

Agenda Item No. (7c)

DERBYSHIRE COUNTY COUNCIL

CABINET

15 March 2016

Report of the Strategic Director – Economy, Transport and Environment

**VISIT PEAK DISTRICT AND DERBYSHIRE DESTINATION MANAGEMENT ORGANISATION – FINANCIAL CONTRIBUTION 2016-17 (STRATEGIC POLICY, ECONOMIC DEVELOPMENT AND BUDGET)**

(1) **Purpose of Report** To seek approval for core funding contribution to Visit Peak District and Derbyshire Destination Management Organisation (DMO) for the financial year 2016-17.

(2) **Information and Analysis**

**Background**

**The Economic Value of Tourism to Derbyshire**

The economic value of tourism to Derbyshire is considerable and the visitor economy sector is a valuable contributor to growth, both in terms of productivity and employment. Over the period 2009-14, the number of day visitors has increased by 4% per year to over 34m, whilst overnight stays exceeded 4m for the first time in 2014. During this period, total visitors increased by 7.4% with a corresponding increase in spend of 17.5% to £1.9bn by 2014. Employment in the sector has also continued to increase steadily, with over 27,700 jobs now in place across Derbyshire. However, the sector still faces challenges in maximising growth potential, particularly in relation to visitor dispersal, across the County from 'honey pot' areas, the variable quality and availability of accommodation and the perception of tourism as a career option.

**Visit Peak District and Derbyshire DMO Development**

In 2004-05, the East Midlands Development Agency (EMDA) was made responsible for the delivery of tourism and established East Midlands Tourism (EMT). As part of that process, it was agreed that locally defined areas would establish Destination Management Partnerships (DMPs) to co-ordinate tourism activity.

A new Partnership was established, supported by Visit Peak District and Derbyshire (the DMO). The DMP received core funding from East Midlands

Tourism to contribute to running costs, with the remainder being matched from secondments and contributions, primarily from local authorities. This has included annual contributions from Derbyshire County Council which have varied in size over the past six years, ranging from £161,000 in 2010 to £264,000 in 2012, reducing again to £150,000 in 2015. This funding has supported the organisation in its core delivery.

Since the demise of EMDA and EMT, and resulting reduction of funding available, Visit Peak District and Derbyshire has undertaken two organisational restructures to secure greater efficiencies and operate within a reducing financial envelope. The first restructure in 2011-12 achieved initial cost savings by relocating to Chesterfield. However, it was agreed that the organisation could only remain viable with additional public sector funding, notably from local authority partners and that a key objective was to increase private sector income through membership subscriptions, marketing activity and sponsorship.

The continued strain on public finances necessitated a further organisational review which concluded in February 2015. The outcome of the review was the development of a new strategy focused on “two brands, one organisation” and realising significant costs savings of 35% including a reduction in staffing from 11 to 6 core posts.

The new approach provides increased emphasis on promoting destinations across Derbyshire, whilst also recognising the Peak District as a major “attract” brand. As a result, considerable progress has been made in establishing a new “Experience Derbyshire” brand and a new, integrated website will be launched in early 2016.

### **Growth Strategy and Future Funding**

Visit Peak District and Derbyshire is now progressing Phase 2 of the review recommendations and developing a new strategic focus and funding model that reflects the needs of funding partners, seeks to increase private sector income and crucially, levers in external funding to deliver agreed activity.

*“The Peak District and Derbyshire Growth Strategy for the Visitor Economy 2015-20” builds upon the D2N2 Growth Strategy and Derbyshire Economic Strategy Statement (DESS) and sets out, for the first time, how the DMO will drive forward the growth in tourism and the visitor economy in Derbyshire. Its vision is:*

*“To champion the Peak District and Derbyshire as a great place to visit, live, work and play. ‘A world class destination’ offering rich experiences in a cherished landscape, having an unrivalled reputation for heritage, culture, the outdoors, walking and cycling, with a year round programme of events and festivals.”*

The Strategy seeks to grow the visitor economy by 5% per annum, generate an estimated additional visitor spend of £1.2bn and create 18,000 new jobs by 2023. Further work is now planned to integrate the strategy with the D2 (Derby and Derbyshire) Visitor Economy Action Plan which was endorsed by the D2 Joint Committee in 2015.

In order to achieve these ambitious targets, the DMO will work with partners to deliver against six strategic objectives:

- Maximise the impact of the visitor economy in key destinations and hubs.
- Attract capital investment to improve the visitor offer.
- Create a leading cultural, festivals and events destination.
- Maximise the potential of growth through tactical marketing campaigns.
- Develop a successful and thriving tourism industry.
- Develop a consistent brand for the Peak District.

### **Recent Achievements**

In respect of external funding, the DMO continues to lever in national funding for tactical marketing campaigns, including Visit Britain's "Northern Futures" campaign and Visit England's "Growing Tourism Locally" Programme which, by 2014, had created nearly 300 new jobs, generated additional visitor spend of £15.9m and attracted over £1.6m private sector additional investment; a return on investment of 27:1 (final figures for 2015 not yet available).

Furthermore, the DMO has taken a lead role in promoting skills development within the sector through the delivery of the £45,000 Local Response Fund (LRF) Project which culminated in the "Big Hospitality Conversation" event in May 2015 and secured 92 job pledges from the businesses engaged. Derbyshire County Council has worked effectively with the DMO on the promotion and marketing of key events over the past 12 months, most notably the 'Summer of Cycling' and 'Eroica' which resulted in a substantial increase in the profile of cycling as a tourism offer in Derbyshire and the reputation of the County as a cycling destination.

In addition, the DMO has delivered six workshops over the last year, supporting 109 businesses in the visitor economy to grow and develop, with a further four events scheduled by the end of March 2016 (part funded by the Department of Business Innovation and Skills (BIS) and D2N2). As a result, paid private sector membership of the DMO continues to grow steadily, with 475 business now engaged and £268,000 private sector funding levered over the last 12 months via membership and advertising.

Cabinet should also note that the DMO, along with the Council and other delivery partners, is awaiting approval of the ERDF funding for the delivery of "Growing and Developing the Visitor Economy Sector within Derbyshire", a

three year £1.5m programme that will focus specifically on providing a package of business support to the visitor economy and include promoting local products and supporting market towns.

In addition, the DMO is working with partners in the “Midlands Engine” region to develop a major proposal to the new £40m Visit England “Discover England” fund.

### **Future Development**

A key driver of both the organisational reviews for the DMO has been to create a more sustainable funding model that is less reliant on local government core funding. This work is progressing well, not least evidenced by increased membership and the widening of focus of Visit Peak District and Derbyshire beyond the Peak District and across Derbyshire. Its strategic role in supporting the work and strategies of the Midlands Engine will also help sustain its relevance in the coming years.

Having regard to this changing emphasis, it is proposed that funding from the Council be sustained for a further year but that in recognition of the continued financial pressures facing the Council, a gradual reduction in core funding is considered over the coming years as the DMO becomes more financially sustainable. It is proposed that officers work closely with the DMO to further develop the future funding model with the aim of creating a more self-sustaining organisation. Options for reduced funding will be provided for Members’ consideration in due course.

Subject to approval of core funding contribution, officers will work with the DMO on agreeing a single Service Level Agreement (SLA) for all funding partners to cover the financial year 2016-17.

(3) **Financial Considerations** The 2016-17 core funding contribution of £150,000 can be funded from Economic Regeneration’s Revenue Budget.

### **Other Considerations**

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

(4) **Key Decision** No.

(5) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(6) **Background Papers** Held on file within the Economy, Transport and Environment Department. Officer contact details – Frank Horsley, extension 38348.

(7) **OFFICER'S RECOMMENDATIONS** That Cabinet:

- 7.1 Approves the Council's contribution of £150,000 to support Visit Peak District and Derbyshire Destination Management Organisation for 2016-17 to be allocated from the Economic Regeneration's Revenue Budget.
- 7.2 Requests officers from the Economy and Regeneration Service work closely with the DMO to develop a financial plan for 2017 onwards which recognises reduced grant funding from the Council.

**Mike Ashworth**  
**Strategic Director – Economy, Transport and Environment**