

Cheltenham Borough Council

Cabinet – 11 July 2017

Five-year strategy to grow Cheltenham's visitor economy

Accountable member	Councillor Steve Jordan, Leader of the Council
Accountable officer	Tim Atkins, Managing Director Place & Economic Development
Ward(s) affected	None
Key/Significant Decision	No
Executive summary	<p>Cabinet is being asked to approve an ambitious five-year strategy to grow Cheltenham's visitor economy. The strategy sets out the vision for Cheltenham's tourism offer, the aims and outcomes and an action plan for achieving them.</p> <p>The strategy also provides the framework for the council's place strategy outcome of a thriving visitor economy.</p> <p>The strategy recommends that the preferred option for the delivery of tourism services in the longer term is through a bespoke public/private partnership. This will deliver wider ownership of the marketing of tourism and better governance. An interim solution for marketing services is proposed, managed by the Council and supported by partners and a wider membership scheme in the short term. This solution will maintain momentum, enabling a number of outstanding activities to be completed and test funding and resources to inform the future model.</p> <p>The intention, also, is to undertake a review of the Tourist Information Centre (TIC); an agreed timescale for this is outlined in the report. The outcome of this review will inform the forthcoming negotiation of the management agreement and fee between the Council and the Trust beyond March 2019.</p>
Recommendations	<p>Cabinet is asked to:</p> <ul style="list-style-type: none">• Adopt the five-year strategy to grow Cheltenham's visitor economy and its action plan• To delegate authority to the MD Place and Economic Development to work with the Cheltenham Trust and Cabinet Member Healthy Lifestyles to undertake and complete the handover of the marketing service for a go-live date of 1 August 2017 and also to bring forward plans for the future of the Tourist Information Centre in line with the timescales outlined in the report.• Approve a Variation to the management agreement between the Council and the Cheltenham Trust to remove tourism marketing

from the agreement

Financial implications	<p>£70k per annum has been identified for marketing as part of the Place & Economic Development transformation programme. A paper regarding this is also being considered by Cabinet on 11 July. This will be used to support this project. It has been agreed that the removal of the marketing service from the Trust contract will be achieved without detriment to the Trust.</p> <p>The management fee payable by the Council to the Trust will be reduced by £11,520 per annum to reflect the transfer of website hosting and support from The Trust to the Council, as detailed in paragraph 4.1 to this report.</p> <p>Contact officer: Sarah Didcote, business partnership manager West, finance, sarah.didcote@cheltenham.gov.uk, 01242 264125</p>
Legal implications	<p>Tourism Services are required to be delivered by the Cheltenham Trust under the contract for services. These services can only be removed following the variation procedure in the Contract, or by another mutually agreeable procedure.</p> <p>The Public Contracts Regulations 2015 contains provisions about variations of contracts. The Regulations contain provisions as to when variations are permitted and advice on this has been provided to officers.</p> <p>The Authority must also comply with the Public Contracts Regulations 2015 and the Authority's Contract Rules in creating the arrangements envisaged by this report. Agreements prepared by One Legal also need to be put in place before any services are commenced, funding given and the creation of the tourism partnership.</p> <p>The Authority has a duty under Section 3(2) of the Local Government Act 1999. This is a general duty which requires the Council to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness. In deciding how to fulfil the duty there is a requirement to consult those persons referred to in the Act which includes representatives of council tax and non-domestic rates payers and persons who use or are likely to use the service. The Authority must also have regard to guidance on this duty issued by the Secretary of State.</p> <p>The Authority must also comply with the Public Sector Equality Duty contained in Section 149 of the Equality Act 2010 when considering any changes to the tourism services. The Authority must also comply with its own equality policy and conduct Equality Impact Assessments to assess the likely or actual effects of proposed changes in the service on persons who share a protected characteristic (as defined by the Act).</p> <p>The Authority's power to provide tourism is contained in Section 144 Local Government Act 1972 which permits local authorities either alone or jointly to encourage persons by advertisement or otherwise to visit their area for recreation purposes.</p> <p>Contact officer: Donna Ruck, Solicitor donna.ruck@tewkesbury.gov.uk, 01684 272696</p>

HR implications (including learning and organisational development)	<p>There are no direct HR implications arising from the content of this report at this time. The HR team will continue to work closely with the project as it develops and will report any HR changes and/or implications in further reports.</p> <p>Contact officer: Julie McCarthy, HR manager (GO shared services West), julie.mccarthy@cheltenham.gov.uk, 01242 264355</p>
Key risks	See risk assessment.
Corporate and community plan Implications	This strategy delivers the priority action in the corporate strategy to develop our strategic approach to tourism, work with the tourism partnership to ensure that there is alignment behind the strategy and agree appropriate delivery mechanisms.
Environmental and climate change implications	There are no direct implications arising from this report; however, as the action plan is delivered, thought will need to be given to the impact of increasing visitor numbers, how they travel to the town and ways of minimising their impact on the environment during their stay.
Property/Asset Implications	<p>There are no direct implications arising from this report at this time. It is noted that a future solution for the Tourist Information Centre may have property cost implications and these will be reviewed once options are clearer.</p> <p>Contact officer: David Roberts, head of property and asset management, David.Roberts@cheltenham.gov.uk, 01242 264151</p>

1. Introduction

- 1.1** When the Council handed over responsibility for the tourism service and the tourist information centre to The Cheltenham Trust it retained accountability for developing the strategic approach to tourism, acknowledging its unique role as the democratically elected body for the town and its role as convenor and “place-shaper”.
- 1.2** Against a backdrop of an increasingly complex tourism landscape locally, regionally and nationally and financial constraints, it was recognised that a new and sustainable approach to tourism was needed. This also recognises that tourism is not one of the Trust’s charitable activities and does not, therefore, form part of their core business, which could present a problem for them going forward.
- 1.3** This new approach began to take shape in March 2016, when Cabinet endorsed a Strategic Tourism Outcomes Proposition. The Council then appointed a tourism consultant, in July 2016, to work with key partners to prepare a strategy and action plan and to develop the partnership structures and relationships needed to support the collective promotion of Cheltenham.

2. The strategy

- 2.1** The tourism consultant has worked extensively with the Council and key tourism stakeholders during her tenure to develop a five year strategy to grow Cheltenham’s visitor economy. The strategy sets out an ambitious aim to grow Cheltenham’s tourism economy by 5% year-on-year from 2019. The strategy outlines outcomes within four areas and an action plan for achieving them: Working Environment, Working Partnership, Product Development and Market Development. These are as follows:
- 2.2 Working Environment**
 - Cheltenham’s visitor economy is strategically and sustainably supported
 - Strong leadership – taking forward the strategy, focusing and coordinating delivery of growth in the visitor economy
 - New income streams – contributions from both public and private organisations to ensure this strategy can be sustained long-term
- 2.3 Working Partnerships**
 - Partnerships are active and dynamic in driving the vision and delivery for tourism in Cheltenham
 - New business model – more effective and dynamic partnership working supporting business needs and operating as a centralised destination marketing operation
 - Proactive partnership collaboration – more proactive and engaged relationships with others regionally in particular Cotswolds Tourism to maximise the attractiveness as a destination
- 2.4 Product Development**
 - Cheltenham’s product offer is refined and enhanced for visitor requirements
 - Support and guidance for current and new visitor economy investments – growth in the appropriate product offer and quality standards. Development of tourism enterprises to suit market need. A service that becomes a first port of call for those in the visitor economy needing help and advice
 - New visitor welcome – a tourist information service which is virtually, digitally and physically accessible
 - New experiences – a new way of enjoying ‘authentic’ Cheltenham is available and being presented
- 2.5 Market Development**
 - Growth of the visitor economy through marketing communications programmes and systems

- New perspectives – presenting strong reasons for our target markets to choose Cheltenham – regionally, nationally and internationally
- Development of owned marketing channels – refreshing or redesigning digital channels and print marketing collateral to adapt to the needs of our target markets
- New image – a distinct, contemporary brand for Cheltenham is adopted and championed utilising new video and images to create positive perceptions of Cheltenham
- New engagement – increased content development and relationships with influencers through which to reach visitors
- New insights – creation of benchmarking and market research to monitor success

3. The action plan

- 3.1** The strategy sets out an action plan for the first two years (2017/18 and 2018/19). Key to the delivery of the action plan is the establishment of a new partnership-based marketing service that will lead on the way in which Cheltenham is promoted to external audiences. Initially it is proposed that the Council manages this service, but that in the longer-term it is managed by a bespoke public/private partnership.
- 3.2** The partnership-based marketing service will be financed collectively by the Council, key partners and through a wider membership scheme. This addresses the generally accepted view that investment in tourism in recent years has been insufficient, but also that responsibility for the provision of funding should not lie solely with the Council.
- 3.3** Currently the marketing service and the Tourist Information Centre are managed by the Cheltenham Trust as part of the management agreement with the Council.

4. Implications for the Cheltenham Trust

- 4.1** The Council and the Trust have discussed the implications of the proposed action plan. An Accord has been reached with the Trust for the removal of the marketing service, which sets principles around roles and responsibilities, governance, implementation and finance to ensure the Trust suffers no detriment from the removal of the marketing service. A small budget of £11,520 for website hosting and support will be transferred back to the Council. The transfer will be managed on a pro rata basis for 2017/18.
- 4.2** Once the strategy has been agreed by Cabinet, officers from the Council will work with the Trust to hand over the service ready for a go-live date of 1 August 2017.
- 4.3** Officers will also begin the process of determining plans for the future of the Tourist Information Centre, in consultation with both the Trust and the Cabinet Member Healthy Lifestyles. This will include a review of the current model within the context of a 21st century tourism marketplace to understand visitor need and to determine how best to meet that need in the future. It is, however, recognised that there may well be implications for staff associated with the Tourist Information Centre, therefore this review will be carried out with full regard to the Council's restructure guidance, consultation with affected staff and Trade Unions and with a full understanding of legal, HR and financial implications.
- 4.4** An understanding has been reached with the Trust regarding the timescale for this work:
- To develop the scope of the review for the TIC in September 2017
 - To complete the review by the end of November 2017; this will enable the legal, HR and financial implications to inform the negotiation of the management agreement and management fee beyond March 2019
 - Subject to further Cabinet approval to implement the future model for the TIC by an end date of October 2019 through a process agreed with the Trust

- 4.5** During this period the TIC will remain with the Trust, but its activities will be managed by the interim partnership-based marketing service.

5. Interim partnership-based marketing service

- 5.1** Establishing the interim partnership-based marketing service will maintain the momentum built up over the last few months and also allow time to make progress on a number of activities:

- Developing the relationship with Cotswolds Tourism
- Building the membership scheme
- Considering the potential for expanding the marketing service to support economic development and business investment
- Investigating the opportunity for a wider Gloucestershire model
- Testing the availability of funding and resource required to inform the structure of the longer-term solution

- 5.2** The aim is to establish this service by the beginning of August using freelance/agency resources. The advantage of using a freelance resource is its flexibility, enabling resources to be matched to available funding. This avoids placing the Council in a position of having to underwrite the funding. The Council's own contribution will be met from savings within Place and Economic Development division, which have been identified for marketing. A number of partners have already indicated a willingness to contribute funding and other support and there is confidence that this new solution will work.

- 5.3** The intention is to seek a waiver of contract rules to retain the services of the current consultant to lead the marketing service. The basis of the waiver is that it is in the Council's best interest to maintain continuity of personnel to:

- capitalise on the relationships developed as a result of the extensive engagement undertaken in the production of the strategy, and
- to maximise the effectiveness of the marketing service from the go-live date

- 5.4** This arrangement will be reviewed as part of an overall review of the new marketing service in nine months' time, as outlined in 8.1 below.

6. Governance

- 6.1** It is proposed that the Tourism Partnership will be reconstituted. Key stakeholders making a threshold financial contribution will secure a seat on the Board. Wider participation in the Partnership will be via a membership scheme with different levels of membership available; the details of this will be developed as a priority by the new marketing service. In some cases, partners may seek a higher level of marketing provision than that provided as standard through their membership. This will be dealt with separately and will be subject to a separate agreement. The income will contribute towards the delivery and development of the service and a separate trading account will be established to ensure transparency over costs, income and activity.

7. Consultation and feedback

- 7.1** Extensive engagement has been undertaken, both locally and regionally, in the development of this strategy. Discussions have taken place with key partners both as a group, through the Tourism Partnership, and on an individual basis. Partners are aligned behind the strategy and the principle of contributing to a marketing service has been tested and positively received.
- 7.2** Commitments have been made to support delivery of the strategy and the sector is now keen to see practical action.

8. Performance management – monitoring and review

8.1 A review of the interim marketing service will be undertaken in nine months' time to measure progress against the activities set out in section 5.

8.2 The strategy contains its own set of monitoring and reporting requirements.

Report author	Contact officer: Gill Morris, gill.morris@cheltenham.gov.uk, 01242 264229
Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Five Year Strategy to Grow Cheltenham's Visitor Economy
Background information	None

Risk Assessment

Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If implementation of the strategy is delayed this may have a negative impact on partners' willingness to support the strategy and contribute funding	MD Place and Economic Develop't (PED)	11/7/17	5	2	10	Reduce	Work with the cabinet member healthy lifestyles to establish the interim marketing service.	1/8/17	MD PED	
	If businesses within the visitor economy are not effectively engaged then they may not support the strategy's delivery.	MD PED	11/7/17	5	2	10	Reduce	Establish effective communication channels with businesses	Ongoing	Destination manager	
	If resources to deliver the strategy are insufficient, then Cheltenham will lose out to other destinations, which will have a detrimental impact on the economy, jobs and business investment	MD PED	11/7/17	5	3	15	Reduce	Work closely with partners to secure initial funding and to develop the membership scheme.	Ongoing	MD PED and destination manager	
	If the impact of increasing visitor numbers is not considered and addressed during implementation, this may have a detrimental effect on the local and wider environment	MD PED	11/7/17	3	3	9	Reduce	Work with partners and businesses to encourage implementation of sustainable tourism measures	Ongoing	Destination manager with CBC client officer	
Explanatory notes											

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close