

MEETING:	CABINET
DATE:	16 SEPTEMBER 2010
TITLE OF REPORT:	REVIEW OF TOURISM DELIVERY
PORTFOLIO AREA:	ECONOMIC DEVELOPMENT AND COMMUNITY SERVICES

CLASSIFICATION: Open

Wards Affected

County-wide.

Purpose

To agree the remodelling of tourism delivery in Herefordshire based on a comprehensive review of the service.

Key Decision

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the County.

It was included in the Forward Plan.

Recommendations

THAT:

- (a) support the establishment of a new Destination Management Partnership (DMP) which will be required to work with Shropshire and Telford DMPs under the emerging Local Enterprise Partnership (LEP);**
- (b) the proposed principles of the tourism strategy and brand essence are agreed as outlined in appendix 1;**
- (c) the remodelling of the TICs is progressed as outlined in this report; and**
- (d) delegated authority be given to the Director of Sustainable Communities to negotiate, subject to decisions about the Council's spending proposals in 2011/12 and taking account of the Government's comprehensive spending review (CSR) to be announced later in the autumn, future financial and staffing resources for the DMP.**

Further information on the subject of this report is available from
Natalia Silver, Assistant Director, Economy and Culture (01432) 260732.

Key Points Summary

- A review of tourism delivery has taken place to consider maximising the opportunity of the visitor economy in the county, this includes considering the roles of Visit Herefordshire (the county's Destination Management Partnership) and the local authority. A Tourism Transition Group has been established to consider the findings and implement recommendations.
- The review recommended the formation of a new DMP which should take a more strategic lead in maximising the benefits of tourism to the local economy.
- In line with all these recommended changes it is proposed that there should be more advanced marketing and branding that links with the County's identity, with more involvement of our key businesses. This is to be a key driver of a new tourism strategy.
- The new DMP no longer operates as a membership body, but forms a federation of local tourist associations (LTAs) the membership of which should be at LTA and local business level.
- Following the CSR announcement and in light of the Council's future budgets, negotiations re future resourcing and staffing of the DMP are commenced.
- The plans for the TICs conform with the Council's policy for shared services and contribute to the delivery of localities working.
- The remodelling of the TIC service aims to move away from traditional methods of service delivery to mirror national visitor trends to create a more efficient service.
- The proposed remodelling is based on a "core" service that can be extended by working with third parties.
- The proposals aim to reflect visitor trends and patterns nationally, as well as local distinctiveness e.g. volume of users at the different TIC's and their significance within the tourism industry.
- The proposals aim to maximise relocation into the Council's own property or make the most of local solutions.
- The plans are tailored to fit with lease arrangements that are contractual obligations.
- Every effort will be made to re-deploy staff, though there is a risk of redundancy.

Alternative Options

- 1 There are two alternative options.
- 2 That the status quo continues with the DMP maintained in its current state. This is not recommended as there is a need to be more strategic in the promotion of tourism as identified in the review.
- 3 That the TICs are completely withdrawn. However, there would be no framework to work with third parties to deliver and expand the service. Also, visitor queries would continue and staff would need to be retained to deal with those queries.

Reasons for Recommendations

- 4 The recommendations will see an advanced role for the new DMP in taking a more strategic role and direct responsibility for staffing. The aim is to maximise opportunity to grow tourism and further develop our tourism product range, specifically driven by the private sector. Involvement from the private sector will be from the tourism industry, but also increased involvement from the business community that can be part of the wider promotion of the county.
- 5 The recommendations regarding the TICs reflect the intention to create shared points of customer contact within core localities. The options look at TICs and TIPs sharing sites that have available space and where timing is suitable. Within the remodelling there is opportunity to further align services as Tourism Points develop within the different geographic areas.
- 6 Back in 2005 the Cultural Services CPA inspection outlined the need to re-think expenditure on TICs as it was proportionally very high. Some work has taken place since then to reduce the cost including the moving of Ledbury TIC from a private sector lease to council's own premises. A staffing restructure took place in 2009 to create more effective working patterns.
- 7 A number of other areas in the County are considering or have already remodelled their TIC service, most recently include Stratford-upon-Avon, Powys, Forest of Dean, Lake District and Isle of Wight. Different approaches have been applied including both voluntary run TICs (as already exists in Kington) and private enterprise partnership.
- 8 Out of the 4.8 million visitors who come to the County only 211,024 (in 2009) used a TIC with an additional 26,000 asking for information prior to arrival (email, fax and phone). Approximately half the users are local people (as suggested by the TIC staff). Also, visitor numbers (see point 17), are reducing whilst internet enquiries have increased (half a million hits per month on the Visit Herefordshire website).

Introduction and Background

- 9 The Herefordshire DMP was established in 2006 as the body to direct and co-ordinate tourism promotion in the County. The DMP is a private / public sector partnership that acts as a limited by guarantee company but is not trading for profit. The local authority currently contributes £73,200 revenue per annum for marketing and promotion; and the DMP is facilitated by the Council's Tourism, Food and Marketing Manager, with a team of five other permanent officers (2 part time and 3 full time) delivering the activity directed by the DMP.
- 10 As well as a contribution from the local authority, contributions have been received from AWM of £90,000 and private sector of £69,000 that contributes to advertising, marketing campaigns and sponsorship (membership is included in the private sector income - £17,000 income for members and web).

Table of all spend – 2010-11 budget

Areas of Spend	£
TIC net cost	219,000
Salary costs of central team (from Herefordshire Council)	136,987

Revenue costs (for marketing from Herefordshire Council)	73,200
Support costs	10,000
Private sector supported marketing activity	69,000
AWM funded projects	90,000
ERDF funded projects	60,000
total	658,187

- 11 The work of the current DMP – operated by the Tourism Team includes:
- Production of the visitor guide and other marketing material
 - Managing the bookable website
 - Journalist familiarisation trips and other media features
 - Special campaigns e.g. Flavours of Herefordshire Awards
 - Event management – University of the Great Outdoors, Food Festival
- 12 There is in the region of 350 members of Visit Herefordshire, and the team holds a wider data-base of 1,600 businesses.
- 13 Herefordshire Council has a network of five TICs (Hereford, Ledbury, Leominster, Ross on Wye and Queenswood), plus one TIP in Bromyard and one TIC that is run by the voluntary sector serving Kington. There are a number of other areas in the County where tourist information is available with unstaffed provision.
- 14 The TICs have been a long established part of the tourism provision in the county, firstly run by the District Councils to then be brought together when the Unitary Authority was formed in 1998.
- 15 As well as dealing with in person, postal, phone and email enquiries the TICs provide the functions of:
- Booking visitor accommodation based on a fee (in and outside the County);
 - Contracted delivery of bus tickets and coach tickets;
 - Ticket sales for key events in the county – based on a commission;
 - “Shop window” for local businesses (charged at a fee);
 - Sale of stock, including locally produced goods;
 - Being a focal point for tourism businesses in their areas;
 - Display of local events and attractions;
 - Route planner;
 - Promotion of local events / crafts / services / businesses;
 - Mailing of guides in response to telephone and mail enquiries;
 - Increased length of stay / give advice on where to stay, eat and visit.

- 16 Whilst, the visitor numbers for TIC's saw a small general increase last year, they have been in general decline since 2005 (except Queenswood that has seen increased visitor numbers due to extra opening hours).

Location	2005	2006	2007	2008	2009
Hereford	76433	77368	72390	61500	61242
Ross	59540	56996	54117	51497	53984
Leominster	34665	37451	36835	33434	30733
Ledbury	80534	78192	57515	21808	21684
Queenswood	33205	33220	34423	36440	41372
	286382	285233	257287	206687	211024

- 17 The key costs are staffing and premises (primarily rents and rates). Where TICs are situated in the Council's own premises (Ledbury and Queenswood) the costs are considerably less though rates still apply and there is a service charge at Bromyard TIP.
- 18 The cost of running the TICs is offset with income generated from sales, commissions and contracts with a drive in the last three years to increase income. In addition in Leominster, Ross and Bromyard staff coverage is supported by volunteers. However, these income initiatives do not offset the total cost.
- 19 Net cost of running TICs as follows:

Centre	Staff Budget £	Revenue Costs/Income Budget £	Net Budget £	Per head £
Hereford	71,440	23,980	95,420	1.55
Ross	46,400	-21,340	25,060	0.46
Ledbury	46,210	-17,200	29,010	1.33
Bromyard (SLA)	0	2,790	2,790	0
Queenswood	37,450	-1340	36,110	0.87
Leominster	34,860	-3110	31,750	1.03
Kington	0	200	200	-
Trading		-550	-550	-
Total HC budget contribution	236,360	-16,570	219,790	

(minus figures shows a surplus of expenditure against income)

Key Considerations

- 20 Role of the new DMP Board – a key recommendation of the tourism review was for the new DMP to take a stronger strategic role. The current DMP board members represent sectors e.g. attractions, self-catering accommodation, etc. and as a result will reflect the interest of those they represent. Though this is wholly right, it does mean the current DMP board have little opportunity to deal with the larger issues, specifically strategic direction product development, and the overall promotion of the County 'Brand Herefordshire' to the full range of target audiences: local; national; and international.

- 21 Chairman appointment - The long standing chairman resigned in May 2010 due to business commitments and an interim is in place until the new chairman is recruited through a selection process. It is expected that a new chairman will have considerable business experience in change management. The chairman and board will be expected to raise income for the new DMP which will support programme and activities.
- 22 Strategy – the current tourism strategy ran until 2009 and a new strategy will create an anchor for the delivery of tourism in the County. The principles of a new tourism strategy are outlined in appendix 1. This strategy builds on the distinctiveness and strengths of the county – primarily its natural, heritage, cultural and business assets.
- 23 Brand – linked to the new strategy is a new identity for the County through a redefinition of the Herefordshire brand. This brand will be reflective of the strengths of the County and its positive “sense of being”. Appendix 1 also outlines the brand essence concept, which once agreed will inform a commission to creative designers to create art work. This has the potential of linking with other messages and images regarding the County and a broader target audience.
- 24 Tourism Federation – it is proposed that the new DMP will not be a membership organisation. Instead membership will be through a network of Local Tourist Associations (LTAs) and business organisations throughout the County. The LTAs will generate their own membership income to fund their own projects with an option to contribute to countywide projects run by the new DMP. The current LTA network is patchy and some areas would need support to get established, with potential contribution from the DMP to pump-prime the LTAs. The concept is that whilst the DMP markets the County as a whole and has the task of bringing people into the county, the LTAs would manage the visitor experience in the County. The bringing together of the LTAs through a Federation will be to ensure consistency of approach and common purpose, whilst recognising the areas distinct requirements.
- 25 Relationship with Herefordshire Council – as the new DMP becomes a fully operational limited company the local authority will contribute to the delivery of the strategy. There would be two places on the new board for Council members. Any Council funding or staffing resource which may be allocated to the DMP would operate on a commissioned basis to conduct marketing and promotion activity.
- 26 The “Marches Local Enterprise Partnership” (LEP) is a collaboration between Herefordshire, Shropshire and Telford to support enterprise and economic growth in the area. Each of the areas operate a DMP and there is potential of joint working or the coming together to maximise resources.
- 27 In respect of the Tourist Information Centres, due to expiring leases the decision has already been made on the first phase of the remodelling. Namely Ross on Wye TIC integrated with Ross Heritage Centre from January 2011; and Leominster TIC become part of the Info offer in Corn Square. These facilities were dealt with as a first phase as their leases were being terminated. Consideration needs to be given to Hereford, Ledbury and Queenswood TIC.
- 28 The options for each TIC explores distinct requirements and local opportunities. In order to meet the Council’s corporate efficiency target. The Directorate is looking at a £200,000 saving from the operation of the TICs leaving £19,700 to run a remodelled service. This paper outlines a new remodelled service that can be achieved within that budget (with some income).

- 29 The proposal maintains a County presence, with a Ross “Visitor Centre” acting as a combined TIC hub and Heritage Centre to take enquiries throughout the year. Next to Hereford, Ross has the highest number of visitors and has piloted a number of new services.

Ledbury TIC

- Owned by Herefordshire Council
- Rates: £1,391

- 30 Ledbury TIC was moved to the Council owned property, the Masters House which created a saving for the Resources Directorate.

- 31 The proposal is to transfer the operation of the TIC to be part of the Info provision. There is an option for local organisation / Town Council to run the TIC.

Hereford TIC

- Lease expires 30/01/2019
- Rent £33,250 / Rates: £6,010

- 32 Hereford TIC presents the greatest challenge and is the most expensive TIC to run. It is not possible to cease the lease which has a long life, though it is possible to sub-let.

- 33 The option is therefore to sub-let the premises to a partner organisation or promote as a business opportunity with an arrangement to provide some TIC service. A showcase and retail outlet of local food/café would fit with our tourism offer, and this could be achieved through a business venture or private/public sector partnership.

- 34 There are risks attached to this option, in that if a sub-tenant withdraws or is not found.

- 35 There are a number of areas where tourist information can be accessed in Hereford and this can be enhanced with TIPs at the Old House, Library and Town Hall. There is potential to discuss options with the City Council to have a greater role in TIC service delivery.

Queenswood TIC

- Owned by Herefordshire Council
- Rates: £1,510

- 36 The proposal for Queenwood TIC is to have a similar arrangement to Hereford in offering the site as a business opportunity. This means using the centre for retail or catering, whilst offering tourist information and support for the Countryside Service. The centre is generally used by people visiting the park rather than for the tourism function with the centre providing services especially at the weekend. Any issues regarding the park and the hire of scooters for disabled visitors are currently dealt with by TIC staff.

- 37 If the business model is not adopted there is potential for income generation that could support weekend coverage.

Bromyard TIP

- 38 Bromyard operates as a TIP with an SLA of £3,240. The option is for the TIP to be directly managed by Info combined with greater presence at the attractions / facilities in the town. However, the Town Council has made an approach to run the TIC at a refurbished site at the previous heritage centre.

Community Impact

- 39 Tourism generates £410m for the local economy each year. The recent review “Visit Herefordshire – A Review of the Destination Management Partnership” suggested that could increase and regional research came to the same conclusion. The county is also well placed to take advantage of the changing in lifestyle as a result of the economic climate with an increase in people taking their holiday in the UK.
- 40 As mentioned, approximately half the users of TICs are local, often choosing to use the TIC for their local information. People will be encouraged to use Info shops, though there is a strong local attachment to TICs. Any changes will be viewed as negative in some quarters and this will need to be handled through a communication programme.

Financial Implications

- 41 Within the concept of establishing a new DMP Herefordshire Council would commission delivery of the tourism strategy. This would be through a commissioning agreement, and the allocation of revenue spend and possibly staffing resource. Negotiations on the detail of these resourcing arrangements would need to take place in the context of decisions about the Council’s spending proposals in 2011/12 and taking account of the Government’s comprehensive spending review (CSR) to be announced later in the autumn.
- 42 As previously mentioned considerable income for the private sector is achieved through tourism promotion and the new DMP will have a stronger private sector lead approach. Reflecting this shift in emphasis it will be the case that the ratio of public sector funding next to private sector investment will decrease. The time scale and level will be reflected in the commissioning agreement.
- 43 As outlined in the report the remaining budget from the TIC remodelling will be £19,790 which will be used to support the implementation of the model.

Legal Implications

- 44 Legal implications relating to staffing considerations would be explored as part of the negotiation process; any lease issues will be negotiated through Asset Management and Property Services.

Risk Management

- 45 Risks associated with the changes include:
- 46 Remodelling of TIC service considered a reduction of service causing negative publicity.
Mitigation: early discussions with partners to explain the rationale behind the programme.
High probability; medium impact.
- 47 Tourism industry and wider business partners non-sign up of the emerging strategy.
Mitigation: work with the current DMP and early interaction with Local Tourist Associations; brand developed with key businesses that promote County products.
Low probability; high impact.
- 48 New DMP aspirations not realised because further reductions in funding, reduction in private sector contribution and limited sponsorship.

Mitigation: the development of tourism will be “private sector led” rather than a dependency on public sector funding. Activity within the new model will only go ahead where private sector are willing to contribute.

High probability; high impact.

- 49 A reduction in visitor numbers to the county through remodelling of TICs.
Mitigation – the Ross hub will be link to the other TIC provision to deal with “overflow” enquiries.
Low risk; medium impact.
- 50 No sub-tenant identified for Hereford creating a void within the budget to meet lease requirements.
Mitigation: Early adverting of the opportunity.
Medium risk; medium impact.

Consultees

- 51 Current DMP Board.

Appendices

- 52 Executive Summary of Herefordshire Tourism Strategy and brand essence.
53 Summary of time scale.

Background Papers

- n/a

Appendix 1

Executive Summary of Tourism Strategy

There are very significant opportunities to grow the visitor economy of Herefordshire over the next five years and, as a result, help make the County an even better place to live, work and visit. Achieving the Vision and goals set out in this Strategy will not be without its challenges, especially with prevailing economic conditions.

However, with the full support of the tourism industry, the Council, the County's leading brands and the community, this is a Strategy that can produce results and a great return on investment.

The Benefits

If the outcomes of this Strategy were simply to deliver a level of spending from current visitor numbers comparable with some of our competitors then there would be an additional £105 million injected into the local economy supporting an additional 1,500 – 2,000 jobs.

But this Strategy has the potential to deliver more in economic terms and much more in terms of a wider set of benefits to business and the community.

The Model

The Business Model for this Strategy is based upon international best practice and from successful rural destinations around the world. At the heart of this model is the need for the bold, ambitious vision with clear branding and positioning of Herefordshire supported by appropriately creative and innovative marketing and product development.

The Vision

... to firmly establish Herefordshire as a **must visit** rural destination for leisure and business tourism in England for both high value international and domestic tourists based upon creating a unique range of year round Herefordshire creatively presented visitor experiences. These will feature the area's 1,300 years of history, its 'terroir', its artisan produce (food, drinks, crafts and art) and rural activities set in characterful locations that will allow visitors to enjoy traditional wholesome and uncomplicated English rural life at its very best.

The Ambition

... to use tourism as a means of helping to make Herefordshire a better place to live, work and visit by growing the value of tourism over the next ten years at a rate per annum that is higher than the national average and in so doing generate more jobs in tourism-related work and grow the number of businesses involved in tourism-related activities across the County.

How This Will be Achieved

... through bold, aspirational branding, positioning and marketing that captures the 'essence' of Herefordshire.

... implementing a focused, unambiguous, strategy that develops market-led products that are distinctly Herefordian.

... capturing the imagination of the communities, the residents, the tourism stakeholders and others who want to help Herefordshire achieve its potential.

... sharing our way of life, our heritage and culture and our countryside with guests who wish to experience the “best of traditional English life with 21st Century style”.

... working closely in partnership with the brand winners in food and drink with the ability to market the ‘terroir’, as well as other leading brands and businesses across the County.

The Proposition

The proposition aims to build on Herefordshire’s unique properties and use its values and personality together with interesting product development to creatively present the new proposition, boldly, confidently, and giving Herefordshire stand out and making it more appealing as a year round short breaks destination.

Escape the pressures of modern living, visit Herefordshire

English Rural Living

Herefordshire – The Place

Herefordshire is a predominantly rural county of 842 square miles situated in the south-west corner of the West Midlands region bordering Wales with a population of nearly 180,000. The City of Hereford (pop 50,000) with its iconic Cathedral and its major attractions (Mappa Mundi and Magna Carta) is the major location in the County for employment, administration, health, education facilities and shopping. The five market towns of Leominster, Ross-on-Wye, Ledbury, Bromyard and Kington are the other principal centres.

Herefordshire has beautiful unspoilt countryside, distinctive heritage and culture, remote valleys and rivers (including the Rivers Lugg, Teme, Frome, Leaden and Wye which flows east through Hereford City (Wye Valley)), the Malvern Hills to the east of Herefordshire which rise to over 400 metres above sea level and the Black Mountains in the south west. There are two Areas of Outstanding Natural Beauty (the Wye Valley and the Malvern Hills) in the County. There is a distinctive ‘terroir’ about Hereford reflected in the County’s motto: “*This fair land is a gift of God*”.

Growing the Visitor Economy

Herefordshire’s visitors (combining overnight tourist and day visitor spending) produced almost £411 million for the local economy in 2008. That is approximately £2,292 for every resident in the County per annum – a pretty good return for the Council’s current investment in supporting tourism of £456 per person: a 900% ROI. Visitor spending also helps support over 8,500 jobs in the County.

But, there is clearly scope to do better: to grow the value of tourism in the economy and to maximise the wider benefits. Analysis of recent tourism trends in Herefordshire reveals a complex picture of winners and losers whilst, overall, the industry has been in decline. It is now time to reverse this trend and get ‘*fit for the future*’.

Appendix 2 - Timescale and Delivery

Activity	Timescale by	Lead
Consultation with staff and other stakeholders	17 September	Herefordshire Council
Recruitment of the new chairman	End of September 2010	Tourism Transition Group
Recruitment of Board members	End of October 2010	Tourism Transition Group and chairman
Support the development of LTAs	October to December 2010	Herefordshire Council / New Board
Review constitution	Mid November 2010	New Board
Confirm TUPE arrangements	End of December 2010	Herefordshire Council
Staff seconded	January to March 2011	Herefordshire Council
Transfer staff	April 2011	Herefordshire Council
Finalise branding	November 2010	New Board
Finalise Tourism Strategy	November 2010	New Board
Finalise SLA	January 2011	Herefordshire Council