

## **APPENDIX B**

### **SERVICE AREA REVIEW : FORMER COMMUNITY ENGAGEMENT FUNCTIONS**

#### **Contextual background**

##### **1. Context**

1.1 Cabinet, on 5<sup>th</sup> November, agreed that areas to be considered for service reductions in the Regeneration and Planning Service are :

- Strategic Management of the visitor economy
- Commissioned activities supporting the visitor economy
- The provision of events
- Visitor Information centres
- Council operated venues
- Communications and marketing.

1.2 The overall aim of the review in the context of the Council's need to find £2.3M in revenue savings for 2014/15 has been to present members with options for ongoing savings through service reduction. The service areas under consideration are all discretionary activities despite their popularity with the community and local businesses. In the leaner public services environment which the Government has created for the Council, however, it can no longer afford to continue to engage in all of these activities. Government emphasis is on a reduced public sector with growth in the private sector.

1.3 The Cabinet decision asked that the review focus on reducing costs in all the service areas, transforming service delivery of visitor information and increasing income from Council operated venues and events. Whilst cost reduction and transformation can be applied across the range of this service area, it is impractical to achieve realistic savings of the magnitude required by 2014/15 by trying to reduce even further the level of resources in each area and maintaining a degree of service provision. In most of the service areas, years of ongoing budget reductions and efficiencies have pared the resources available to deliver to a very basic level. Continuing viability of operation is a benchmark which has been reached in those areas.

1.4 A second and very important consideration has to relate to public expectations for continuing operations if a bare minimum level of service retention is attempted. It is the very nature of the customer for public services to expect a comprehensive service level even if resources are so stretched that only sparse cover can be given. The management view is that it is better to desist from attempting to provide a discretionary service and remove or significantly adjust the expectation of provision, than to continue to try and provide a service which falls short of expectation.

##### **2. Corporate Priorities**

2.1 The visitor economy is an integral part of the district's wider economy. Investment in the visitor economy also benefits residents through improved facilities, jobs and access to a wide range of leisure opportunities. It also plays an important part in attracting inward investors to the area. Major

regeneration initiatives are planned for the next five – 10 years and present a significant opportunity to transform the district and grow the market share for visitors. A branding exercise has been undertaken in order to support partners and enable them and the city council to work together to ensure the district is best placed to deliver a cohesive branding implementation plan and thereby attract growing numbers of people who wish to visit, work or invest here.

- 2.2 Notwithstanding the above, there is a strong argument which demonstrates that this area of work is effectively public sector intervention in the absence of an effective level of private sector provision. In a successful market, one would not expect a local authority to have to stimulate interest in the visitor economy by either running the marketing activities or staging and managing festivals and events. That might be considered to be properly provided by the private sector. Where the Council provides these activities it rarely receives direct returns other than through local taxes and business rates. It is the local business sector which directly benefits from increased visitor spending. It is a high risk strategy in business terms leaving strategic marketing in a discretionary area of a financially vulnerable public sector body. Successful business does provide jobs for local citizens and the Council's support for the visitor economy is primarily aimed at maintaining jobs.
- 2.3 Both the Council's Corporate Plan and its Local Development Framework Core Strategy recognise that the visitor economy is one of the key economic drivers for the District. Research undertaken has established that it is still responsible for employing high levels of people in the district and makes a considerable contribution to the local economy in monetary terms. When looking at the improving economic conditions in the district and the ambitions for growth in the local economy, the key role to be played by improving the visitor economy is easy to identify. It is as important as growth derived from the Energy Coast and growth in the knowledge based sector.
- 2.4 When evaluating the challenge of why should the Council intervene in an area which the private sector might be expected to lead upon, the officers came up with the following headline reasons :
- A local authority is the only body at local level capable of taking a strategic overview of the visitor economy and at the same time ensuring that a sub county or sub regional area has an appropriately high profile.
  - A local authority is the only body prepared to take a long term view on visitor economy matters.
  - There has been a traditional expectation in this district that this is a local authority's role.
  - A local authority is the only body able to act as an Accountable Body for external finance and assistance from the public sector.
  - The Government acknowledges that the care of the local economy is not simply a private sector activity, but a partnership between the public and private sector.
  - There are insufficient capabilities within the local visitor economy to step up and undertake the role a local authority takes in marketing and managing the visitor economy.
  - There is an expectation amongst major investors (eg British Land, The Duchy) that the public sector will lead, champion and co-ordinate the wide range of activities that underpin the visitor economy.

- There are key symbiotic benefits for the resident population in terms of quality of life and access to employment arising from a healthy visitor economy.
- 2.5 For these reasons, officers take the view that the City Council should not withdraw entirely from engaging in the visitor economy and leave it to the private sector to engage in strategic tourism activities such as branding and marketing. It follows, therefore, that even in a review of the corporate priorities, responsibility for strategic policy relating to the local visitor economy would be expected to remain with the City Council (working with the County Council and Marketing Lancashire) in a largely economic development and policy role.
- 2.6 Allied to the above, officers also acknowledged that the special environment, attractions and facilities provided to support the visitor economy had an equal value in enhancing the quality of life for citizens in the area, which is essential to counter balance our size and remoteness. This, in turn, will help encourage inward investment and address the problems highlighted in the Strategic Housing Market Assessment with graduate retention and our population profile.

### **3. Breaking down how the Council engages in the visitor economy**

- 3.1 The City Council currently engages in tourism, marketing and events through the following areas of activity/expenditure:
- Partnership funding to Marketing Lancashire (the main tourist board for Lancashire).
  - Direct marketing of the district's visitor offer, including development and maintenance of the visitor facing website, preparation of brochures/accommodation guide, attractions leaflets and what's on and provision of leadership on marketing matters.
  - Information and advice for visitor facing business, from start up advice to communicating relevant information to existing businesses, eg events programme, training opportunities
  - Closely connected to the above, is the operation of Visitor Information Centres
  - The running of events and major festivals both on our own and in partnership with other bodies and encouraging partnership working amongst others.
  - Supporting and advising festival co-ordinators on all aspects of putting on a safe and successful event (including our membership of the Event Safety Advisory Group, required of all councils).
  - Engaging in strategic overview activities under a regeneration banner (including accessing external funding, arts development)
  - The Council owns venues which contribute to the visitor economy such as its parks, museums; The Platform; The Storey and the Dukes Theatre.
  - Management of key areas of public realm and countryside; Morecambe/Heysham Promenade and two Areas of Outstanding Natural Beauty.
- 3.2 Partnership funding in key areas, strategic review activities, managing the public realm and AONBs are all activities which officers conclude to be core to the Council's wider statutory, trustee landowner and economic development activities. This means that discretionary areas, although valuable, may have

to be considered as the Council can no longer afford to provide them. These are:-

- Direct marketing and visitor business communication and advice
- The operation of Visitor Information Centres in their current form
- Delivery and ongoing development of district wide events
- The provision of significant revenue funding for the arts
- The operation of City Council venues in a loss making form