

 <b>Executive</b> <b>12<sup>th</sup> September 2012</b>		<b>Agenda Item No.</b>  <div style="text-align: right; font-size: 2em;"><b>5</b></div>
<b>Title</b>	Tourism Strategy Update	
<b>For further information about this report please contact</b>	Joe Baconnet Economic Development and Regeneration Manager 01926 456011	
<b>Wards of the District directly affected</b>	All wards	
<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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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>	Executive 14 <sup>th</sup> March 2012 Minute number 137	
<b>Background Papers</b>	Executive Report – Tourism & Visitor Economy, March 2012  Executive report 16/11/11 – Strategic Principles: Tourism & the Visitor Economy  Tourism Strategy Nov 2011  Background working papers – including results of industry consultation	
<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>	Yes	
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	No	
<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Deputy Chief Executive	22/8/12	Bill Hunt
Head of Service	22/8/12	Tracy Darke
CMT	23/8/12	Chris Elliott, Andrew Jones, Bill Hunt
Section 151 Officer	23/8/12	Mike Snow
Monitoring Officer		Andy Jones
Finance	23/8/12	Mike Snow
Portfolio Holder(s)	24/8/12	Cllr. Hammon
<b>Consultation &amp; Community Engagement</b>		
Meetings with Warwick Town Council Meetings of the Visitor Services Review Group comprising the Portfolio Holder and member representatives from Leamington, Kenilworth and Warwick Meetings of the Warwick Industry Steering Group		
<b>Final Decision?</b>	Yes	
<b>Suggested next steps (if not final decision please set out below)</b>		

## **1. SUMMARY**

- 1.1 This report updates Executive on the progress made to date on the creation of Destination Management Organisation a key element of the adopted action plan and seeks a commitment to co-fund it's development with Stratford's Destination Steering Group.

## **2. RECOMMENDATIONS**

- 2.1 That Executive agrees to the development of a joint Destination Management Organisation (DMO) covering the Warwick and Stratford districts.
- 2.2 That Executive delegates authority to the Economic Development & Regeneration Manager, in consultation with the Portfolio Holders for Finance and Development, to work with the Warwick Industry Steering Group (WISG) and the Stratford Destination Steering Group (SDSG) to implement a DMO structure & membership scheme by April 2013.
- 2.3 That Executive notes feedback from the tourism industry relating to what they want from a DMO.
- 2.4 That Executive notes that up to £40,000 of the Tourism Reserve will be utilised to co-fund the development of the DMO organisation.
- 2.5 That Executive notes progress against the agreed action plan as set out in Appendix One.
- 2.6 That Executive notes that future reports will be presented to the November 2012 meeting, with recommendations on the visitor services review and the March 2013 meeting, with recommendations on the finalised legal and financial framework for the DMO.

## **3. REASONS FOR THE RECOMMENDATION**

*Recommendations 2.1 and 2.2*

- 3.1 The Government's National Tourism Policy advocates delivery at a local level through Destination Management Organisations (DMOs). These organisations are private sector led but work in partnership with Local Authorities and Local Enterprise Partnerships.
- 3.2 A DMO is defined by Visit England as:-
- An organisation (or group of organisations) focussed on sustainable tourism growth;
  - Partnerships led by the private sector;
  - The organisation that develops a Destination Management plan (DMP); &
  - The "glue" that brings it all together.
- 3.3 The creation of a DMO was an integral part of the action plan agreed in the March Executive report. Industry feedback shows that the creation of a joint DMO will deliver significant benefits in joining up a highly fragmented industry. Warwick district industry feedback indicates support for working jointly with

Stratford district, given the caveat that Warwick should not be subordinated to Stratford.

3. 4 Stratford's equivalent industry group, the SDSG has already indicated that they want to work with the industry in Warwick and share the that the whole tourism industry and visitor economy will be stronger and more efficient for it.
- 3.5 Our development work on the development of a DMO to date includes:-
- An up to date product audit (what our core tourism industry comprises: essential for assessing the potential membership income);
  - A marketing audit (how the area is being represented by the industry at the moment);
  - An assessment of destination branding;
  - An assessment of DMO models currently operating in the UK at the moment (against comparable areas and districts);
  - Development of an initial draft DMO prospectus, branding & marketing opportunities.
- 3.6 As previously reported, a joint DMO with Stratford with the potential combined budgets of membership and local authority funding will be more viable for the longer term. A DMO based only on Warwick district risks missing out on marketing opportunities and it would have limited membership and consequently higher costs for staffing, management and overheads. It would also risk imposing an arbitrary boundary on tourism development that visitors would not recognise.
- 3.7 The joint DMO will build on a number of cross border initiatives which are already being undertaken by the industry, for example, the work of the RSC, Birthplace Trust and Warwick Castle who undertake Travel Trade marketing under the guise of "Shakespeare's England". These three key partners are keen to discuss using "Shakespeare's England" for the wider benefit of the area. The brand also has strong resonance nationally and internationally and could be capable of delivering a reinforced presence in the market quickly.
- 3.8 As part of the development work of the joint DMO, the Warwick industry group has recommended that a representative Warwick district based body continues to meet to assess the priorities and provide a discussion forum to represent the district's interests, albeit in a strategic non-parochial manner.
- 3.9. It is likely that the joint DMO would have representation from both Warwick Town Council and Warwick District Council members, given the level of commitment to direct expenditure on tourism being made by the two councils.

### *Recommendation 2.3*

- 3.10 In conjunction with the SDSG, we have been carrying out a survey of the industry to assess what services they want to see delivered as part of any future DMO. A full copy of the email questionnaire is attached at Appendix 2. The feedback of key partners is also attached.
- 3.11 The five questions and the main responses :-

**1 Do you think a partnership led by the private sector to promote and develop tourism in our District is a good idea?**

There is support for idea of private sector partnership to bring everyone together and working together.

**2. What services would you want the partnership to provide for you?**

Key services identified: bring everyone together to harness collective effort and develop website. Tourist information centre are seen as key for smaller businesses, less relevant for larger ones.

**3. How much are you prepared to pay for these services?**

Average spend for basic membership will be between £100 to £500, plus “pay to play” on certain promotions.

**4. What other partnerships would be valuable to you?**

The logical partnerships faces south towards Stratford and Cotswolds. However, for certain markets there is a need to work with partners in Coventry.

**5 How do you feel about working with Stratford District in particular?**

Broadly in favour. However, there is strong feeling that Warwick’s profile should not be subordinated to Stratford.

*Recommendation 2.4*

3.12 The March Executive gave delegated authority to develop the DMO. The structure and project plan for the detailed development of the DMO will, subject to approval of 2.1, become clearer over the next few weeks. However, there will be a need to dedicate resources to work with the industry in more detail to further build support and develop the DMO membership prospectus, elements of the marketing plan and the development of the legal structures to bring the DMO into being.

3.13 It is proposed that funding from the Tourism Reserve is utilised to employ a consultant to to work with the WISG, the existing Stratford Destination Manager and potentially the shadow DMO Board, to develop the structures necessary for a joint DMO. Authority to spend from the Tourism Reserve has previously been delegated to Head of Development Services in consultation with the Development Services Portfolio Holder and s151 Officer.

3.14 In addition it might be necessary to make a contribution, potentially matched by contributions from other Warwick district industry partners, towards the cost of the Destination Manager post. However, it is recommended that the maximum expenditure on these two elements is capped at £40,000.

*Recommendation 2.5*

3.15 The agreed action plan has formed the basis of the work for tourism development since March Executive and an updated progress report is attached at Appendix 1. A minority of actions have not progressed as planned due to unforeseen circumstances or as a result of the ongoing discussions with the SDSG.

## *Recommendation 2.6*

- 3.16 A further report will be brought to the November Executive with recommendations resulting from the current review of visitor information services. This will enable certainty to be provided to Warwick Town Council on the level of grant for 2013/14 and for proposals to be brought forward on how to rebalance the proportion of the budget spent on visitor information services and strategic tourism development respectively. Currently, the proportion of budget spent on visitor services, i.e. the net cost of Leamington VIC plus the grant funding to Warwick Town Council to contribute to their costs of running Warwick TIC is in excess of 60% of the total tourism budget. This expenditure broadly serves the 'post arrival' market in the two centres and does not address the pre-arrival marketing needs of the area.
- 3.17 There is strong support from the industry and member working group for a rebalancing of the budget to enable more funding to be directed into 'pre-arrival' services through the DMO and for the remainder to be directed into the revised "hub and spoke" model for visitor information. This will require modernisation & re-prioritisation of workload & budgets.
- 3.18 A further report will be brought in March 2013. Subject to approval of 2.1 there will be an intensive period of development work to finalise the legal and financial structures for the joint DMO and the approval of these will require scrutiny and sign off from Executive.

## **4. POLICY FRAMEWORK**

- 4.1 The creation of the DMO will contribute towards the delivery of the previously adopted Tourism Strategy and accompanying action plan. This supports the Sustainable Community Strategy strategic aims to create a "thriving tourism economy in Warwick District, making it one of the top visitor destinations" and to create a "strong, diverse economy which provides jobs for all"
- 4.2 Section 2 of the Local Government Act 2000 gives councils the power to promote or improve the economic, social or environmental well-being of the area.

## **5. BUDGETARY FRAMEWORK**

- 5.1 A Tourism Reserve was established in 2010/11 and has an uncommitted balance of £76,100. The utilisation of up to £40,000 for the DMO development work would reduce that balance to £36,100.
- 5.2 The Reserve was previously utilised to provide one-off funding to Warwick Town Council in 2011/12 & 2012/13 whilst the Tourism Strategy was under development.

## **6. ALTERNATIVE OPTION(S) CONSIDERED**

- 6.1 The option of establishing a DMO without external district partners has been rejected as the feedback from our industry partners is that this would not be a viable option. They consider that it would reduce the amount the industry

would be willing to spend, reduce the reach and impact of marketing and be seen as parochial.

## **7. Background**

### *Joint Discussions with Stratford's Industry Group*

- 7.1 Shortly after the March 2012 Executive, representations were made by the SDSG to Warwick District Council to co-fund the destination manager post that they were creating. This post was intended to drive the development of the DMO and Destination Management Plan that was to be funded by Stratford District and industry partners. However, the Warwick Industry Steering Group (WISG) felt that they needed to get industry buy-in to the idea to ensure we were an equal partner in any DMO and to ensure that Warwick's interests were best represented.
- 7.2 However, both the WISG with the SDSG agreed that we should continue to work together and that Warwick would follow a similar path to the SDSG in assessing the market's needs and desires to work together. This would result in an equal partnership should the industry in both districts decide to work together.
- 7.3 Following the appointment of the Stratford Destination Manager, officers, along with our industry tourism champion (Tim Harrison-Jones, General Manager of Warwick Castle), and our tourism consultants (Tourism Engineers) met with their counterparts from Stratford. There was a clear consensus that the future success of the tourism industry in both areas was inextricably interlinked. The WISG shared its research & work to date on the DMO process and our thinking about a possible membership prospectus.

### *Development of a DMO*

- 7.4 There are currently over 40 DMOs in England of varying types:
- LA-led partnerships – e.g. Canterbury, Windsor
  - Mature DMOs – mainly limited Companies: e.g. Bath, Cheshire
  - New DMOs – linked to BIDs & Chambers of Commerce: e.g. Lincoln, Worcestershire
  - Some have expanded their remit beyond tourism to include inward investment as well as arts promotion;
  - The Government's line continues to be that DMOs should be private-sector led
  - There is no "one size fits all"
- 7.5 Visit England has defined four criteria for a DMO. These are:-
- i) The DMO must meet the Government's Tourism Policy criteria on governance. It should represent the local tourism and visitor economy and be a Partnership between private and public sector.
- There are two ways to meeting this criterion:

- o The organisation should be led by private or third sector organisations of the local visitor economy.
- o The organisation should be funded by both public and private sector organisations and most importantly have representation of the private sector on the governing board

- ii) The DMO should have a published *Destination Management Plan*, or be in the process of developing one (with a detailed completion/ publication date).  
The plan should include the priorities for growing, developing and managing the destination, identifying clear actions and the roles & responsibilities of stakeholders. This makes the organisation more than just a promotion agency.

The DMP should not be a local authority strategy with the private sector simply mentioned as delivery partners; it should be reflective of the local public private partnership.

- iii) The DMO should be committed and actively working to *deliver the strategic framework* and national marketing strategy, e.g. be working to develop and promote attract and disperse brands
- iv) The DMO should have a status and remit locally to manage tourism. The organisation should be recognised and acknowledged by the Local Enterprise Partnership(s) (where one exists)

For tourism to be recognised as a sector that can contribute towards local economic priorities, destination organisations need to be recognised as the local leaders of their visitor economy.

As there is not always a neat fit between LEP boundaries and visitor defined destinations there can be more than one destination organisation present at the DMF.

## Appendix 2

### DMO Membership prospectus

Dear tourism colleague,

As you know, tourism in Warwick District, as elsewhere, is highly fragmented. There are hundreds of tourism businesses in our area working hard to promote what we do, win more customers, and increase our profits. Most of us work in isolation, and many of us are targeting the same customers. **We all have an interest in working together to promote and develop Warwick as a destination.** That way we can attract more visitors into the area, who stay longer and spend more money.

Over the last few months a small group of businesses drawn from the local tourism industry has been working with Warwick District Council to plan how we do this more effectively in future. We think a partnership, led by the private sector, is the right way forward, but we need to hear your views on this.

Please spare a few minutes to look at the 5 questions below. To keep things simple, just insert your comments after each question and press “reply”. If you’re able to spare some time for follow up questions on the phone, please let us know. Alex Holmes (contact details below), a local tourism consultant, has been commissioned to help us co-ordinate your views.

We look forward to hearing from you!

With thanks and best wishes,

**Tim Harrison-Jones, General Manager, Warwick Castle  
Chair, Warwick Tourism Industry Group**

- 1. Do you think a partnership led by the private sector to promote and develop tourism in our District is a good idea?**
- 2. What services would you want the partnership to provide for you?**
- 3. How much are you prepared to pay for these services?**
- 4. What other partnerships would be valuable to you?**
- 5. How do you feel about working with Stratford District in particular?**