

 Executive – 2 June 2016		Agenda Item No. <h1 style="text-align: center;">7</h1>
Title	Tourism Update	
For further information about this report please contact	David Butler David.butler@warwickdc.gov.uk Strategic Economic Development Officer 01926 456017	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No If yes state why	
Date and meeting when issue was last considered and relevant minute number	Executive: 14 March 2012 (item 5) 12 September 2012 (item 5) 14 November 2012 (item 10) 17 April 2013 (item 11)	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	n/a

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	12/05/16	Bill Hunt
Head of Service	12/05/16	Tracy Darke
CMT	12/05/16	Bill Hunt/Andrew Jones/Chris Elliott
Section 151 Officer	12/05/16	Mike Snow
Monitoring Officer	12/05/16	Andy Jones
Finance	12/05/16	Mike Snow
Portfolio Holder(s)	12/05/16	Cllrs. Cross and Butler
Consultation & Community Engagement		
Subject to approval of Recommendations 2.3 and 2.4, formal consultation will be undertaken with Warwick Town Council and other relevant stakeholders		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1. **Summary**

- 1.1 Members have requested an update on the effectiveness of the Council's expenditure on tourism. This report makes specific proposals on how the current expenditure profile can be modified and the implications for existing grant agreements.

2. **Recommendations**

- 2.1 That Executive agrees to the renewal of this Council's funding contribution to the Destination Management Organisation (DMO), Shakespeare's England at the current level of £75k per annum from September 1st 2016 to August 31st 2019 subject to the following:
- A break clause, exercisable after 12 months, that would reduce future funding to £65k for Sept 2017 to Aug 2018 and £50k for Sept 2018 to Aug 2019 if the DMO fails to deliver against the agreed performance indicators as outlined in para. 3.3
 - An annual review option, exercisable on the anniversary of the renewal, that allows the Council to vary its contribution if the total level of public sector funding the DMO receives has altered significantly, thereby reducing the relevance of this Authorities contribution
 - That the progress of the DMO against the agreed objectives is reported on a six-monthly basis to the Overview & Scrutiny Committee
- 2.2 That, subject to the approval of recommendation 2.1, Executive delegate authority to the Head of Development Services, Head of Finance and Strategic Economic Development Officer, in consultation with the Portfolio Holders for Development, Business and Finance, to agree the KPIs for the DMO funding agreement and subsequently to determine whether the break clause or review clause should be activated.
- 2.3 That Executive approves a comprehensive review of the Visitor Information Centre (VIC) services across the district which will include an examination of means of improving the visitor experience and future funding options. Executive should note that this review and its recommendations will be brought to a future meeting on or before the Executive meeting of 02 November 2016. This review will ensure that a way forward is recommended that provides best value for the authority and addresses all procurement issues.
- 2.4 That Executive approves the extension of the previous funding arrangement with Warwick Town Council until 31 March 2017 and delegates authority to the Strategic Economic Development Officer, in consultation with the Business Portfolio Holder, to negotiate the terms of the agreement to provide VIC services.
- 2.5 That Executive agrees to release up to £12,000 from the Tourism Reserve to fund 'on the ground' activities in Warwick, Leamington and Kenilworth, based on the results of recent (and impending) independent Visitor Audits of the tourism offer in those towns. The completed recommendation reports for Kenilworth and Leamington are included in Appendices 1 and 2, whilst the report for Warwick is due towards the end of summer.

3. **Reasons for the Recommendations**

- 3.1 In April 2013 Members confirmed that the creation of a Destination Management Organisation (DMO) was the most effective vehicle of promotion of the tourist offer on regional, national and international stages.
- 3.2 A review of the progress of the DMO (Shakespeare's England) follows in 8.2 of this report. In order to continue to shape and steer the organisation, and to maximise the benefits thereof, funding of the organisation at the previous level should continue. However, accompanying this commitment should be a clear dashboard of delivery indicators that ensure this authority's contribution is leading to demonstrable value, and that these should be reported back to Overview & Scrutiny on a 6 monthly basis.
- 3.3 The Key Performance Indicators that the DMO performance will be assessed against are likely to include:
- Estimated Advertising Value (EAV) or press releases and promotions
 - Number of familiarisation visits hosted within Warwick District
 - Number of business members (as a percentage of the overall membership) from within Warwick District
- Negotiation and agreement of these KPIs is delegated to officers, in conjunction with Portfolio Holders as detailed in para 2.2, to ensure they are measurable and deliverable.
- 3.4 A comprehensive review of the future options of Leamington VIC needs to take place in order to ensure that we continue to provide a cost-effective solution to visitor needs. A brief outline of the VIC provision follows in 8.4, but a more detailed review with future options will be presented before Executive in due course, and will be tasked with providing options to the shape of future provision of Visitor Information.
- 3.5 The review will explore possibilities of sharing space and/or functions with other services currently provided by the authority, along with different staffing models and working with other stakeholders and partners.
- 3.5 In November 2012, Members agreed to develop the "hub and spoke" model for service delivery of customer information in the District, which resulted in the granting of £40k p.a. for the provision of the management of both the Warwick and Leamington VIC's. A review of the effectiveness of the grants follows in 8.3 of this report.
- 3.6 The provision of the VIC service continues, although the agreement has recently lapsed. Given that the service is already being provided as specified, it is appropriate for the terms of the previous grant to be extended until such a time that a new agreement is reached, or until the end of the 2016/17 financial year, at which point the grant agreement would cease.
- 3.7 In March 2016 Leamington and Kenilworth underwent independent Visitor Audits, commissioned by WDC in conjunction with partners such as the County Council and BID Leamington, and are included as appendices to this report. WDC are now working with WCC to progress an Audit for Warwick which will report during the summer. The outcomes of the reports received so far feature a number of deliverable actions to improve the visitor journey, from correct pedestrian signage to more intelligible mapping. The release of £12k from the Tourism reserve would allow WDC to contribute to the resolution of some of these actions. It should be noted that WCC have already contributes, as has

Leamington BID and Leamington Town Council, whilst other stakeholders will be approached shortly.

4. **Policy Framework**

4.1 Fit for the Future (FFF)

4.1.1 The recommendations relates to the key strands of the FFF programme

Service

Maintain or Improve Services – the maintenance of the DMO grant allows us to maintain the flow of visitors to the area. With a more focussed agreement we aim to improve the benefits to the District of this. Further, with the opportunity to renegotiate the grant with Warwick Town Council, as well as the full review of the VIC function in Leamington offer opportunities to drive in service improvements.

People

Engaged and Empowered Staff – the proposals to review the VIC function will allow for the possibility to gain additional engagement from cross-service staff.

Money

Achieve and Maintain a Sustainable Balanced Budget – the review of the VIC and the WTC grant will allow for a review of the financial contribution to tourism, and that the expenditure's effectiveness is maximised.

4.2 Sustainable Community Strategy (SCS)

4.2.1 One of the five key themes of the SCS is Prosperity. The Tourism sector has a vital role to play in the prosperity of the District – it directly maintains over 4,300 jobs and brings in an estimated £260m per year. The priority for tourism is to make sure that, through collaboration with private and public sector partners, we maximise the draw of our tourism assets to attract and retain visitors to the District.

5. **Budgetary Framework**

5.1 The grant to Warwick Town Council is already set in the budget and so there is no immediate financial impact. The delegation of authority to renegotiate the grant agreement (Recommendation 2.4) has capped the potential grant at a maximum of £40k – the current level of the grant.

5.2 Similarly, the ongoing costs of Leamington VIC are in the current budgetary framework. However, the review of this, and the above review of the WTC grant may yield some savings, along with service delivery improvement.

5.2 The grant to the DMO is included in the 2016/17 budget and so its continuation is also within the current budgetary framework.

5.3 The current balance of the Tourism Reserve as at 31/03/16 was £39,400.

6. **Risks**

6.1 There are no significant risks related to the recommendations in this report. Future risks related to the Visitor Information Review will reported to Executive at the time of the review findings

7. Alternative Option(s) considered

- 7.1 An option available to the Council would be to discontinue all funding to tourism activities, thereby saving the Council £205,400 per year. This has been discounted because Tourism is a key employment sector within the district, employing over 4,300 people, and withdrawal would have significant economic impacts. Furthermore, withdrawal would undermine the on-going work on the Economic Development Strategy, our Business Support provision and other areas of work.
- 7.2 Another option would be for the Council to continue to fund the DMO but at a lower level. This has the potential to save money for the Council or to deploy into other areas of Tourism. This has been discounted as it would lessen our ability to shape and steer the performance of the DMO, thereby lessening the beneficial impact on our related businesses. Furthermore, a sudden drop in funding from a major contributor may impede the continuation of the high level of delivery currently being produced by the DMO.
- 7.3 The Council could choose to cease all funding to the DMO, but invest the savings elsewhere in Tourism. This would give the Council the opportunity to buy into specific promotions and activities. However, this would be at a significantly lower value than working with the public and private partners that make up Shakespeare's England, as well as significantly damaging the authority's credibility within the industry.
- 7.4 An option would be for the Council to continue funding the Visitor Information Centre in Leamington but at a lower level. This was discounted as it would impact on opening hours, which are already tightly restricted by available staffing.
- 7.5 The Council could choose to shut the Leamington VIC without exploring alternative delivery models. This would offer up savings to the Council, or money to be used elsewhere within Tourism. Closure would, however, be detrimental to the visitor experience, be reputational damaging both within the community and within the tourism industry. It would also prevent the exploration of the opportunity of sharing some of the service with partners, thereby reducing costs whilst also improving the customer experience.
- 7.6. The Council could choose to cease the grant agreement with Warwick Town Council with immediate effect. This option was discounted as the service agreed through the "hub and spoke" model is currently being provided. To cease the agreement without exploring the opportunity for more effective or defined uses of the grant would not provide the Council with best value, as many of the operational tasks would need to be picked up elsewhere, and the Warwick Visitor Centre provides an excellent visitor experience.
- 7.7 The Council could choose to reduce the level of budget into "publicity and promotions" code in order to deliver a saving. This option was discounted as it would result in less activity on a local level, such as the Events or Accommodation Guides, and also hamper the ability to support major events such as the Bowls National Championships.
- 7.8 The Council could choose not to release funding from the Tourism reserve. This option was discounted as the funding will be used, along with partners funding, to deliver some key benefits to the visitor journey.

8. Background

8.1 As part of the work conducted to reach the conclusions as detailed in the recommendations, a review of the effectiveness of the current spend on tourism was carried out.

8.2 Shakespeare's England (SE)

Progress

- The company has succeeded in the aim of bringing together a more cohesive marketing and promotional offer for the whole area. It has accessed government agency (primarily Visit England) money that is only accessible to Destination Management Organisations (DMOs) For example, Visit England has match funded specific SE marketing campaigns over the last three years (£15k each year). It has generated significant value from a range of campaigns and trade shows, for example, Marylebone station takeover (where the primary London to Leamington station was flooded with actors, promo staff and literature promoting to commuters and station users how easy it was to get to Shakespeare's England and what to do there). Because of the company's partners it generates significant goodwill from members and advertisers – e.g. the Birmingham Airport Pavilion Pier is worth a minimum of £200k (and likely much more)
- SE accessed the Britain is GREAT campaign run by Visit Britain, accessible only to recognised DMOs, promoting the region on an international stage
- It has become the single point of contact for familiarisation visits for the travel trade and press journalists aiming to visit/write about the area
- The company has led the development and delivery of the Destination Management Plan (DMP) which was funded by WCC and the CWLEP. The DMP has been adopted by all partners, including WDC, and has helped drive engagement and training – e.g. using World Host Training for the WDC Rangers
- As part of the DMP, the Company has secured funding for an integrated software package that will bring together all data on the performance of the area. This will also be available to non-members to take part in, and will provide a detailed analysis of the tourism industry and areas of growth
- The company is developing a 'regional visitor pass' initiative to increase the cross promotion and attendance of visitors across the whole area, and to develop longer stays in Shakespeare's England. A detailed business case is being worked up for ERDF funding, and also for access to the "Discover England" funding programme from Visit Britain
- Tourism has been explicitly mentioned within the Midlands Engine Prospectus/Ask that has been circulated to all local authorities/LEPs
- It should be noted that Stratford District Council have recently committed to a further 3 years of funding at the current level

Opportunities

- Especially in years of significant Shakespeare anniversaries, the perception can be that the DMO can be focussed on Stratford, and more needs to be done by all partners to ensure the spread of coverage and perceived effort, as well the recruitment of members over a wide geographical base. There has been significant recent progress in this
- Monitoring and reporting has not been robust, the introduction of

measurable KPIs and six-monthly reports for the Chief Exec of the DMO to Overview & Scrutiny are designed to resolve that issue

8.3 Leamington Visitor Information Centre

Progress

- Leamington VIC is managed by Warwick Town Council
- Visible and well regarded presence in the town centre
- Operates as a fixed point that requires visitors to come to it. Has a certain target market and deals with customers well – scored very highly in recent Visitor Audit conducted by external consultant
- An excellent hub of local information

Opportunities

- Visitors might be better served if information was available in different ways and, at certain times, where the visitors already is (key events for example)
- Sales have reduced, primarily as a result of reduced stock levels and reduced opening hours
- Reduced opening hours are a specific problem as information is inaccessible at times (only open 11-2 on Sundays for example), and the prominent position of the VIC detracts from the other, open elements of the business

8.4 Grants to Warwick Town Council

Progress

- The core funding grant (originally of £25k) has helped to ensure a main tourist information hub in Warwick and has remained constant for a large number of years
- The adoption of the Hub and Spoke model of TICs has enabled WDC to reduce the level of funding needed to staff Leamington TIC. In exchange for taking on this model of operation, WDC granted a further £15k p.a. to WTC, the agreement for which is due for renegotiation
- The use of the VIC to manage the mobile TIC role at the Bowls England National Championship is a key example of the benefit of this model

Opportunities

- Visitor numbers to the TIC are falling significantly whilst the Heritage Lottery Fund project ties the Town Council to running a heritage and visitor interpretation centre for another 12 years. There is, potentially, an increased reliance upon funding from WDC
- The key deliverables of the previous grant agreement have not been clearly defined or proactively monitored, and this would need to be addressed in any new agreement
- Engagement with the Tourist Information provision in Kenilworth has been more problematic and less progress made
- The merging of the two grants (the historic, core £25k and the additional hub £15k) makes it more difficult to discern and ensure specific delivery

8.5 Publicity and Promotion

Progress

- Kenilworthweb remains a popular and highly visible website promoting Kenilworth
- Locally produced literature, such as the Events Guide and Accommodation Guide remain popular, and fulfil an otherwise unmet need

- Allows for low-level local interventions such as point of sale displays and banners
- Supports major one off event publicity such as Japan's stay in Warwick during the Rugby World Cup

Opportunities

- Production of literature, whilst popular is not always coherent or to a strategic plan, instead responding to ad hoc demand or historic precedent. There is an opportunity to co-ordinate these and maximise their impact.