

 <b>EXECUTIVE</b> <b>March 2019</b>		<b>Agenda Item No.</b> <b>9</b>
<b>Title</b>	Shakespeare's England Funding Renewal	
<b>For further information about this report please contact</b>	Martin O'Neill	
	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	N/A	
<b>Background Papers</b>	Shakespeare's England Annual Update Report for O&S Scrutiny March 2019	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	1,004
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	No

<b>Officer/Councillor Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive		Chris Elliott
CMT		Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer		Mike Snow
Monitoring Officer		Andrew Jones
Head of Service		Dave Barber
Portfolio Holder(s)		Councillor Noel Butler
<b>Consultation &amp; Community Engagement</b>		
Shakespeare's England consults with its membership on an ongoing basis including monitoring satisfaction with the services they receive		
<b>Final Decision?</b>	Yes	

## **1 SUMMARY**

- 1.1 As part of the budget agreed at Executive in February 2019, £75,000 per annum has been provided for investment in Tourism within the District. This report recommends that this investment is made by renewing the Council's financial support for the local Destination Management Organisation (DMO), known as Shakespeare's England

## **2 RECOMMENDATIONS**

- 2.1 That the Council invests £75,000 per annum in the Destination Management Organisation (DMO), Shakespeare's England, for a three-year period covering the period from 1<sup>st</sup> September 2019 through to 31<sup>st</sup> August 2022, subject to the following:
- A break clause, exercisable after 12 and 24 months, that would reduce or cease funding for the remainder of the period to 31<sup>st</sup> August 2022 if the DMO fails to deliver against the performance indicators as outlined in para. 3.9.
  - An annual review option, exercisable on the anniversary of the renewal, that allows the Council to vary its contribution if the total level of funding the DMO receives has altered significantly, thereby reducing the relevance of this Council's contribution
- 2.2 That the Business Portfolio holder (or any subsequent portfolio holder with responsibility for business support and economic development) continues to represent Warwick District Council on the Shakespeare's England Board and works with officers to ensure Warwick District receives value for money from this investment.
- 2.3 That the performance of the DMO against the agreed objectives and performance indicators is continued to be reported to the Overview & Scrutiny Committee on an annual basis

## **3 REASONS FOR THE RECOMMENDATIONS**

- 3.1 **Recommendation 2.1:** Shakespeare's England (SE) was established as the DMO for South Warwickshire in 2012. It was the most effective vehicle for the promotion of the tourism offer on regional, national and international stages. The Council's support for SE was renewed in June 2016 for a further three-year period subject to the satisfactorily meeting an agreed set of performance objectives. The current funding arrangements come to an end on 31<sup>st</sup> August 2019.
- 3.2 Since that time, the performance of SE has been monitored by officers and the Business Portfolio holder has attended SE Board meetings. There have been periods during the last three years when the portfolio holder has had to raise concerns through the Board regarding the financial position and progress towards the achievement of the performance objectives. On these occasions, SE have put in place measures to address concerns and in general, officers and the Portfolio holder have been satisfied the SE have performed at a level that has delivered value for money for South Warwickshire as a whole and the District in particular. The achievement against the performance objectives for Q4 year ending August 2018 (SE's financial and reporting years run from 1<sup>st</sup> September to 31<sup>st</sup> August) is shown in appendix 1. As can be seen, SE have in

general achieved improvements against many performance indicators. The main areas where targets have been missed are income (primarily due to the eCommerce target being missed) and the use of the website. With regard to income, the Chief Executive has provided Board reports throughout the year and has taken in-year action, with the agreement of the Board, to ensure resulting budgetary issues have been properly addressed. Looking ahead plans are in place to address the key issues with the 2019/20 Business Plan. With regard to the website, the reasons for this target being missed is understood (relating to poor performance of a contractor who was commissioned to deliver a number of website improvements) and SE, again with the full agreement of the Board have put in place measures for the current year (September 2019 to August 2020) to improve their website profile including recruiting a new website host which is already delivering improvements. This is set out in the SE Business Plan (Appendix 2).

- 3.3 In considering whether to continue to provide funding towards SE (rather than one of the alternatives set out in section 7), it is also important to understand the importance of the Tourism sector to Warwick District's economy and how SE supports this. Appendix 3 summarises the impact of Tourism in 2017 (the last full year for which results are available) for the UK as a whole and Warwickshire in particular. This shows it makes up 6% of the County's total economic value, supports nearly 12,000 jobs across Warwickshire, 9.3million trips are made to the DMO area's key attractions every year and that the sector is worth £664m to local businesses.
- 3.4 Looking specifically at Warwick District table 1 below shows the number of trips , spend and economic value of tourism in the District as a whole.

<b>Tourism in Warwick District</b> (source Tourism Economic Assessment Reports)			
	<b>2016</b>	<b>2017</b>	<b>%change</b>
<b>Number of trips to Warwick District</b>	3,589,000	3,825,000	+6.6%
<b>Spend in Warwick District</b>	£217,127,000	£225,955,000	+3.8%
<b>Value to the District's economy</b>	£271,709,000	£282,661,000	+4%
<b>Number of jobs supported in the District</b>	4,638	4,832	+4%
<b>% of employment in the District</b>	6%	6.6%	

- 3.5 In terms of town level data, further analysis has been undertaken to show the economic impacts of tourism in Warwick, Kenilworth and Leamington Spa. These assessments are attached as appendices 4, 5, and 6 to this report. Below shows a summary of the headline statistics:

<b>2017</b>	<b>Kenilworth</b>	<b>Warwick</b>	<b>Leamington Spa</b>
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<b>Total Trips</b>	449,000	1.9m	1m
<b>Of which...</b>			
<b>Day</b>	387,000	1.75m	892,000
<b>Overnight</b>	62,000 (169,00 nights stayed)	135,000 (398,000 nights stayed)	127,000 (360,000 nights stayed)
<b>Total staying spend</b>	£14m	£33.8m	£27.5m
<b>Total day spend</b>	£13m	£71.5m	£30.1m
<b>Total visitor spend</b>	£27m	£105m	£57.6m
<b>Indirect/induced spend</b>	£8m	£25m	£16.8m
<b>Total value tourism</b>	£35m	£130m	£74.4m
<b>Tourism related employment (jobs)</b>	701	2171	1497

- 3.6 In terms of value for money in return for WDC investment, Visit Britain, (the National DMO) records a national return of £25 for every £1 invested into supporting tourism. Whilst it is a rough comparison (rather than a direct one) the £75,000 invested by Warwick District Council has delivered a return of £362 for every £1 spent in 2016 and £377 for every £1 spent in 2017. It is also worth noting that according to Visit England figures for the West Midlands in 2017 there was a decrease in trips to the region as a whole by -11% and a decrease in value to the economy of- 9%. In this context Warwick District appears to be bucking the trend and it is not unreasonable to conclude that the Council's investment in SE and the success SE have had in promoting South Warwickshire both nationally and internationally as destination is proving effective in supporting tourism.
- 3.7 There has been some feedback that by using the name "Shakespeare's England", the DMO is showing a natural bias towards Stratford District at the expense of Warwick District. Whilst this perception is understandable, the reality is different. Officers are clear that using a brand that has impact on the international stage is vital to the success of all attractions in South Warwickshire. As a result, promoting Stratford and Shakespeare is an effective way of bringing international and overnight visitors in to the area. Once visitors are here (or are planning a trip) other attractions, including those in Warwick District are able to promote themselves and gain substantial benefits from their association with an internationally recognised brand. Visitor attractions across Warwick District (such as Warwick Castle, Kenilworth Castle and Stoneleigh Park [in relation to business tourism]) support this view and value the relationship with SE highly.
- 3.8 Having said that, officers consider there is room for SE to do more to promote tourism related business in the District and would like to see a continued focus on understanding the needs of the District's business and attracting higher levels of membership as a result. It is suggested that this should be a key target for SE in association with the funding renewal. The apparent lack of events in the district on the SE website has been the focus of some criticism from event organisers and elected members. Whilst this is recognised as an area for significant improvement, it must be said that the fault for this does not

lie solely with SE alone. It is true to say that the meaningful liaison with the DMO by WDC has not been at its best over the past 12 – 18 months. The relationship, engagement and closer liaison has recently improved significantly and there is a real enthusiasm on both the part of officers at WDC and the Chief Executive of SE to address these concerns and make significant improvements in the exchange of information around events and tourism in our towns over the next 12 months and beyond. As a starting point, Officers are in discussion with Shakespeare’s England regarding increasing the level of tourism trips to Royal Leamington Spa as a stop off point between Stratford Upon Avon and the town of Warwick which are popular trips amongst international visitors in particular. Concurrent with this work there will be concentrated effort to promote Kenilworth and the castle there to improve visitor numbers going forward. Should further funding be approved, this work will continue and there will be an increased emphasis on maximising the number of visitors and overnight stayers within the towns of Leamington Spa and Kenilworth as a spin-off to the most popular visitor attraction of Warwick Castle and Stratford upon Avon.

3.9 The Key Performance Objectives against which the DMO performance has been assessed are set out below. It is proposed to maintain the performance objectives for the three-year period for which funding is being proposed. In addition, it is proposed to include a specific target to increase membership of businesses within Warwick District.

3.10 Table 2: SE Performance Objectives

	<b>Target at year end 2018/2019</b>
Non-Public Sector members for the period	150
Cumulative income to end of the period	£275,000
Cumulative website visitors to end of the period	300,000
Facebook users per month	27,543
Twitter users per month	8,334
Instagram users per month	2,000
LinkedIn users per month	1,392
E commerce income cumulative to the end of the period	£14,500
How's Business participation - members responding in the period	50%
Member satisfaction survey - members responding in the period	70%
Members satisfaction -% satisfied/very satisfied	85%
PR coverage for the period	4 x National Newspaper articles print & online. 2 x Hosted PR Familiarisation events 2 x Int. Press visits 4 x Trade Federation presentations

In previous years, there has been a set of local (Warwick District) performance indicators designed to measure more specific successes in relation to our District in particular and in are addition to the above. Appendix 7 shows the latest available of these measures. Whilst it is important to bear in mind that the role of the DMO is to work at a macro level across the membership area, and that this has produced tangible outcomes as set out above from an international visitor perspective, it is further proposed as part of this report that officers, in conjunction with the relevant Business Portfolio Holder, develop a

more meaningful and measurable set of local KPI's from now up to the end of the current funding period. These will then be measured on a quarterly basis and reported to the Portfolio Holder, and any other interested members, so that progress towards these can be tracked and remedial measure put in place if progress in not being made to a satisfactory level. There are many new developments in the tourism sector, including the Tourism Sector Deal, as well as the Commonwealth Games and City of Culture which would indicate it is time to refocus the requirements of the DMO in Warwick District and to this end a new set of KPI's should be developed and agreed with SE in the time specified above.

- 3.11 **Recommendation 2.2:** Membership of the SE Board is important to ensure the Council can continue to influence the work of SE to ensure it delivers value for money for the District. Membership also provides the Council with an opportunity to ensure the organisation is well run and is held to account. It is therefore proposed that the relevant portfolio holder continue to take a seat on the Board and that officers continue to meet with SE staff to ensure effective collaboration and partnership on projects and work of common interest.
- 3.12 **Recommendation 2.3:** SE have provided an annual report to the Overview and Scrutiny Committee. The report for 2019 will be delivered in March 2019 and will provide a full update on the performance and activities of the DMO. In order to continue to shape and steer the organisation, it is proposed that this arrangement continues and that performance against the objectives is included in these reports so that Councillors can hold SE to account and can help secure value for money.

#### 4 POLICY FRAMEWORK

##### 4.1 Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. Amongst other things, the FFF Strategy contains Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The Council's SAP's are the programme of work fundamental to the delivery of the strands described in the table below.

FFF Strands		
People	Services	Money
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels

The DMO and WDC officers and Portfolio Holder will contribute to the continued development and improvement of the Destination Management Plan (DMP) to ensure communities in the District benefit from tourism, tourist visitors and the improvement of the tourism offering	Tourists will benefit from a clean and safe place to visit and stay overnight facilitated by the joint work between the DMO and WDC to make improvements in the environment of our towns	Maintaining existing and promoting new opportunities for employment in the tourism sector in the District through increased visitor levels and the economic multiplier effect from tourist expenditure in our attractions, local shops, and the hospitality sector
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the Longer Term</b>
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Staff will be empowered to improve and develop effective engagement and communication with the DMO to improve the outputs from tourism in the District. Relevant officers will attend tourism forums and other tourism related events to promote the district offering in support of the DMO	Not applicable	Not applicable

## 4.2 Supporting Strategies

4.2.1 Each strand of the FFF Strategy has several supporting strategies. One of these strands relates to Prosperity. This includes a commitment to the "promotion of tourism activities to attract visitors to spend within the district". The recommendations of this report support that strategic approach to delivering prosperity.

## 4.3 Changes to Existing Policies

The recommendations in this report seek continue the Council's existing policy of support for the local DMO. There are no changes to existing policies.

#### **4.4 Impact Assessments**

Not applicable.

### **5 BUDGETARY FRAMEWORK**

- 5.1 The budget agreed by Executive in February 2019 includes provision for £75,000 for Tourism in 2019/20 and the Medium Term Financial Strategy assumes this will continue to be made available in future years. This report commits to this budget being spent by investing in support for Shakespeare's England.

### **6 RISKS**

- 6.1 There is a risk that Shakespeare's England fails to meet its performance targets and as a result does not provide value for money for Warwick District. This risk will be mitigated through ongoing membership of the SE board and close liaison between Council officers and SE Chief Executive including close monitoring of the performance indicators set out in paragraph 3.9. In addition, the review arrangements set out in para 2.1 will ensure that if SE fail to deliver performance standards, the Council will have the right to reduce or cease its funding of SE.

### **7 ALTERNATIVE OPTIONS CONSIDERED**

- 7.1 Three alternative options have been considered. The first is using the £75,000 tourism budget to provide in-house tourism support including the potential to recruit a tourism officer. This option is not recommended as the focus of this post would most likely be on promoting tourism within the Warwick District area and the towns therein in isolation of the DMO. This would negate the wider benefits of the tourism sector from the region as a whole including the international element which is a primary focus of Shakespeare's England. The funding for this organisation, along with the strong membership base and the established brand identity enables it to act as a strong DMO on the world tourism stage. Attendance at major national and international tourism trade shows, exhibitions and expos is already part of the work undertaken by Shakespeare's England, and may not be a practical expectation of one officer at WDC. The recruitment of an in-house tourism officer would not be in a position to effectively link into this established presence, reputation and brand which does exist under the Shakespeare's England operation. It is furthermore felt that having two separate functioning bodies for tourism in the region with one (Shakespeare's England) operating on a macro national and international stage, and the other (a local tourism officer) operating at a micro level would formulate a disjointed approach across the region. The major benefits from Shakespeare's England's work which as we have seen directly impacts on the region as a whole, and at a town level, would be reduced if this alternative option is chosen.
- 7.2 The second alternative is to use the £75,000 tourism budget (either in full or in part) to fund an alternative organisation to support tourism within the District. This option is not supported because the operation of two separate organisations promoting separate parts of what is essentially one region would be counterproductive and not present value for money. In addition, the derived benefits of being associated with one of the biggest tourist attractions in the

country from a national and international perspective would be lost to Warwick District rather than the co-ordinated offering that is currently in place with Shakespeare's England. Stratford is the main draw to tourists into the region, with Warwick Castle being the next most popular attraction. It is strongly felt that the derived economic benefits that accrue to our district from being associated with the Shakespeare brand should be maintained rather than two separate organisations working independently.

- 7.3 A third alternative option would be not to fund the DMO in the form of Shakespeare's England and not to adopt any form of specific funding in relation to tourism for Warwick District. This option is not supported due to the evidence of the positive economic benefits and employment levels that the current arrangements have had on the district as a whole and at town level. In addition, there are future opportunities to increase the economic benefits with the onset of the Commonwealth Games, the City of Culture and the Sector Deal for Tourism.

## **8 BACKGROUND**

- 8.1 Destination Management Organisations operate in many parts of the Country where tourism is a significant factor within the local economy. They are widely recognised as the most effective way of promoting tourism within any given area and working collaboratively with a wide range of private and public sector organisations to maximise the benefits of tourism to regions and the UK as a whole in terms of revenue and employment.

With a global as well as a national presence, VisitBritain and VisitEngland work in conjunction with DMO's across the country, including Shakespeare's England as the national tourism agency – a non-departmental public body funded by the Department for Digital, Culture, Media & Sport (DCMS), VisitBritain/VisitEngland plays a unique role in building England's tourism product, raising Britain's profile worldwide, increasing the volume and value of tourism exports and developing England and Britain's visitor economy.

- 8.2 Both websites for VisitBritain and VisitEngland contain strong links to Warwickshire, and provide a substantial amount of information about the attractions available including direct links to the Shakespeare's England website with more granular levels of detail around the attractions to Warwick and Leamington Spa. The following is an extract in relation to Leamington Spa.

*Royal Leamington Spa boasts dramatic Regency architecture, delightful parks and gardens and a unique mix of top quality shopping, with a fantastic range of independents alongside high street brands.*

*With an impressive array of entertainment venues, a rich choice of restaurants and some of the country's best spas and salons, we're certain you will find Royal Leamington Spa one of the most appealing towns in the UK.*

*Wide boulevards, Georgian and Edwardian architecture and award-winning parks provide a stunning backdrop to this shopping paradise. Often described as 'the best bits of London, all in a ten-minute walk', Leamington town centre combines a*

*treasure-trove of independent, specialist boutiques with all the national chains you would expect to find in a large city.*

*Just some of the highlights of Leamington include visits to its wonderful and award-winning Jepson Gardens, the Art Gallery & Museum is located opposite the gardens in the Royal Pump Rooms. Or you could take advantage of the excellent retail offer, with its blend of major national retailers and unique independents. The towns' cafes, bars and restaurants are rightly held in high regard, with all tastes and budgets catered for.*

The existence of an established DMO for any defined area which boasts a healthy tourism sector is by far the most effective way to promote the offering through these nationally and internationally recognised tourism portals and gives an area such as South Warwickshire a place in the global tourism market, not just at the local town level.

- 8.3 Shakespeare's England has been in operation since 2013. It provided a fresh approach to supporting Tourism in south Warwickshire when Shakespeare's Country ceased operating and since that time has provided continuity in the approach. Boasting a total membership of over 150 organisations across the region, Shakespeare's England is now recognised as one of the most established and successful DMO's in the UK.
- 8.4 Shakespeare's England has a dedicated team of staff led by a Chief Executive who has a seat at the table of a range of influential tourism agencies and trade bodies from where she promotes the unique tourism offering that is available in South Warwickshire. It is true to say that the main draw to the area is the existence of Shakespeare's Birthplace, but the wider region benefits greatly from that attraction and Shakespeare's England does work to promote all of the towns for which it is responsible for including Warwick, Leamington Spa and Kenilworth. It is also true to say that officers have committed to working much more closely with the DMO going forward if the Executive agree to further funding to further improve and develop the success of the sector particularly in Kenilworth with the castle, and Leamington Spa as a stop off for day and overnight visitors. The current situation, whilst successful as demonstrated in the previous sections of this report in in terms of economic impacts, it is not perfect and more will be done to increase the promotion of events and visitor attractions outside of the primary tourism hotspots of Stratford and Warwick. Shakespeare's England are more than committed to working much closer with Warwick District Council to achieve these aspirations going forward.
- 8.5 Shakespeare's England is also responsible for the production of the Destination Management Plan (DMP, a copy shown at appendix?) which sets out the strategic vision for the optimisation of tourism related economic benefits for the whole region. Warwick District Council currently has a seat on the DMP Board which enables officers to shape and influence how this plan evolves.
- 8.6 The Portfolio Holder for Business also holds a seat on the Shakespeare's England Board, along with senior officer support, so that there is an effective contribution to the overall governance of the organisation.
- 8.7 Our partner local authority, Stratford on Avon District Council (SDC) also has a seat on the Board, and has recently approved future funding to the tune of £75,00 per annum for the next 3 years. Should funding approval be given by

the Executive, officers at Warwick District Council have committed to establishing a more effective relationship with SDC in relation to maximising the benefits of tourism in a more co-ordinated fashion through the term of the future funding period. This will, it is envisaged, further the success of the sector across the whole district and filter the recognised advantages enjoyed by SDC as a result of the Shakespeare draw.

- 8.8 Shakespeare's England recently attended the South Warwickshire Parliament Day at the Houses of Parliament, which was well attended by businesses and MPs with individual addresses from Matt Western, Jeremy Wright and Nadhim Zahawi promoting the area as a great place to live, work and visit. The stand attracted a lot of attention and again made the most of an opportunity to showcase the whole area to a wide ranging audience at the heart of government.
- 8.9 The latest and probably the most significant opportunity facing the tourism industry is the recently announced Government backed Tourism Sector Deal. This will provide immense opportunities to develop the sector through targeted support over the coming years and again the Chief Executive of Shakespeare's England has been integrally involved along with other DMO's to bring this deal to fruition. This work is the next significant phase of work for our current DMO to influence in terms of the benefits to our area., and will receive the support of officers at WDC and SDC to make this a success.