

Wiltshire Council

Cabinet

25 January 2011

Subject: Future Support for Tourism

Cabinet member: Councillor John Brady
Economic Development, Planning and Housing

Key Decision: Yes

Executive summary

The purpose of this report is to:

- Seek Cabinet's agreement to the main terms of a deed of grant agreement with the new VisitWiltshire company.
- Seek approval to undertake further consultation with staff and trade union representatives leading to the TUPE transfer of staff from Wiltshire Council to the new VisitWiltshire company.

Since the October Cabinet, the new VisitWiltshire company has been registered and work has begun to establish the new company. Whilst further due diligence and consultation with staff and trade union representatives is required before the service can be transferred, progress has been made in identifying the level of funding and other support that can be made available to the new company. Care has been taken to ensure that such funding helps VisitWiltshire to meet the objectives in its business plan.

Proposals

That Cabinet:

- (i) agrees further consultation with staff and trade union representatives and due diligence leading to the TUPE transfer of staff from Wiltshire Council to the new VisitWiltshire company from 1 April 2011 and
- (ii) agrees to the completion of a 3 year rolling deed of grant agreement with the new VisitWiltshire company to include the following support:
 - Grant funding as follows:
 - (a) 2011/12: £500,000
 - (b) 2012/13: £500,000
 - (c) 2013/14: £500,000

This is subject to the condition that at the end of each financial year, the Council has the discretion to vary the funding for subsequent years should the company's membership income in that year be greater than that stated in the business plan. However, this is subject to the retention of a financial incentive to generate membership income. This is also subject to the Council being able to provide one year's notice of termination starting at the end of Year 2. This is in addition to the normal clauses relating to termination within Council service level agreements.

- The transfer of furniture and equipment currently used by VisitWiltshire staff to the new VisitWiltshire company for the consideration of £1.
- The provision of accommodation on a rent free basis for the period of the agreement to the new VisitWiltshire company subject to the availability of Council owned property that is suitable for the needs of the company. There would be no cash equivalent to this offer.

Reasons for Proposals

- (i) To implement the second stage of the process agreed at the October Cabinet.
- (ii) The support for the new VisitWiltshire company will enable the delivery of the objectives identified in its 3 year business plan. In particular, it will enable the profile of Wiltshire as a tourism destination to be raised in the face of stiff competition from other destinations in the UK.
- (iii) Further due diligence and consultation with staff and trade unions in respect of the TUPE transfer of staff to the new VisitWiltshire company will help to reassure Wiltshire Council that any risks to either the Council or its staff have been minimised and to help identify those staff that are willing to be transferred.

Mark Boden
Corporate Director, Neighbourhood & Planning

Wiltshire Council

Cabinet

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Subject: Future Support for Tourism

**Cabinet member: Councillor John Brady
Economic Development, Planning and Housing**

Key Decision: Yes

Purpose of report

1. The purpose of this report is to:
 - (i) Seek Cabinet's agreement to the main terms of a deed of grant agreement with the new VisitWiltshire company.
 - (ii) Seek approval to undertake further consultation with staff and trade union representatives leading to the TUPE transfer of staff from Wiltshire Council to the new VisitWiltshire company.

Background

2. This report follows the report to Cabinet on 19 October 2010 when Members agreed to:
 - (i) VisitWiltshire Tourism Partnership establishing itself as an independent company limited by guarantee. The focus of this company will be on destination marketing and building and supporting membership.
 - (ii) Bring in-house the management of TICs that VisitWiltshire currently manages on the Council's behalf.
 - (iii) Delegate authority to the Service Director for Economy & Enterprise in consultation with the Cabinet Member for Economic Development, Planning and Housing, to review the cost base of the TICs and explore with local stakeholders the feasibility of securing greater control with a view to presenting options to Cabinet by December 2010.
 - (iv) Subject to the outcome of the above investigations, confirm the level of funding that the Council is prepared to make available to the new VisitWiltshire company.
 - (v) Approve consultation with trade unions, existing VisitWiltshire staff and other stakeholders regarding these proposals and complete a due diligence exercise to assess the feasibility of the TUPE transfer of staff to the new VisitWiltshire company.

- (vi) Keep local division members informed of proposals affecting TIC arrangements in their respective areas and that local members and the National Trust be kept informed of proposals to site a TIC at the Stonehenge Visitor Centre. That the National Trust be also kept informed of the TIC arrangements at Avebury.
3. Since the October Cabinet meeting, the new VisitWiltshire company has been registered and work has begun to assess the viability of transferring tourism marketing services to the new company. Investigations regarding the feasibility of transferring control of the TICs to the local community are ongoing and are not for publication for reasons of commercial confidentiality.

Main Considerations for the Council

4. The proposals to support VisitWiltshire fit with the Council's Corporate Plan objective of increasing the output per worker generated by a number of employment sectors including tourism with a view to developing a higher value economy. If VisitWiltshire can attract higher spending visitors through increasing brand awareness and working with providers to improve quality, the value of tourism to the economy can be enhanced. By concentrating on marketing and building and supporting membership of VisitWiltshire, the organisation has the best chance of meeting this objective and providing a sustainable service offering value for money for Wiltshire Council in the future.

Environmental Impact of the Proposal

5. The VisitWiltshire Business Plan makes it clear that environmental sustainability will be part of the corporate culture of the new company and a focus for future tourism marketing.

Equalities Impact of the Proposal

6. Subject to a due diligence process to be undertaken by Wiltshire Council and staff/trade union consultation, the aim will be to fill the positions within the new VisitWiltshire company through a TUPE transfer of staff from the current central team. A Project Team, bringing together HR, legal and financial expertise, has been established to ensure that the equalities impact of the proposals are minimised.

Risk assessment

7. The key risks associated with these proposals include:
 - (a) Financial

The proposals set out maximum sums to be made available to the new VisitWiltshire company. There is a risk that VisitWiltshire will not be able to raise the level of membership income identified in the business plan which will have implications for the level of expenditure on marketing. However, this will be managed through VisitWiltshire devoting staff resources to generating such income.

(b) Reputational

There is a risk to the reputation of Wiltshire Council in approving proposals that may have implications for the level of funding available to support TICs in future years. However, in the current financial climate it is important that the Council is seen to achieve the best return in terms of the Council's expenditure on tourism services. Enabling VisitWiltshire to concentrate on delivering services that generate the greatest impact in terms of the brand awareness of Wiltshire and develop a commercial edge to its activities is one way in which that best return can be achieved.

Financial Implications

8. The proposals have the following implications:
- A reduction in annual financial contributions to VisitWiltshire from approximately £790,000 in 2010/11 to £500,000 in 2011/12, £500,000 in 2012/13 and £500,000 in 2013/14.

Legal Implications

9. As noted in the previous report on this subject it is likely that the expected method and extent of funding will have State Aid implications. If there are such implications then an application to the Commission to get the scheme approved will be necessary. An external firm of solicitors (Veale Wasbrough Vizards) who have expertise in this area of state aid have been engaged to provide a short report on the best way to deal with the state aid issues or make the required applications to the Commission and the likely costs involved.
10. As staff will be transferred to VisitWiltshire and VisitWiltshire will be seeking admission to the Wiltshire Pension Fund, the new company will have to be reviewed for its financial strength and its ability to make the necessary commitments to that fund.
11. The employment law implications, and in particular compliance with the TUPE regulations, will require an extensive consultation between the employees to be transferred and the respective parties engaged in the transfer to Visit Wiltshire. This process can be completed before the proposed transfer date with sufficient time to deal with the anticipated employment law issues.

Options Considered

12. The options revolve simply around the level of financial support for VisitWiltshire. The principles of establishing a company limited by guarantee and the de-coupling of VisitWiltshire from the management of TICs were agreed at the October Cabinet meeting. It is considered that the level of financial support proposed is essential to enable VisitWiltshire to meet its objectives.

Conclusions

13. The proposals for funding the new VisitWiltshire company set out in this report provide an opportunity to put VisitWiltshire on a more competitive footing. However, it is important that further due diligence and consultation with staff and union representatives proceed prior to the transfer of undertakings and staff.

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The following unpublished documents have been relied on in the preparation of this Report:

None