

 Executive – 14th November 2012		Agenda Item No. 10
Title	Visitor Services Review	
For further information about this report please contact	Joseph Baconnet Economic Development and Regeneration	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	
Date and meeting when issue was last considered and relevant minute number	Executive – March 2012 - September 2012	
Background Papers		

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

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive		Bill Hunt
Head of Service		Tracy Darke
CMT		CMT
Section 151 Officer		Andrew Jones
Monitoring Officer		
Finance		Jenny Clayton
Portfolio Holder(s)		Cllr John Hammon
Consultation & Community Engagement		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

This report is an update to the March and September Executive reports which establish the principle of hub and spoke for visitor services within the district and also the establishment of a Destination Management Organisation (DMO). This report contains a series of recommendations of how the current set up for visitor services can be amended. These proposals allow a rebalancing of the tourism budget to support the emerging DMO and wider tourism promotion and business engagement.

2. **RECOMMENDATIONS**

- 2.1 To agree the MoU (draft attached at Appendix 1) with Warwick Town Council (WTC) to deliver the 'hub' function for visitor services within the District;
- 2.2 To delegate authority to the ED&R Manager in conjunction with the Development Services Portfolio Holder to negotiate a three year SLA for service delivery to commence April 2013;
- 2.3 Subject to the finalisation of the SLA to delegate to the ED&R Manager in conjunction with the Portfolio Holders for Finance and Development Services to increase the level of funding that WTC receives to a maximum of £50,000 per annum;
- 2.4 To agree to the reduction of the staff budget for Leamington VIC to a maximum of £35,000 per annum from April 2013 whilst the development of a One Stop Shop in Leamington is completed;
- 2.5 To note that a further review of Visitor Services in Leamington will be undertaken in conjunction with the development of the One Stop Shop business case and Executive Report.

3. **REASONS FOR THE RECOMMENDATION**

Recommendation 2.1

- 3.1 The Tourism Strategic Principles and Action Plan adopted by Warwick District Council's Executive in November 2011 and March 2012, adopt the principle of creating a centre of excellence for visitor services (the hub) and satellite operations for core tourist information (the spokes) approach towards tourist information. The Council has already stated that the preferred option is for Warwick TIC to be the 'hub' because of the town's prominence as a major tourist location.
- 3.2 Working with WTC to agree the MoU (and afterwards the SLA) will:
 - help create a centre of excellence for tourism visitor services,
 - support other visitor centres,
 - support the work of the emerging Destination Management Organisation (DMO) and the Warwick Tourism Industry Steering Group,
 - support the delivery of elements of the tourism strategy and action plan;
 - continue to support local tourism businesses.
- 3.3 WTC are currently in the process of delivering a Heritage Lottery Fund (HLF) bid that will see the development of a renewed tourist information and heritage interpretation centre at The Court House in Warwick. The HLF are providing

funding of £257,000 whilst WTC's borrowing to deliver non-HLF funded items is £78,000. Warwick District Council is funding an additional £60,000 towards capital works. As part of the HLF scheme, WTC has a commitment to fund and run a Visitor and Heritage Interpretation Centre for the next 15 years.

Recommendation 2.2

- 3.4 Agreeing a three year SLA will provide certainty to WTC with regard to funding, will secure the hub role for the District & industry group, and will ensure that Warwick TIC is at the heart of the emerging DMO. In time, when the value of the TICs becomes more apparent to businesses, it is to be hoped that the industry will want to become more involved in directing and funding the TIC operation, as has happened in other places (e.g. Chester, Bath).
- 3.5 A three year SLA allows the emerging DMO to develop and become financially mature as the nature of the work required may change and the DMO may be able to buy services from Hub itself.
- 3.6 A full list of services for the hub and spoke is contained within Appendix 2. Broadly, the services that the hub & spoke will provide are:-

What Service	Hub (Warwick)	Spoke (Leamington & Kenilworth)
Customer information	X	X
Booking service	X	X
Ticket sales	X	X
Retailing (eg: sales of gifts, books etc)	X	X
Outreach visitor services (going to the customer)	X	
DMO Support	X	
- Business liaison	X	
- Data stewarding & management of the websites	X	
- Support for the Destination Manager	X	
- Customer Surveys	X	
- Provide training to partners	X	
- Co-ordinate training and communication	x	

- 3.7 The development of the hub and spoke model is about more than simply the traditional role of TICs serving walk-in customers. The hub role reflects the emergence of new media and communication technologies – visitor services need to be able to “talk to” their customers using these new channels. We expect these hub services to evolve as the DMO takes shape and the needs of the industry change. For example, Facebook and Twitter are now mainstream ways of engaging with visitors and residents.

Recommendation 2.3

- 3.8 Current grant funding levels to Warwick Town Council for running the TIC operation are £25,300 per annum plus one off amount of £15,000 in 2012/2013 (in addition to a similar sum for 2011/12).

- 3.9 Appendix 2 shows the estimated level of costs associated with the expanded role of the hub visitor services.
- 3.10 The rebalancing of funds enabled by recommendation 2.3 and 2.4 allows the delivery of the 'hub' service, by reducing the funding going into the 'spoke'. The savings that arise will be used to fund the mainstream development of marketing materials and pre-arrival information via the DMO.
- 3.11 This model of operation will also allow an agreement with Warwickshire College for paid student placements looking for experience within the industry. This has the added benefits of providing workplace experience and lower costs of operation for the visitor services team. Additionally, the service will allow the use of volunteers. This is a key development in TIC service provision in recent times and it fits with community involvement. It is possible that volunteers could help to "tell the story" of Warwick and Leamington, whilst providing visitor information too.

Recommendation 2.4

- 3.12 Moving Leamington to a 'spoke' operation supported by Warwick TIC as the hub means that a number of costs can be removed. There has been a duplication of functions – including having two managers and IT systems that were not integrated.
- 3.13 Leamington VIC has accounted for 60% of all the District Council's funding for tourism. The need to rebalance the expenditure budget has previously been acknowledged. This rebalancing would take expenditure on Leamington VIC to approximately 20% of the tourism budget, allowing more money to be spent on tourism promotion.
- 3.14 Whilst the One Stop Shop business case for Leamington is being progressed, the interim proposal is for the VIC to remain open but in a reduced capacity that will limit operating costs, but retain a core level of service.
- 3.15 The Visitor Information Centres offer a very visible service which is valued by small businesses within the tourism sector. It is envisaged that their services will be an integral part of what the DMO can offer to member businesses, and therefore in future the sector should become more involved in directing and funding their activity to enhance service quality for the benefit of businesses and visitors alike.
- 3.16 From April 2013, it is recommended that Leamington VIC's opening hours are limited to an average of 25 hours per week (a total of 50 staff hours per week). Current opening hours are 41.5 hours per week (with the total number of staff hours being 105 hours). This allows a level of continuity whilst the DMO development takes place and the works to the Court House in Warwick are completed. From this time, the VIC will be closed on Sunday and Mondays, except on specific events days.
- 3.17 From April 2013, when the SLA with Warwick would be expected to take effect, it will be possible to cap the annual staff expenditure at £35,000 per annum. From this point, responsibility for managing the staff will fall within the SLA agreement.

Recommendation 2.5

- 3.18 The development of a One Stop Shop (OSS) for Leamington remains a priority for this Council. A decision on its location eg the Royal Pump Rooms or the Town Hall and timescale to deliver will provide certainty for a final Leamington VIC decision. It is intended that the VIC will be integrated with, or operate alongside the OSS, and the hub VIC will provide tourism support & expertise. It is intended that the business case for the OSS will be complete by April 2013.

4. POLICY FRAMEWORK

- 4.1 Jobs, Skill and Economy – encouraging visitors to the district who make a significant contribution to the local economy through overnight stays, hospitality, visitor attractions and retail.
- 4.2 The proposal will contribute to the District's Sustainable Community Strategy vision of being a great place to live work and visit

5. BUDGETARY FRAMEWORK

- 5.1 The current level of funding towards visitor services in Warwick District currently accounts for over 65% of the visitor services budget. This is made up of a commitment to Warwick TIC of £25,300 plus a one off contribution of £15,000 (from the tourism reserve) and a budgeted figure (gross) of £102,000 for Leamington VIC. This currently leaves less than £69,000 for tourism promotion which is significantly below the level needed for adequate DMO support and tourism promotion.
- 5.2 The revised level of funding for the hub and spokes will release a further £45,000 (minimum) for tourism development and promotion. Also, reducing the staffing costs for the VIC will enable the contribution to Warwick TIC to be increased.

6. ALTERNATIVE OPTION(S) CONSIDERED

Leamington TIC

- 6.1 Total closure of Leamington VIC: this has been discounted to ensure continuity of support and reduce any negative impact on the creation of the DMO. Visitor information is part of the emerging DMO's prospectus plans. Closure gives a problem (or opportunity) in the Royal Pump Rooms with the underutilised space
- 6.2 Private Sector led Hub and Spoke: The preference of the original member working party was for a sector led "hub and spoke" approach to visitor services. However, this would require significant private sector funding to help underpin the operational costs. This is not viable at a time when the District is working to support the development of a joint DMO – which will be seeking members when it launches shortly.
- 6.3 Alternative locations or mergers with other services: Not currently considered appropriate, but these options will be considered as part of the OSS issue.
- 6.4 Warwick District Council to take over the running of Warwick TIC: Discounted because the 15 year commitment to the HLF of WTC to continue to run a visitor centre and tourist information centre presents a significant commitment the District Council would take on – presenting an additional risk to the medium

term financial plan . It would also involve staff transfers under TUPE with potential pension and redundancy liabilities.

- 6.5 Leave funding at 2012/13 levels: would leave Warwick TIC unable to provide the hub service, and outside of the DMO development.

7 BACKGROUND

- 7.1 Tourism development work has been on-going and reported to Executives in November 2011, March 2012, & September 2012. A further report on the DMO creation will be brought to the Executive in March 2013.

- 7.2 The Strategic principles adopted in November 2011, included:

Guiding principles

The vision is underpinned by 7 guiding principles:

- **Sustainable growth:** which is better than the national average and mindful of environmental impact
- **Value not volume:** marketing campaigns encourage visitors to stay overnight, stay longer, spend more, and to return
- **A distinctive offer:** investing in a “sense of place”
- **An inspiring message:** backing a coherent identity which builds on acknowledged market strengths
- **A strong partnership approach:** which avoids duplication and clarifies roles
- **Local ownership:** initiatives have the widespread backing of business communities
- **Quality experience:** offering excellent, easily-accessible information and joining up services to make high-quality, memorable experiences.

- 7.3 The Strategy was divided into four broad areas:
Marketing the destination to deliver sustainable growth
Place Shaping to create a distinctive destination experience
Business engagement to strengthen industry led co-ordination and advocacy; &
Visitor Services to enhance the quality of visitor information and welcome

- 7.4 The work to date on visitor services reflects the fact that the “visitor journey” starts from home when planning and preparing to travel. Contact with a TIC by phone or email; websites offering detailed information and itinerary planning options; maps mailed in advance of travel – all these things help influence what a visitor does and how long s/he spends in the District. There is a natural synergy with the destination marketing role described earlier. Visitor services are the “Disperse” element of an “Attract and Disperse” marketing approach.

- 7.5 The report from Tourism Engineers stated:

"Getting the balance right in planning visitor services is essential. Staffed information centres are usually the most costly element of a destination's tourism service. The Council needs to be sure that it is maximising the return on investment from such services. Does the current investment in the centre at the Pump Rooms offer value for money? A thorough review is required to reappraise the business model and assess alternative forms of delivery ...

There is a pressing need to review how the Council's tourism budget is currently allocated across the District to reflect the importance of Warwick as a hub. the issue here is how can WDC maximise the return for the local economy from its investment in visitor services?

- 7.6 The Interim Action Plan adopted at March 2012 Executive recommended that: "Review the tourism budget to recognise the importance of Warwick as the District's premier visitor information hub". This is the work that has been on-going.
- 7.7 September 2012 Executive agreed to the development of the DMO for Warwick and Stratford and reported that the final sign off and agreement for the DMO would take place at the Executive in March 2013. The Visitor Services review will be an integrated part of the DMO delivery.