

Decision maker:	Cabinet member environment, economy and skills
Decision date:	Monday 20 July 2020
Title of report:	Covid 19 Support for Recovery of the Visitor Economy
Report by:	Head of Economic Development, Economy and Place

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

To approve expenditure and approach to delivering the Covid 19 Support for Recovery of the Visitor Economy project.

On 27 May 2020 the Marches Local Enterprise Partnership (LEP) approved a £444,220 revenue grant to the council to support the recovery of the visitor economy from Covid 19. The project will support the recovery of the visitor economy (defined as tourism accommodation attractions, leisure, culture, hospitality and retail businesses) through promoting opportunities for day and overnight 'staycation' visits to the county.

Recommendation(s)

That:

- (a) The cabinet member for Environment, Economy and Skills accept the grant and approves the related expenditure (£444,220) of Marches Local Enterprise Partnership funding provided for the Covid 19 Recovery of the Visitor Economy project.**

- (b) The cabinet member for Environment, Economy and Skills approves delivery of the project in accordance with the business case approved by the Marches Local Enterprise Partnership (annex A)**
- (c) The Director for Economy and Place in consultation with the Section 151 Officer be authorised to approve expenditure following the appropriate procurement of service providers.**

Alternative options

- 1. Do nothing – the council could choose not to accept the grant funding. However, visitor economy businesses who have been severely impacted by Covid 19 would not benefit from the available support.
- 2. In developing the business case submitted to the LEP for consideration (annex A), the council and the Herefordshire Business Board considered the option of providing direct grant support to impacted businesses. However, this was discounted prior to submission given the very limited grant funds that could be provided within the available budget on a business by business basis. Therefore, in submitting the business case to the LEP it was decided that the funds should be targeted at the visitor economy as one of the most severely impacted sectors (instructed to close), and that a marketing and PR campaign would generate trade benefitting all businesses in the sector. The LEP panel considering the business cases stated that *'they felt the proposals are both innovative and strategic in their approach and you have developed a very clear /well thought through partnership approach to executing its delivery'*.

Key considerations

- 3. On 20 April 2020 the Marches LEP Board took a decision to award the three Local Authorities (Herefordshire Council, Shropshire Council and Telford and Wrekin Council) Marches Investment Funds (MIF) for strategic tourism and business interventions to support those affected by Covid 19. The LEP allocated £444,220 of revenue funding to Herefordshire. Following the LEP Board approval they asked that the council in partnership with Herefordshire Business Board submit a business case identifying where the funds could be targeted to support recovery from Covid 19, considering local circumstances.
- 4. The council (represented by Cllr Hitchiner and Cllr Chowns) and a sub-group of Herefordshire Business Board held a number of meetings to consider the impact of Covid 19 on the local economy, and where the funds allocated by the LEP could be best targeted to aid recovery. The resulting business case (Annex A) was submitted to the LEP on the 21 May 2020 and approved on the 27 May 2020.
- 5. As identified in the business case Covid 19 and the resulting lockdown has adversely affected the vast majority of the economy. The Midlands Engine's 'Economic Impacts of Covid' report states that KPMG's GVA forecasts for 2020/ 21 indicates that Herefordshire's GVA will decline by 37% in the second quarter 2020. Whilst all sectors have been impacted, the tourism, hospitality, leisure, culture and elements of the retail sector were instructed to close in March losing all trade overnight. These seasonal businesses who employ circa 9,500 people in Herefordshire are currently losing trade during their peak season.
- 6. The PWC UK Economic Update (6 May) indicates that subject to the nature of the exit from lockdown conditions the sectors worst affected by Covid will be;

- Food Services estimated reduction between 20% to 37% in GVA in 2020
 - Hotels 18% to 34% reduction
 - Leisure and Arts 15% to 28% reduction
7. The forecast GVA impact on retail is slightly lower (estimated GVA reduction of between 10% and 18%). However there will be significant variations across the retail sector, from some food retailers experiencing an increase in trade compared with those considered non-essential who have been closed for a number of weeks.
 8. In analysing the above evidence, discussions between the Herefordshire Business Board and the council concluded that the tourism, hospitality, leisure, cultural and elements of the local retail have been worst affected. In order to support the soonest possible recovery, there is an opportunity to urgently establish marketing and PR campaigns (supported by a new destination website) that will encourage day visits, and take advantage of the anticipated peak in the 'staycation' domestic visitor market in the summer and autumn (subject to lockdown restrictions being lifted).
 9. Supporting the development of the tourism industry is a priority with the County Plan 2020 – 2024. The County Plan states we will '*Protect and promote our heritage, culture and natural beauty to enhance quality of life and support tourism*'. The County Plan also states '*The council will make a positive commitment to invest in the support and development of tourism and our valuable visitor economy*'.
 10. Supporting the soonest possible recovery of these sectors would also have a significant impact on all related supply chain (food and drink producers, wider retail, hotels and visitor attraction suppliers etc).
 11. The approved business case identified that the following will be delivered through the project which will be procured in accordance with the council's contract procedure rules;

Deliverable
Modern Destination website with book ability service (operating model) supported by a smartphone app.
Marketing Strategy/ Plan Production
Marketing Activity– such as purchase media space to be defined in the marketing plan (such as radio advertising, national newspaper adverts, social media advertising, TV advert, billboard adverts in target locations) Possible support for festivals to go on line.
Marketing – media content (production of adverts across different media platforms, and website content walking trails, cycle routes etc). Establishing high quality photo library open for anyone in Herefordshire to use.
PR – Proactive PR campaign through travel press visits, social media story content, engaging national and local press, magazines etc. Engaging tourism businesses to establish stories/ consistent use of hashtags.
Research/ Evaluation <ul style="list-style-type: none"> • Tourism Volume and Value baseline • Visitor Economy Product audit • Evaluation of campaign

12. The following outcomes will be delivered by the project as included in the business case;

- Enhanced brand recognition of Herefordshire as a destination for tourism, specifically offering high quality locally distinctive food and drink, cultural and rural activity experiences
- Long term increased to day and overnight visitors to Herefordshire
- Increased visitor spend within Herefordshire
- Increase in trade to all supply chain and those impacted by wider multiplier effect
- Increased recognition of Herefordshire as a place to live, learn, work and invest
- Public/ private collaborative partnership established to support the growth of the visitor economy for the long term (beyond the lifetime of the project). The project will provide the catalyst to long terms public/ private working, and the proposed development of a Destination Business Improvement District.
- Increased sponsorship and investment into Herefordshire's heritage and cultural offer.

Tourism visitor volume and value research will be established as a baseline at the start of the project, and re-assessed 12 months later.

13. The terms of conditions of the grant are as follows;

- The Marches LEP have offered Herefordshire Council a revenue grant of £444,220 to fund the activities outlined in the business case submitted to the LEP on 21 May 2020 and approved by the LEP appraisal panel on 27 May 2020 (Annex A).

The grant offer is subject to the following conditions;

- This offer is effective from the date of the offer letter; any expenditure prior to this date will not be eligible.
- Only the work to be undertaken detailed in the business case is eligible unless otherwise agreed.
- All work must be undertaken, and funds defrayed by 31 March 2021 at the latest
- If undertaking procurement, please ensure you take into account the Cabinet Office Procurement Policy Note – Responding to COVID- Information Note PPN 01/20 – March 2020 procuring goods

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873521/PPN_01-20 - Responding to COVID19.v5_1_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873521/PPN_01-20_-_Responding_to_COVID19.v5_1_.pdf)

- That any procurement exercise is in accordance with the council's procurement policy, widely promoted such as in the local press and social media to ensure local suppliers are aware of the opportunity
- The funds cannot be used to subsidise any existing business support services provided by the Council including staff costs

14. The council is required to send to the Marches LEP Chief Executive a written progress report against sections 4, 5, 6 and 7 of the business case (annex A) by 31 July 2020, 30 September 2020 and 30 November 2020. A final report will be required which must including a statement from the council's Section 151 Officer confirming the funds have been defrayed in support of initiatives defined in the business case.

Community impact

15. Covid 19 has had an unprecedented impact on the population of Herefordshire and the local economy. As of the end of March 2020 as we entered lockdown a number of businesses were instructed to close such as tourism, hospitality, non-essential retail and cultural organisations. Although not ordered to close, many manufacturing and construction sites closed due to concerns in meeting social distancing requirements. The closure of all of these businesses has had an impact on their supply chains and professional services.
16. As such many businesses have had to furlough staff, government statistics indicate circa 20,700 people in Herefordshire are currently furloughed. There is a risk that as the Coronavirus Job Retention Scheme comes to an end a high proportion of these businesses may need to make redundancies. Universal Credit and Job Seekers Allowance schemes in Herefordshire have already seen an increase of 140% (significantly higher than the national average of 114%) since March 2020.
17. The closure of tourism, hospitality non-essential retail sectors has also had a disproportionate impact on the younger age workforce (nationally 26% of people below the aged between 16 and 24 work in these sectors compared 10% in other industries¹).
18. The Visitor Economy project will provide assistance to businesses who are threatened with closure due to Covid 19, securing employment in the county as we move in to the recovery phase.

Equality duty

19. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
20. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.
21. The Visitor Economy project will equally benefit all businesses in this sector through the promotion of opportunities for day and overnight visits to the county, supporting the recovery from Covid 19 and securing employment. Marketing and PR campaigns will promote opportunities for people from all communities and backgrounds to visit the county.

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<https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/articles/tourismemploymentsummaries/characteristicsoftourismindustries2014>

Resource implications

22. The Marches LEP has committed to providing £444,220 revenue funding to deliver the project as set out in the business case (annex A).
23. The project will be delivered through procuring specialist external support in accordance with the council's contract procedure rules to deliver the requirements identified in paragraph 11 above, such as marketing and PR agencies, website developer, and visitor economy research consultants.
24. The council's Economic Development team will prepare the tender documents, oversee the evaluation and selection of the providers, and manage the implementation of the contracts.
25. In submitting the business case to the Marches LEP the council requested an extended period to deliver the project to allow for any further waves of Covid 19 and resulting lockdown restrictions. The LEP agreed to extend the period the funds are available from October 2020 to end of March 2021. The procurement and contracting of service delivery agencies will include the ability to pause any marketing or PR activity should there be a further wave of Covid 19 outbreaks in the county during the delivery period of the project.

Revenue or Capital cost of project (indicate R or C)	2019/20	2020/21	2021/22	Future Years	Total
Revenue Budget	£000	£444,220	£000	£000	£444,220
TOTAL		£444,220			£444,220

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2019/20	2020/21	2021/22	Future Years	Total
Revenue Grant from the Marches LEP	£000	£444,220	£000	£000	£444,220
TOTAL		£444,220			£444,220

Revenue budget implications	2019/20	2020/21	2021/22	Future Years	Total
Revenue grant allocation from the Marches LEP	£000	£444,220	£000	£000	£444,220
TOTAL		£444,220			£444,220

Legal implications

26. The council has the power to accept the grant award from The Marches LEP under s1 of the Localism Act 2011. This section also given the council to spend the grant having regard to its fiduciary duty.
27. The grant is subject to the following conditions which will need to be complied with:
- Only expenditure incurred in accordance with the submitted business case and incurred after 11 June 2020 will be eligible.
 - All work must be undertaken by 31 March 2021. Any procurement exercise must be in accordance with the council's contract procedure rules and take into account Procurement Policy Note 01/20 (Responding to COVID, procuring goods).
 - Under the terms of the grant award the council will be required to provide regular written progress reports on business need; progress updated on expenditure; outputs and outcomes as set out in the business case.

Risk management

28. The project has the following risks;

Risk	Mitigation
Failure to procure service providers to deliver the deliverables identified in paragraph 11.	There are a wide range of private sector businesses that provide website development and visitor economy focussed marketing and PR services. Following the release of the Marches LEP press release regarding the grant award a number of local and national businesses have contacted the council to indicate they would like to tender for the works. A key criteria for selection will be knowledge and experience of promoting rural county's visitor offer.
National or local lockdown measures prevent day and overnight visits to the county.	The government has already lifted restrictions for day visits and operation on non-essential retail. On 23 June 2020, government announced that from 4 July 2020 accommodation, hospitality and attraction businesses can open subject to meeting social distancing guidance. Through the project the council will ensure visitor economy businesses and visitors are aware of the public health guidance. Should a second wave of Covid 19 infections lead to the reintroduction of lockdown restrictions marketing and PR activity would be paused until they have been lifted again.

Visitors and employers fail to meet social distancing requirements	At the commencement of the project the council will contact tourism businesses to ensure they are aware of government guidance and their responsibilities in meeting these requirements. The visitor facing website and social media presence will provide visitors with access to government guidance. Should a tourism business be found to be not following social distancing requirements, the council will reserve the right to remove the business from any promotional activity (such as removing from the visitor website).
Delays to the delivery of the project (for example a second wave of Covid 19 infections) mean the funds cannot be spent in the available timeframe.	In submitting the business case to the LEP the council sought an extension to the delivery period until the end of March 2021 in case of any delays. Any services procured by the council will be required to be delivered within this timeframe, and include the options to cease activity should there be any delays to ensure that costs do not overrun the available time period.
Private sector businesses are not engaged in the delivery of the project, and do not align their own marketing and PR activities.	The Herefordshire Business Board were engaged in the development of the project (signatory to the business case submission). A virtual meeting of circa 30 tourism businesses and partners was held on 16 June 2020 to inform them of the project and to discuss joint working. A public/ private steering group has been formed to guide the delivery of the project which has a private sector chair.

Consultees

- Herefordshire Council Cabinet at their briefing on 21 May
- Herefordshire Business Board
- Herefordshire Sustainable Food and Tourism Partnership
- Tourism businesses and stakeholders
- A project Steering Group of public and private stakeholders has been formed to guide the delivery of the project (as stipulated in the business case submission to the LEP). The project Steering Group includes representation from across the visitor economy (in terms of geographic coverage of the county and the relevant sectors) and will have responsibility to guide the implementation of the project. As accountable body for the delivery of the project the council will be responsible for the implementation of all related activity. The Steering Group includes the following representatives

Cllr Ellie Chowns Cabinet Member Environment, Economy & Skills

Jo Hilditch (Chair)	White Heron Drinks / Whittern Farms
David Bailey	General Manager, National Trust Herefordshire
Jenny Beard	Vice Chair of Herefordshire Churches Tourism Group
Joe Evans	Crumplebury / Green Cow Kitchens
Bruce Herriot	Chair (Herefordshire), Three Choirs Festival
Glenn Jones	Managing Director, Discover Parks
Katrina Kerr	Former CEO of Visit Cheshire
Frank Myers	Chairman, Herefordshire Business Board
Kate Tudge	Marketing, Oaker Wood / Tudges Meat

Appendices

Annex A – Business case approved by the Marches LEP

Background papers

None

Please include a glossary of terms, abbreviations and acronyms used in this report.

Local Enterprise Partnership (LEP)

Herefordshire Business Board (HBB)

Herefordshire Sustainable Food and Tourism Partnership (HSFTP)