider rural growth.
- **Support for investments in visitor attractions, tourist information, recreational infrastructure and small scale infrastructure (measure 7.5).** The grants will help rural businesses and communities benefit from the value of tourism and attract visitors through activities and the management and development of rural assets including cultural, tourism and heritage amenities.
- **Co-operation for the development and marketing of tourism (measure 16.3).** These grants will support local co-operation and partnerships that improve the attractiveness of the destination, for example through developing the supply chain in the visitor economy and supporting businesses working together in the marketing and development of a destination.

Focus of Support

Project activities will need to:

- Demonstrate that the project will improve the range and quality of tourism products in the local destination;
- Demonstrate in a well-evidenced business plan that there is a demand for the project or a plan to create that demand;
- Support local strategic priorities as identified in any DP or wider destination plan or strategy covering the LEP area/destination. This can include projects covering several LEP areas/destinations or wider geographical areas/partnerships;
- Benefit the rural area as a whole, not just the initial beneficiary of the grant;
- Enable rural areas to take advantage of defined market trends and growth areas, e.g. as identified by VisitEngland or any local DP;
- capitalise on wider growth measures set out by LEP area strategies.

The following applications will not attract support:

- Where there is no clear demand or potential for growth, such as new accommodation, without clear evidence to support the development within a well-evidenced destination, place-based or business plan;
- Where there is a focus on individual business growth that demonstrates little in the way of wider growth, such as job creation or increased visitor spend, co-operation with other businesses, destination management strategic priorities or benefits to the local community.

Displacement can be an issue for tourism projects. The application must, therefore, clearly demonstrate the contribution a project can make to the destination as a whole.

Marketing and promotion are generally ineligible except in relation to the promotion and marketing of destinations under the Co-operation grant (measure 16.3).

How the Measures can be used

Support for investments in the creation and development of non-agricultural activities (measure 6.4).

<p>Type of Support Available</p>	<p>The kinds of tourism business projects that are likely to attract funding will be those creating new jobs and growth through developing high quality visitor products and services that link tourism providers, extend the tourism season and encourage visitors to stay longer. Projects could include developing:</p> <ul style="list-style-type: none"> • Visitor attractions, including niche products and services, that encourage visitors to stay longer and spend more, for example by turning day visits into overnight stays; • Quality accommodation, where this will create wider benefits for the local tourism economy in line with a destination plan, and where this does not displace existing provision; • innovative ways of providing information.
<p>Eligible Applicants</p>	<ul style="list-style-type: none"> • New or existing small or micro businesses in rural areas looking to develop and grow – check the size of a business. • Farmers or members of the farm household diversifying into non-agricultural activities.
<p>Ineligible Applicants</p>	<ul style="list-style-type: none"> • Non-departmental public bodies or Crown bodies

<p>Eligible Costs</p>	<ul style="list-style-type: none"> • The costs of construction, acquisition (including leasing) or improvement to immovable property; • The purchase or lease purchase of new machinery and equipment; • General costs linked to facilitating investments such as architect, engineer, consultation fees and technical support limited to a maximum of 15% of the total eligible project costs; • Intangible investments, including acquisition or development of computer software; and • Acquisition of patents, licences, copyrights, trademarks.
<p>Ineligible Costs</p>	<p>In addition to the general list of ineligible costs, the following items are not eligible for funding under this measure:</p> <ul style="list-style-type: none"> • The costs of refurbishment and simple like-for-like replacement of buildings, machinery or equipment; • The costs of computers, software and printers for the general running of a business, e.g. processing orders or accounts; • The costs of moveable fittings - like soft furnishings, beds, tables, chairs, curtains, television and audio equipment; • The operation and staff costs of a business or destination organisation; • The costs of developing pubs, restaurants and facilities that principally serve people in the local area without seeking to grow the visitor economy; • The costs of developing single purpose venues (e.g. wedding venues) unless it can be clearly demonstrated that they will contribute to the wider economy/destination; • The costs of tourism brown signs; • The costs of fees for local authority planning permission; • The costs of projects to meet statutory requirements for disabled access, fire regulations or emergency exits, unless these costs form part of the normal costs for a major expansion project; • The costs of developing self-catering

	<p>accommodation, camp sites, tents, camping pods, timber lodges, unless based on a well-evidenced destination, place-based or business plan. This plan will need to demonstrate the need for the project; measurable economic benefits; and links to other attractions, tourism businesses, public organisations or landscape and heritage assets.</p> <ul style="list-style-type: none"> • Costs of marketing and promotion; • Contributions in kind.
Minimum Requirements	Investments must be linked to a complete and well-evidenced business plan ⁴
Grant Amounts	<p>Grants will be available at or above £35,000. Higher minimum and maximum levels of grant can be set with the advice of local ESIF sub-committees.</p> <p>Payment is conditional on agreed outputs being monitored and reported by the grant recipient.</p> <p>Grant amounts will generally be limited to the sterling equivalent of the EU de minimis state aid level (€200,000) in any three year period.⁵</p>
Support Rates	Grants of up to 40% of the total project costs are available for commercial investments in profit-generating operations.

Support for investments in visitor attractions, tourist information, recreational infrastructure and small scale infrastructure (measure 7.5).

Type of Support Available	<p>Projects could include:</p> <ul style="list-style-type: none"> • Developing access infrastructure to help people connect to the natural environment, such as paths and cycle ways;
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⁴ Business plans should show how the project fits in with national and local level trends and growth areas as evidenced by the local LEP-published ESIF strategy and implementation plan; the strategy and action plan of the local Destination Organisation, where this exists; any other reputable source of information on a local and national level, for example from VisitEngland or ONS websites or any other relevant local strategies.

⁵ Separate advice on state aid issues will be issued in due course.

	<ul style="list-style-type: none"> • Developing culture, leisure, heritage, visitor activities or attractions; • Supporting sustainable events and festivals that attract overnight as well as day visitors and don't displace activity from elsewhere; • Supporting the development of niche products and services, e.g. events showcasing local heritage, culture and food; • Supporting small tourism information centres and associated visitor information.
Eligible Applicants	Rural businesses, rural communities, farmers, landowners.
Eligible Costs	<ul style="list-style-type: none"> • The costs of construction, acquisition (including leasing) or improvement to immovable property; • The purchase or lease purchase of new machinery and equipment; • General costs linked to facilitating investments such as architect, engineer, consultation fees and technical support limited to a maximum of 15% of the total eligible project costs; • Intangible investments, including acquisition or development of computer software; and • Acquisition of patents, licences, copyrights, trademarks.
Ineligible costs	<p>In addition to the general list of ineligible costs, the following items are not eligible for funding under this measure:</p> <ul style="list-style-type: none"> • The costs of refurbishment and simple like-for-like replacement of buildings, machinery or equipment; • The costs of computers, software and printers for the general running of a business, e.g. processing orders or accounts; • The costs of moveable fittings - like soft furnishings, beds, tables, chairs, curtains, television and audio equipment; • The operation and staff costs of a business or destination organisation; • The costs of developing pubs, restaurants and facilities that principally serve people in the local area without seeking to grow the visitor

	<p>economy;</p> <ul style="list-style-type: none"> • The costs of developing single purpose venues (e.g. wedding venues) unless it can be clearly demonstrated that they will contribute to the wider economy/destination; • The costs of tourism brown signs; • The costs of fees for local authority planning permission; • The costs of projects to meet statutory requirements for disabled access, fire regulations or emergency exits, unless these costs form part of the normal costs for a major expansion project; • The costs of developing self-catering accommodation, camp sites, tents, camping pods, timber lodges, unless based on a well-evidenced destination, place-based or business plan. This plan will need to demonstrate the need for the project; measurable economic benefits; and links to other attractions, tourism businesses, public organisations or landscape and heritage assets. • Costs of marketing and promotion; • Contributions in kind.
Minimum Requirements	Investments must be linked to a complete and well-evidenced business or place-based plan.
Grant Amounts	<p>Grants will be available at or above £35,000. Higher minimum and maximum levels of grant can be set with the advice of local ESIF sub-committees.</p> <p>Payment is conditional on agreed outputs being monitored and reported by the grant recipient.</p> <p>Grant amounts will generally be limited to the sterling equivalent of the EU de minimis state aid level (€200,000) in any three year period.</p>
Support Rates	<p>Grants of up to 40% of the total project costs are available for commercial investments in profit-generating operations.</p> <p>Community projects could attract support rates of 80% for investments (including local culture, food</p>

	<p>and heritage investments, events and festivals) where the project may generate some income.</p> <p>We will provide some limited support at a rate of 100% for small capital investments where these do not directly generate income. For example, way marking and interpretation boards, shelters and safety facilities to enhance the visitor's experience of a network of rural walks and trails.</p>
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Co-operation among small operators, including for development and marketing tourism (measure 16.3)

Type of Support Available	<p>Co-operation grants are available to support the following types of activity:</p> <ul style="list-style-type: none"> • Developing a new Destination Organisation, including as part of a wider group of Destination Organisations; • Supporting Destination Organisations or other partnerships in developing a Destination Plan; • Developing the supply chain through co-operative activity e.g. local speciality food tourism.
Eligible Applicants	Rural businesses (including social enterprises), charities, trusts, community groups and public bodies who want to work together to develop or promote tourism.
Eligible Costs	Costs covering the co-ordination and organisation of the co-operation activity.
Ineligible Costs	In addition to the general list of ineligible costs , operational costs of the bodies involved in the application are not eligible for support. Contributions in kind are also not eligible.
Minimum Requirements	The project must demonstrate how it proposes to develop a better co-ordinated local visitor economy. Projects will need to provide a sustainable business plan and contractual agreements between members of the co-operative or, in the case of Destination Organisations and Destination Plans, evidence of the establishment

	of the organisation and a planned publication date for an agreed Destination Plan which meets the guiding principles given by VisitEngland as far as possible.
Amounts	Grants will be available at or above £35,000. Higher minimum and maximum levels of grant can be set with the advice of local ESIF sub-committees. Grant amounts will generally be limited to the sterling equivalent of the EU de minimis state aid level (€200,000) in any three year period.
Support Rates	Support rates of 100% of the costs covering the co-ordination and organisation of the co-operation activity for non-profit making organisations. For commercial operations, the support rate shall be 50%.

Considerations for LEPs and their Local Partners

Local ESIF sub-committees may wish to prioritise certain types of applications over others. The calls for applications must detail how applications will be prioritised. The more specific the call is in relation to the priorities, the clearer it will be to applicants and the more likely that applications will meet the economic needs as detailed in the local ESIF strategy.

When will the grants be available?

Calls for applications for tourism grants are expected to be issued from Summer 2015.

Project Outputs

The progress of each project that receives grant funding under the RDPE Growth Programme will be monitored by Defra, the Managing Authority, and assessed on the basis of a range of Output Indicators against an initial baseline. Details of the Indicators relevant to all or some of the projects likely to be funded in this area are set out below, together with the types of evidence that would need to be gathered in order to inform an assessment. These assessments will focus on economic benefit, e.g. increased visitor spend and overnight stays are more likely to generate economic benefit.

Support for investments in the creation and development of non-agricultural activities (measure 6.4); Support for investments in visitor attractions, tourist information, recreational infrastructure and small scale infrastructure (measure 7.5).		
Output Indicator	Description	Evidence
Jobs Created	<p>The total number of jobs created by a project. 1 FTE equals 30 hours or more a week and must be in place for 1 year (part time jobs will be pro rata e.g. a part time job of 15 hours a week equals 0.5 FTE). A Seasonal job must be in place for 4 weeks of the year, 1 seasonal job in place for 4 weeks would equate to 0.08 FTE.</p> <p>New = should not have existed with that employer in the UK before the intervention.</p> <p>Permanent = should have a life expectancy of at least 1 year from the point at which it is created.</p>	<p>Written confirmation from a senior member of staff from the supported enterprise confirming the creation of a post within the English programme area as a result of the support provided. This should include details of its start date, duration, and number of hours. This can be evidenced by job advertisements and application forms received for advertised jobs. Reporting and analysis from the payroll of the grant recipient showing increases in employee numbers.</p>
Increase in wage bill	The wage bill of a business receiving grant funding. This should have a direct relation to jobs created.	Payroll information and payslips of new employees.
Additional Number of Day Visitors ⁶	The total number of additional day visitors created by the project	There are well known techniques to collect visitor data of varying levels of accuracy. Among the

⁶ Visitor spend should be calculated where possible. Based on the latest VisitEngland survey information, day visits generated an average £33 visitor spend and overnight visits an average £184 visitor spend in England in 2014.

		<p>most common means are:</p> <ul style="list-style-type: none"> • Admission Tickets • Automated Vehicular Traffic Counters • Automated Visitor Counters • Turnstiles • Hand-held Counters • Visitor/Guest Registers • Parking Surveys • Formal Visitor Surveys
Additional Number of Overnight Visitors ⁷	The total number of additional overnight visitors created by the project. An overnight visitor is a visitor that stays at least one night.	<p>Projects delivering new bed spaces will provide reporting and analysis of occupancy of bed spaces.</p> <p>For projects that encourage visitors to stay but do not deliver new bed spaces, the techniques indicated above for additional day visitors can be used or adapted to provide information on additional overnight stays</p>
Tourism products	To be confirmed	
Gross Value Added (GVA)	GVA is a measure of the contribution to overall economic output of a firm or sector.	GVA can be calculated from information in the accounts for the business. At the point of application, cash projections must be provided to indicate the forecast change in GVA. This can then be compared to data in the annual accounts of the business at the point of project closure and beyond.

⁷ See footnote 6.

Co-operation among small operators, including for development and marketing tourism (measure 16.3)		
Output Indicator	Description	Evidence
Development of a Destination Organisation	The development of a Destination Organisation as a result of the intervention	Documentation confirming the creation of the Destination Organisation with an agreed date to finalise a Destination Plan.
Development of a Destination Plan	The development of a Destination Plan as a result of the intervention	A copy of the Destination Plan with evidence of an agreed publication date.
New partnerships	Development of a new partnership as a result of the intervention	Evidence of a local partnership (e.g. a sustainable business plan, contractual agreements) that collaborates in activities that develop tourism e.g. local food supply chains.