

## **SCRUTINY COMMISSION – 30 SEPTEMBER 2015**

### **LEICESTERSHIRE PROMOTIONS LTD.**

### **REPORT OF THE CHIEF EXECUTIVE**

#### **Purpose of Report**

1. The purpose of this report is to update the Scrutiny Commission on current tourism support arrangements in Leicestershire, including performance against the existing contract with Leicester Shire Promotions Ltd (LPL) and the carrying out of an independent review to inform future arrangements.

#### **Policy Framework and Previous Decisions**

2. The County Council's Strategic Plan 2014-2018 clearly recognises the importance of tourism in enabling economic growth through the provision of employment, increased visitor spend and promoting Leicestershire as a place to live, work and do business. It also acknowledges the importance tourism plays in enhancing and protecting our natural, historic and cultural offer.
3. The County Council's Enabling Growth Plan outlines how the economic priorities in the Strategic Plan will be implemented, and includes targeted support for the growth and expansion of the visitor economy.
4. Tourism as a priority is reflected with the Leicestershire Rural Framework 2014-2020 and is one of eight priority sectors identified by the Leicester and Leicestershire Enterprise Partnership (LLEP).

#### **Background**

5. The County Council supports Tourism in Leicestershire in several ways. These include the running of facilities, including local museums and country parks, which attract visitors to the County. The County Council, also funds the provision of specialist destination management services, and since 2003 has funded Leicester Shire Promotions Ltd to provide these services. LPL is also funded by Leicester City Council enabling coordinated provision across the Leicester and Leicestershire sub-region.
6. Following a review of tourism support within Leicestershire it was agreed by Cabinet on 8 May 2012 to externally procure these services. LPL won an open tender exercise to supply tourism services for three years commencing April 2013, with an optional 2-year extension for 2016/17 and 2017/18.
7. In light of current funding pressures (paragraph 18), the outcome of the LLEP Tourism Sector Growth Plan (paragraph 10) and the requirement to make a

decision whether to extend the existing contract; the City and County Council have agreed to jointly commission an independent review (paragraph 17). The review will inform future arrangements for delivering tourism support across Leicester and Leicestershire.

### **The Value of Tourism in Leicester and Leicestershire**

8. According to STEAM data<sup>1</sup> local growth in the sector has been strong, outperforming both national and regional growth rates; the sector has seen 13% growth over the past 5 years, and 6.1% growth in 2013. The sector is estimated to be worth £1.48 billion to the local economy and supports 20,485 jobs.
9. The sector has also seen growth in the number of tourism and hospitality businesses within Leicester and Leicestershire, the number of business units has grown by 5.08% to 1,965 (compared to 3.26% growth across England)<sup>2</sup>. Employment has also grown by 13% between 2010 and 2013 compared to 7% across England.
10. However, some elements of recent growth have been from a relatively low base, with Leicester and Leicestershire area ranked 32<sup>nd</sup> out of the 39 Local Enterprise Partnership areas in terms of visitor spend, and 35<sup>th</sup> out of 39 for overnight spend<sup>3</sup>.

### **The Local Policy Context for Tourism**

11. The local policy context is summarized in paragraphs 2 and 3 above. The LLEP has identified Tourism as one of its 8 priority sectors, and commissioned a Tourism Sector Growth Plan earlier this year. The Plan proposes a number of key actions:
  - Assembling a major capital investment fund to refresh and increase capacity at our major visitor attractions, including ancillary services such as conferencing, education, car parking and transport infrastructure, catering, stimulating low carbon;
  - Establish a LLEP strategic framework led by a new sub-committee of the LLEP, which will also develop cross-LEP initiatives in the tourism sector;
  - Establish SME investment funds to unlock major obstacles to growth in this sector;
  - Seek resources to continue and enhance destination marketing;
  - Tackling transport to attractions (for staff as well as customers);

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<sup>1</sup> Scarborough Tourism Economic Impact Model (2014)

<sup>2</sup> UK Business Counts – Enterprises (2010-2014) Office of National Statistics

<sup>3</sup> Visit Britain UK Tourism Survey (three year rolling average 2011-2013)

- Addressing skills gaps and improving staff retention, particularly if employment growth in other sectors increases competition for labour;
  - Assessing the demand and gaps for additional tourism accommodation;
  - Supporting major inward investment into the tourism and hospitality sector;
  - Linked to the above, seizing the potential for greater business tourism within the City and County.
12. The LLEP and partners are now considering how best to implement and fund these actions. Early interventions agreed by the LLEP Board (July 2015) include the commissioning of a Place Marketing Study which would focus on: *Leisure tourism/attractions; culture and heritage; business tourism (e.g. conference hosting); and inward investment/trade*. The LLEP is also forming a cross-border Strategic Tourism Board which will look at maximising the impact of key tourism sites to the west of the county across into Warwickshire, including links to KRIII. The group will be chaired by Sharon Redrobe, LLEP tourism lead and CEO of Twycross Zoo.

### **Tourism Support Services – existing arrangements**

13. The current contract with LPL is for three years from April 2013, with an optional 2-year extension from April 2016. The annual County Council funding has reduced from £195,000 pa in 2014/15 to £175,000 pa in 2015/16. This reduction is in response to required Chief Executive Departmental budget savings. The City Council currently funds LPL £195,000 pa and has aligned their contract arrangements to have the same optional two-year extension from April 2016.
14. The contracted services to be delivered by LPL are:
- i. To operate and maintain a destination management system and marketing tools to promote the county and underpin campaigns
  - ii. To deliver and/or commission campaigns to increase tourists visiting and/or staying in the County
  - iii. Influence over national, sub-regional and local agencies in relation to policy and funding for the benefit of the local visitor economy.
  - iv. Effective partnership working; with local visitor economy businesses, local tourism partnerships/ bodies, the LLEP; other key stakeholders; and adjoining areas by;
  - v. Establishing a Board/ Partnership/ Delivery model which gives local visitor economy businesses a major voice as well as fully involving the Council and other key stakeholders, and which involves transparent decision-making with clear accountabilities and strong performance

management arrangements; and

- vi. Creating a base and substantial presence within, or close to, the County.
  - vii. Create robust arrangements for measuring, understanding and reporting the impact of the contracted interventions and the performance of the local visitor economy, and the provision of research and market intelligence to underpin interventions.
  - viii. Establish a clear strategy for reducing reliance on public sector funding beyond 2016, including through the generation of income and contributions from private sector partners.
15. The outcomes to be delivered through the contract are:
- i. Increased leisure visitor numbers and spend, including an increased number of overnight stays;
  - ii. Increased business visitor numbers and spend;
  - iii. Improved range and quality of products (attractions, facilities, accommodation) in Leicestershire.
16. Performance management meetings are held bi-monthly between the CEO of Leicester Shire Promotions and senior officers of the County Council. Quarterly monitoring reports are submitted outlining the activities delivered within each quarter. An Evaluative Framework reports on agreed targets – see Appendix 1 for end of year 2014/15.

### **Tourism Support Services – future arrangements**

17. As summarised in paragraph 6, the County Council and Leicester City Council are shortly to commission an independent review of tourism support services. The review will evaluate the effectiveness of current arrangements whilst also exploring options for future governance, management and delivery of tourism support. It will take into account the views of key stakeholders and consider how future arrangements can effectively assist with the delivery of priorities identified in the Sector Growth Plan. The review will also need to consider options for efficiency savings and explore alternative funding sources.
18. To facilitate the carrying out of the review and before decisions are made on whether to extend the contract for up to two years, LPL will be offered a three-month contract extension taking it to June 30 2016.

### **Resource Implications**

19. The County Council's Medium Term Financial Strategy 2015/16 to 2017/18 includes annual funding for tourism support services of £175,000 pa (a reduction from £195,000 p/a in previous years); from 2018/19 no funding is

currently ring-fenced. The City Council's annual funding for tourism support services reduces from £195,000 p/a in 2015/16 to £95,000 pa in 2016/17. Therefore the annual budget allocation across the sub-region will have reduced from £390,000 in 2014/15 to £270,000 in 2015/16; a reduction of 30.8%. See Table 1.

**Table 1: Tourism Support Services Indicative Funding 2015-2020**

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/9</b>	<b>2019/20</b>
<b>City</b>	£195k	£95k	Tbc	Tbc	tbc
<b>County</b>	£175k (reduced from £195k)	£175k	£175k	0	0

### **Timetable for Decisions**

20. LPL will be offered a three month extension to their contract taking it to 30 June 2016.
21. Recommended options from the review will be appraised by the County and City Councils in January 2016, with the preferred option being taken through political approval processes (including the Cabinet) in February 2016.

### **Background Papers**

LLEP Tourism Sector Growth Plan

<http://www.llep.org.uk/content/uploads/2015/07/LLEP-Tourism-and-Hospitality-Sector-Growth-Plan.pdf>

### **Circulation under the Local Issues Alert Procedure**

None.

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### **List of Appendices**

Appendix 1 - LPL Key Performance Indicators Quarter 1 Report 2015/16

### **Equality and Human Rights Implications**

None arising directly from this report.