

Agenda Item No. 7(u)

DERBYSHIRE COUNTY COUNCIL

CABINET MEETING

24 March 2015

Report of the Service Director – Economy, Transport and Environment

**VISIT PEAK DISTRICT AND DERBYSHIRE DESTINATION
MANAGEMENT ORGANISATION – ORGANISATIONAL REVIEW AND
FINANCIAL CONTRIBUTION 2015-16 (HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE)**

(1) **Purpose of Report** To report on the review of Visit Peak District and Derbyshire (VPD&D) Destination Management Organisation (DMO) and seek approval for a funding contribution to be made to the organisation for 2015-16.

(2) **Information and Analysis**

Background

In 2004-05, the East Midlands Development Agency (emda) took over responsibility for the delivery of tourism marketing and promotion, 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 DMP was established supported by a new DMO, VPD&D. The DMO received core funding from EMT to contribute to running costs with the remainder being matched from secondments and contributions, primarily from local authorities.

The intention of establishing the new DMP was to reduce duplication and deliver more targeted marketing activity at a scale that would maximise impact and appeal to visitors and tourists to the area.

In 2006, it was agreed that the County Council would support VPD&D by directing County Council tourism marketing and promotion resources to support the new co-ordinated offer on a trial basis for two years. In May 2008, this support was extended for three years to March 2011.

With the abolition of emda and EMT, VPD&D faced a drop in core revenue funding of £470,000 per annum. During 2011-12, VPD&D restructured its

activities and relocated to Chesterfield to reduce costs, with a shortfall in the year met from reserves. However, it was agreed that the organisation could only remain viable with additional public sector funding and a concerted effort to increase private sector income through membership subscriptions, marketing activity and sponsorship.

For the financial years 2011-12 and 2012-13, the Council approved a core financial contribution of £164,000 per annum. This was further supplemented by additional funding of £50,000 (2011-12) and £100,000 (2012-13) to offset the continued funding shortfall from the demise of emda and allow VPD&D to continue to operate whilst a more sustainable funding package was developed. Following detailed discussions with VPD&D, Cabinet approved a contribution of £164,000 for 2013-14 on 1 October 2013 (Minute No. 256/13 refers). This was supplemented by a further contribution of £70,000 approved by Cabinet on 3 December 2013 (Minute No. 337/13 refers).

On 5 August 2014, Cabinet approved £164,000 for 2014-15 (Minute No. 279/14 refers), including a draft Service Level Agreement (SLA) between Derbyshire County Council and VPD&D, setting out the key functions and activities that would be provided in return for the financial support.

Organisational Review

Despite continued financial support, it was recognised that the existing and complex funding model and structure of the organisation remained a major issue in light of the continued budgetary pressures facing local authority partners in particular. As such, a “root and branch” review was established in February 2014, to develop a new model that would reduce the burden on local authority financial resources, increase private sector income and provide a more sustainable future for the organisation.

The review has been chaired by new Board Chairperson, Paul Roden, owner of Losehill Hall Hotel and Spa, and included key funding partners and the Chamber of Commerce (as employer and accountable body). The primary aim of the review was *“developing a sustainable funding model for the DMO and ensuring the organisation’s delivery met the identified needs of partners”*.

Within this scope, the review focused on two main strands:

- A review of the core purpose and focus of VPD&D.
- A review of structure/staffing needed to deliver the required work.

An interim report was presented to D2 (Derby and Derbyshire) Joint Committee on 11 September 2014, setting out a proposed new model/strategy recognising two strong brands (a) the Peak District and (b) Derbyshire, which would ensure all partners receive value from the organisation and branding can be developed consistently to reflect the key stakeholders (most notably Derbyshire partners). The proposals also responded to key findings from the

D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) Visitor Economy Assessment and Action Plan which recognised “*inconsistency in the way in which the destination is branded*”.

The interim report (approved by the Joint Committee) also proposed a reshaped model for the organisation which would:

- embrace new ways of working;
- help define a distinct ‘Derbyshire brand’;
- bring about economies of scale (one team two brands);
- provide further economies of scale brought about through effective partnership working, reduction in printed promotional activity, reduced overheads and achievement of brand aims through unified tactical marketing campaigns.

Following endorsement from D2 Joint Committee, task and finish groups were established to undertake detailed reviews in four key areas: staff structure; finances; SLA/Key Performance Indicators (KPIs); and Governance.

Particular focus was given to establishing a new staff structure that would yield considerable budgetary savings. For this purpose, a target of £275,000 core costs was set which would reduce core costs by approximately £100,000. The resulting restructure has now been completed leading to a core staff complement of 6 staff (originally 11) and projected total core costs of £242,780, a saving of 35% on the previous structure. The new structure provides greater flexibility to seek external project funding (and the resource this would bring), and attract additional contributions from partners through specific projects/activities and the marketing collateral of utilising the “two brands” approach.

To drive forward the new organisational structure, seek future sustainability and deliver further partner costs savings, the review has proposed a two phase implementation approach:

- Phase 1: Agree contributions for 2015-16 at current levels to provide security for the new structure with immediate effect, with some additions throughout the year via marketing collateral agreements and partnership working.
- Phase 2: Develop a new funding model for 2016-17 secured through improved working relationships and confidence in delivering capabilities of the DMO with existing partners and additional funding secured through ‘buy in’ from the wider “Peak District” partners eg. Greater Manchester, Staffordshire, Sheffield and Cheshire.

The review is now in its final stages, focusing on governance and revised Board representation, and developing a new set of value for money measures

and KPIs to be used to efficiently measure the impact of the organisation. The performance framework should provide transparency for all partners and replace the need to negotiate space SLAs with individual partners.

A final report will be presented to the D2 Joint Committee in the Spring 2015.

(3) **Financial Considerations** Although it is proposed to retain existing contributions for 2015-16, in line with the two phase implementation approach, the review has secured sufficient savings to enable a reduction in the Council's contribution for next financial year from £164,000 to £150,000. This is in recognition of the Council's continued commitment in recent years as main funding partner and the support provided in undertaking the review.

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 Economic, Transport and Environment Department. Officer contact details – Frank Horsley, extension 38348.

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

- 7.1 Notes the progress and recommendations from the Destination Management Organisation review, including proposals and next steps.
- 7.2 Approves the County Council's revenue contribution of £150,000 to support Visit Peak District and Derbyshire for 2015-16.

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