

**Subject: Visit Wiltshire – Business Plan 2010-14**

**Cabinet member: Councillor John Brady – Economy and Enterprise**

**Key Decision: Yes**

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### **Executive summary**

The purpose of this report is to:

- brief Cabinet members on the main proposals within the new VisitWiltshire Business Plan 2010 -14
- identify the implications for operations and staff
- seek Cabinet's agreement to the VisitWiltshire Tourism Partnership establishing itself as an independent company limited by guarantee
- seek approval to de-couple the management of Tourist Information Centres (TICs) that are currently operated by Wiltshire Council from the VisitWiltshire Tourism Partnership, review their cost base and explore the feasibility of securing greater local control

The new VisitWiltshire Business Plan seeks to address two key issues: the need to raise the profile of Wiltshire as a visitor destination in the face of stiff competition from other destinations in the UK and; the need to achieve the best return from the funds available to Visit Wiltshire. In an era of financial restraint, the representatives of the tourism industry believe that this can best be achieved by VisitWiltshire focusing on attracting visitors to the county and building and supporting its membership. In order to provide a sustainable service offering value for money, the proposal is to establish VisitWiltshire as an independent membership based limited company with a service level agreement with Wiltshire Council.

VisitWiltshire recognises that TICs play a valuable role in the provision of local information to the local community and to tourists. But although this is a valued service – Salisbury TIC alone has in the region of 180,000 customers a year – the five TICs currently funded by VisitWiltshire have contact with only around 2% of visitors coming into the county. In the main TICs serve people who are already in the county rather than marketing to people who might be considering coming here.

In view of their value locally, it is proposed that the Council explores the potential to move the management of the four TICs we operate to local management arrangements as is the case with the majority of the TIC network across Wiltshire. A further report on the future funding and management of the TICs will be presented to the Cabinet in December 2010 following consultation with staff, the VisitWiltshire Board, TICs, the prospective new management organisations that might take over the TICs and other stakeholders. This report would also, subject to costing etc ask for

approval to move to the new delivery mechanism.

The VisitWiltshire Business Plan envisages a new company with a staff complement of 6 FTE which compares with 5.6 FTE within the current central team. Subject to a due diligence exercise to be undertaken by the Council and staff/trade union consultation, the aim will be to fill these positions through a TUPE transfer of staff from the current central team. The TIC staff (17.3 FTE) will remain employees of the Council.

The VisitWiltshire Business Plan with its emphasis on marketing, membership and decoupling the TICs proposes a gradual reduction in annual financial contributions to VisitWiltshire from approximately £790,000 in 2010/11 to £550,000 in 2011/12 to £525,000 in 2012/13 reducing to £500,000 in 2013/14. If the Council were to maintain the current level of expenditure relating to the operation of the TICs, and support the new company, it would need to find an additional sum in the region of £94,000 in 2011/12, bringing the total Council expenditure on tourism in 2011/12 to £884,000. But if the four TICs can be transferred to local control this figure might be reduced.

## **Proposals**

### **Members are requested to:**

1. Agree to 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.
2. Approve bringing in-house the management of TICs that VisitWiltshire currently manages on the Council's behalf.
3. Provide delegated authority to the Service Director for Economy & Enterprise in consultation with the Cabinet Member for Economy and Enterprise, 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.
4. 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.
5. 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.

### **Reason for proposals**

The proposals will provide VisitWiltshire with the structure and resources it needs to effectively market Wiltshire as a visitor destination, i.e. to attract more visitors and encourage them to stay longer and spend more in the local economy. The proposals fit with the Corporate Plan objective of increasing the output per worker generated by a number of employment sectors including tourism. 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 and other funding bodies.

The proposals also provide an opportunity to review the management and funding of TICs and explore the possibility of greater local control of these services by local communities.

### **MARK BODEN**

Corporate Director

Department of Neighbourhood & Planning

## Wiltshire Council

Cabinet  
19 October 2010

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### Purpose of report

1. The purpose of this report is to:
  - (i) Brief Cabinet members on the main proposals within the new VisitWiltshire Business Plan 2010 -14.
  - (ii) Identify the implications for operations and staff.
  - (iii) Seek Cabinet's agreement to the VisitWiltshire Tourism Partnership establishing itself as an independent company limited by guarantee.
  - (iv) Seek approval to de-couple the management of Tourist Information Centres (TICs) that are currently operated by Wiltshire Council from the VisitWiltshire Tourism Partnership, review their cost base and explore the feasibility of securing greater local control.

### Background

2. VisitWiltshire was launched in January 2008 but became fully operational on 1 April 2009. Its role is to promote tourism in Wiltshire – to attract more visitors and to encourage them to stay longer and spend more.
3. The Board of VisitWiltshire is made up of representatives of the tourism industry as well as the public sector. All staff are employed by Wiltshire Council. The current headcount is 22.9 full time equivalents (FTE) with 5.6 FTE employed within the central team based in Salisbury and the remainder employed within TICs at Salisbury, Avebury, Devizes and Marlborough Library. In addition, Wiltshire Council (through VisitWiltshire and under a funding agreement originally entered into by North Wiltshire District Council) currently provides grant aid for Corsham TIC, but no direct staff. The majority of TICs in Wiltshire (there are 18 in total) are funded locally.
4. South West Tourism estimates that Wiltshire attracts 12.5 million visitors a year generating direct spend of £780 million per annum and supporting 14,459 FTE jobs. The indirect impact of this means that overall, tourism is worth over £1 billion a year to the local economy. VisitWiltshire assesses that tourism could generate even greater value for the local economy building on the area's wealth of heritage attractions, attractive rural environment, easy access from large, densely populated areas and proximity to air and sea ports.

5. However, Wiltshire does not have the high level of brand awareness that other destinations have and VisitWiltshire's marketing budget is small relative to those of competitor bodies in neighbouring areas. The original budgeted marketing spend for Wiltshire was in the region of £190,000 compared to over £500,000 in areas such as Somerset, Devon and the Cotswolds. Although VisitWiltshire is currently a public/private partnership it is seen by many in the private sector as another department of the Council.
6. VisitWiltshire wishes to put in place the structure and resources that will address these issues and in particular:
  - Achieve a higher level of brand awareness especially amongst those that are looking to stay; they have a higher daily spend than day visitors who currently make up 65% of total visitors to Wiltshire.
  - Work with the industry to develop Wiltshire's tourism product.
  - Grow the membership and membership income. VisitWiltshire can build on changes to national rules that will enable them to recruit and support non-accredited as well as accredited providers.
  - Provide a sustainable marketing operation offering value for money to its members and other stakeholders across the whole county.
7. Therefore, VisitWiltshire proposes to establish itself as an independent membership based company limited by guarantee with a commercial edge that can concentrate on developing an effective marketing mix addressing product, place, people and promotion. The marketing strategy will focus on bringing visitors into Wiltshire. It will emphasise Wiltshire's attractions, accommodation and other tourism offers and build its membership and offer members improved support. That support would include ongoing support to TICs including the provision of marketing materials, etc.
8. VisitWiltshire recognises that TICs play an important role in providing a community information service alongside their visitor information role. But details provided by the 18 TICs in Wiltshire show that they have direct contact with only around 4% of the visitors who are already in the county. The five TICs funded by Wiltshire Council through VisitWiltshire and which currently account for 52% of VisitWiltshire's total funding have contact with only around 2% of visitors to Wiltshire. Of these, Salisbury TIC can be considered to be a special case having face-to-face contact with around 180,000 (1.6%) of visitors.

### **Main considerations for the Council**

9. The proposals 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.

10. By increasing membership income, VisitWiltshire can reduce its financial dependence on Wiltshire Council in the future, an important consideration in the current financial climate. Should the Cabinet wish to do so, this will enable Wiltshire Council to reduce its financial contribution to VisitWiltshire from next financial year (2011/12) if local arrangements for the management of TICs are developed.
11. Bringing the management of TICs in-house will provide Wiltshire Council with the opportunity to explore ways in which the cost to the public purse of operating TICs can be reduced. Exploring alternative management options will also enable local bodies and groups e.g. Town Councils, third sector bodies and the business community to consider the viability of taking control of those operations so that they meet local priorities. This fits with a general drive towards enabling greater local control of public services.

### **Environmental impact of the proposal**

12. 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**

13. 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 company through a TUPE transfer of staff from the current central team. The exploration of new management arrangements for TICs has the potential to put staff at risk. In these circumstances, care will be taken to ensure that all staff are treated fairly and equally and staff and unions are fully consulted. A Project Team bringing together HR, legal and financial expertise has been established to ensure that the equalities impact of the proposal is minimised.

### **Risk assessment**

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

If approved, these proposals should enable a reduction in the annual financial contribution to VisitWiltshire from £790,000 in 2010/11 to £550,000 in 2011/12. However, this has to be balanced against a risk that new management and funding arrangements for the TICs may not be identified and agreed in year with a resultant financial pressure in 2011/12. This is difficult to estimate at this time; a further report will be presented to Cabinet by December 2010 to set out the financial implications of this in more detail enabling the Council to confirm the level of funding for the new company.

With regard to any potential redundancy costs, these would also be set out in the next report.

(b) Reputational

There is a risk to the reputation of not only VisitWiltshire but also Wiltshire Council in approving the exploration of alternative management options for the TICs particularly if there is uncertainty regarding the availability of funding for their continued operation.

However, this has to be balanced against the importance of enabling local communities to have their say regarding how they would wish TICs to be run in the future. Already, 13 of the 18 TICs are locally funded and controlled and local communities may welcome the prospect of being able to determine the scale and nature of the TIC services provided in their area.

Further, 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**

15. The proposals set out in the VisitWiltshire Business Plan have the following implications:

- A gradual reduction in annual financial contributions to VisitWiltshire from approximately £790,000 in 2010/11 to £550,000 in 2011/12 reducing to £525,000 in 2012/13 and £500,000 in 2013/14.
- In order to maintain the current level of expenditure relating to the operation of the TICs, the Council would need to find an additional sum in the region of £94,000 in 2011/12, bringing the total expenditure on tourism by the Council in 2011/12 to £884,000. This would be equivalent to 50% of the Council's current economic development budget. To address this pressure it would be necessary to review the funding and management arrangements of the TICs and present a further report setting out the options to Cabinet in December 2010.

### **Legal implications**

16. A project team led by the Service Director for Economy & Enterprise and comprising HR, legal, financial and communications staff has been considering the legal implications of VisitWiltshire's proposals. The key findings are as follows:

- There is a block exemption from normal state aid rules for tourism services which may be applicable for the provision of funding to VisitWiltshire. However, to make use of the exemption, the VisitWiltshire scheme will have to be notified to the Commission. Approval by the Commission is not guaranteed. Legal Services are investigating the notification timescales and the information requirements for such a submission. Legal Services are of the view that the VisitWiltshire project falls outside of the EU procurement legislation and so competitive tendering is not required by this legislation.

- A consultation period with unions and staff will be necessary coupled with a due diligence exercise to prepare for the possible TUPE transfer of staff into the new VisitWiltshire company.
- Subject to the outcome of the review of funding and management arrangements relating to the TICs, TUPE transfer options may need to be explored in the case of staff transferred to potential new management organisations.
- A programme of consultation with other stakeholders including members of VisitWiltshire, ward councillors, town councils and area boards would need to be put in place to explain the background to the proposals and discuss potential alternative management arrangements for the TICs.

## Options considered

### Status quo:

17. The current budget for what should be VisitWiltshire's main activity – marketing – is only £190,000 or only 20% of its total resources and in absolute terms, VisitWiltshire has an annual marketing spend that is less than half of the spend in neighbouring areas. By contrast VisitWiltshire currently spends 52% of its budget on the running of TICs that have contact with only around 2% of visitors to Wiltshire. In these circumstances, Visit Wiltshire will remain relatively uncompetitive in terms of raising the brand awareness of Wiltshire as a visitor destination.
18. VisitWiltshire is also highly dependent on Wiltshire Council for its funding with 84% of its current budget provided through Council contributions with the remainder provided mainly by member organisations from within the tourism industry locally. In the current financial climate, this is a risky approach and does not take advantage of the opportunity to generate higher levels of income through the recruitment of new private and voluntary sector members.
19. With regard to the management of TICs, the status quo is out of step with the arrangements for managing and funding nearly three quarters of TICs operating in Wiltshire. This denies some town councils and other local bodies the opportunity to manage and develop the TICs in their area and explore the potential for developing shared services for their communities.

### **Option not recommended**

### Increased funding for VisitWiltshire

20. A straightforward increase in the level of funding by Wiltshire Council for VisitWiltshire may enable the desired increase in expenditure on marketing. However, this would increase the dependency of VisitWiltshire on Council funding at a time of severe financial restraint. This would not be sustainable in the medium to long term.

### **Option not recommended**

### New company to focus on marketing and membership development/Council takes in house responsibility for managing TICs



21. This would involve the establishment of an independent membership based company limited by guarantee and operating under a Service Level Agreement with a focus on marketing Wiltshire and building and supporting membership. The Council brings in house the management of the four TICs and begins to review the funding and management arrangements for those centres to identify potential cost savings and explore the opportunities for local communities to take control of the running of the smaller TICs in the future.
22. This option recognises the current and likely future financial situation of Wiltshire Council enabling a reduction in the funding of VisitWiltshire over the next four years. However, it also enables an increase in the level of marketing spend and greater autonomy is expected to build confidence with potential private sector members enabling VisitWiltshire to secure higher levels of private funding in the future. Overall, this improves the prospects of VisitWiltshire becoming more competitive in the marketplace and developing greater financial independence.

**Recommended**

## **Conclusions**

23. As a sector, tourism has huge potential to grow and deliver greater value for the local economy in Wiltshire. This fits with the Council's corporate priority of developing a higher value economy. However, this cannot be achieved when VisitWiltshire has such a broad agenda that covers not only marketing but also the delivery of information services at a local level. The proposals set out in this report provide an opportunity to put VisitWiltshire on a more competitive footing at a time of financial restraint. The proposals also provide an opportunity to review the cost base of Salisbury TIC and explore the possibility of greater local control of the other smaller TICs that are currently managed by VisitWiltshire.

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

None

## **Appendices**

Appendix 1 - VisitWiltshire Business Plan 2010-2014

Appendix 2 - VisitWiltshire Source and Application of Funds Summary