

**DERBYSHIRE COUNTY COUNCIL**

**CABINET MEETING**

**3 December 2013**

Report of the Acting Strategic Director – Environmental Services

**VISIT PEAK DISTRICT AND DERBYSHIRE DESTINATION  
MANAGEMENT ORGANISATION – SERVICE LEVEL  
AGREEMENT AND ADDITIONAL FINANCIAL CONTRIBUTION  
(JOBS, ECONOMY AND TRANSPORT)**

(1) **Purpose of the Report** To seek approval for an additional financial contribution to Visit Peak District and Derbyshire Destination Management Organisation for 2013/14 subject to approval of a revised Service Level Agreement (SLA) for 2013-15 which better reflects the priorities for growth and development of the visitor economy across Derbyshire.

(2) **Information and Analysis**

**Background**

In 2004/05, the Regional Development Agency (emda) took over 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 DMP was established, supported by a new Destination Management Organisation (DMO), Visit Peak District and Derbyshire (VPD&D). The DMP received core funding from EMT to contribute to running costs with the remainder being matched from secondments and contributions primarily from local authorities.

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.

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In 2006, it was agreed that the County Council would support VPD&D by directing County Council tourism marketing and promotion resources into core funding to the DMO and budget allocations have been made to meet this commitment since this date.

A new DMP was published in 2011 covering the period 2011-2015. Within the Plan, a new delivery model was proposed to build upon the Peak District as a Destination of Distinction and an “attack brand” by Visit England. The new model established an “attract and disperse” model to increase visitor number and tourism spend (place marketing), and improving industry engagement and coordination (destination management). In addition, the Plan sets out targets for increasing private sector income to offset public subsidy. Projections are currently ahead of target with the percentage of private sector income at 42% for 2012/13. The aim is to achieve 51% by the end of 2014/15.

A report was considered by Cabinet on 1 October 2013 highlighting the importance of County Council core funding to VPD&D and approved a revenue contribution of £164,000 for 2013/14 (Minute No. 256/13 refers).

However, VPD&D still requires additional funding to remain viable following the loss of emda funding as set out above and the considerable efforts the organisation has made to reduce costs and raise income in line with the DMP.

### **Service Level Agreement**

Extensive negotiations have taken place to produce a revised SLA covering a two year period 2013 to 2015 that clearly sets out the services VPD&D will provide to the County Council in delivering its role as DMO.

The key functions of a DMO are as follows:

- Streamline the number of organisations supporting tourism.
- Provide a coherent and consistent tourism message to customers.
- Reduce expensive and ineffective duplication of activity.
- Provide commercial and marketing expertise to compete effectively with competitor regions through the development of a strong brand.

To summarise, a DMO aims to provide a global route to market for all businesses and individuals engaged in the visitor economy that, without this expertise and resource, would not be able to effectively reach customers.

VPD&D plays a vital role in supporting the development of a key growth sector identified by the Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Local Enterprise Partnership (LEP) and the Peak District is one of only 14 “destinations of distinction” recognised by Visit England as key global tourism brands. In addition, the Local Economic Assessment 2012 estimated the

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visitor economy in Derbyshire to be worth over £1.7bn per annum employing in the region of 27,000 people.

In addition, to the key role the DMO plays in promoting economic growth, the revised SLA sets out a number of distinct activities and services (not exhaustive) that it will deliver for the County Council. These include:

- Supporting the delivery of the Derbyshire Food and Drink programme including activity that promotes the specific Derbyshire visitor offer.
- Facilitating best practice between market towns and town centres, and supporting the retail sector in relation to targeting visitors.
- Focusing on identifying new markets for international visitors through new and existing civic links.
- Providing relevant qualitative and quantitative data to support economic regeneration activities of the County Council.
- Supporting the County Council and local authority partners in identifying more efficient and effective access to information for visitors in order to reduce cost to the public purse.
- Working closely through DEP to ensure the visitor offer supports the inward investment service Invest in Derbyshire.
- Providing specific marketing expertise to the County Council where required to support relevant activities.
- Promoting and supporting a range of festivals and events in Derbyshire and the Peak District through targeted marketing and Public Relation campaigns.
- Promoting and supporting key attractions through targeted national and international Public Relation campaigns offering an unprecedented route to market.
- A pivotal role in promoting Derbyshire and the Peak District as an established world class destination for cycling and walking, adding real value to planned infrastructure improvements for new walking routes, cycle greenway routes and Countryside Services activity.
- Supporting and promoting the development of the Derwent Valley Mills World Heritage Site and the potential of Creswell Crags as key visitor destinations including links to existing County Council Countryside sites.
- Promoting iconic cycling events that will attract visitors from outside the area to boost overnight stays, visitor spend and the local economy including Tour de France, L'Eroica and The Summer of Cycling 2014.

### **Moving Towards Financial Sustainability**

Following the introduction of LEPs, the D2N2 LEP has identified the visitor economy as a key growth sector for Derbyshire and Nottinghamshire. As a result, VPD&D has been involved in shaping future growth opportunities through the D2N2 Visitor Economy Review and Investment Assessment due to report by December 2013. In addition, a new DMP is in preparation that will

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complement the D2N2 review and help focus future investment in the tourism offer across Derbyshire.

As a designated “destination of distinction” VPD&D has also secured £600,000 Regional Growth Funding via Visit England to deliver key marketing campaigns over a three year period with the intention to boost visitor numbers, widen the visitor offer to new customers and increase overnight stays and visitor spend.

Central Government and LEPs have identified the important role tourism plays in promoting economic growth and negotiations continue at a national level to secure direct Government core funding to support the “destinations of distinction”. Furthermore, the advent of both the Single Local Growth Fund and EU Structural and Investment Funds, which will be delivered through LEPs, should provide new investment to support DMOs and the visitor economy.

However, it is unlikely that new streams of funding to replace those previously provided by Regional Development Agencies will be available until 2015 at the earliest.

The current VPD&D funding model is reliant on core revenue contributions from 18 partner organisations in addition to private sector income received via advertising and membership, as well as the Regional Growth Fund support outlined above. The total budget for the 2013/14 is £1,085,500.

It is recognised that the current funding package is not sustainable and it is very difficult for VPD&D to manage the expectations of all funding partners. Derbyshire County Council is the largest financial contributor by some margin and it is proposed that a meeting of all funding partners is arranged early in 2014 to review the funding model and propose new solutions to improve sustainability, attract Government and LEP support, increase income and reduce the cost to local Government.

The revised SLA requests a further £100,000 additional contribution from the County Council in 2013/14 to meet the financial requirements of VPD&D set out in the body of the report.

**(3) Financial Considerations** Cabinet approved on 1 October 2013 a funding contribution for 2013/14 of £164,000 to support the annual revenue costs of VPD&D and is funded within the base Economic Regeneration Tourism budget.

Subject to approval, the additional contribution of £100,000 has been earmarked from 2012/13 underspends. Following further negotiations with

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VPD&D, it has agreed to a reduction in the additional funding request of £10,000.

Beyond March 2014, further approvals will be required should the Council wish to continue its funding of VPD&D and this will be contingent on the revised SLA being approved.

Further consideration will be given by all partners to the funding model at the proposed session to be held in early 2014. In the meantime, County Council officers will continue to work with VPD&D to lobby for core funding from national sources and the LEPs, increase revenue income and reduce costs.

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** All relevant documentation is held by the Economic Regeneration service. Officer Contact details – Frank Horsley, extension 38348.

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

- 7.1 Notes the proposed Service Level Agreement between Derbyshire County Council and Visit Peak District and Derbyshire.
- 7.2 Delegates authority to the Cabinet Member – Jobs, Economy and Transport in conjunction with the Acting Strategic Director – Environmental Services to approve the final Service Level Agreement for 2013 - 2015.
- 7.3 Approves an additional revenue contribution of £70,000 to support Visit Peak District and Derbyshire for 2013/14 subject to the Service Level Agreement for 2013-15 being approved.
- 7.4 Endorses discussions commencing with Visit Peak District and Derbyshire and funding partners to review the funding model prior to any funding contribution for 2014/15 being agreed.

**Mike Ashworth**  
**Acting Strategic Director – Environmental Services**