

Leicester
City Council

Cabinet

March 10, 2003

LEICESTER PROMOTIONS LTD

Report of the Chief Executive

1. Purpose of Report

This report outlines the basis of a new contract between the authority and Leicester Promotions Ltd from April 1st, 2003, the existing contract expiring at 31st March 2003.

2. Summary

The authority's current contract with Leicester Promotions expires at the end of March 2003. Since the Company's inception several years ago, reductions in funding from Leicester City Council have inevitably meant that the Company has found it increasingly difficult to deliver the broad range of original expectations, which were based on substantially greater funding levels.

In recognition of this, and in agreeing a new Visitor Development Strategy last year, Cabinet then determined in principle that the future focus for Leicester Promotions' work should be the ongoing development and implementation of that strategy.

This report formalises the changes necessary to the authority's contract with Leicester Promotions to allow that to happen.

In line with the planning horizons of the Visitor Development Strategy, and in order that Leicester Promotions is in the best position to access other sources of funding to expand work in this area, I am proposing the new contract be based on a five-year term.

3. Recommendations

Cabinet is recommended to agree:

- ⊙ a move from a three year contract to a five year contract, in line with the planning horizon of the Visitor Development Strategy agreed by Cabinet last year;

- o the inclusion of indicative funding levels for those five years within the contract (but subject to necessary caveats allowing annual member flexibility);
- o a revised specification aligning the council's expectations of Leicester Promotions more closely to the delivery of the agreed Visitor Development Strategy over the five year period 2003/04 – 2007/08.
- o the Head of Legal Services, in consultation with the Head of Communications, is authorised to finalise and enter into an appropriate contract with Leicester Promotions Ltd.

4. Financial implications

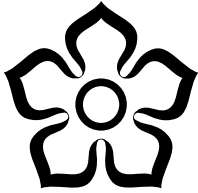
The financial implication arising from this report is the continued funding of Leicester Promotions Ltd. for a five-year period commencing 1st April 2003 (but still subject to annual member confirmation).

9. Author of the Report

The author of the report is Mark Bentley, Head of Communications – extension 6397.

DECISION STATUS

Key Decision	No
Reason	N/A
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)



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Supporting information

1. Background and report

Supported by Leicester City Council, Leicester Promotions was established in April 1993 to provide marketing and other allied services to the City of Leicester.

The company was set up with less than 20% of its board and membership representing the local authority, to avoid classification as a controlled/influenced company and to have the flexibility to operate freely in the market place, a perceived advantage in dealing with the private sector. Leicester Promotions' status as a non-controlled/influenced company remains unaltered. The council has a single member representative on Leicester Promotions' board.

Leicester City Council, under its statutory duties and powers relating to economic development and tourism, entered into a contract with Leicester Promotions to provide marketing and other allied services to the City. The current contract expires on the 31 March 2003.

Since the formation of Leicester Promotions the council has reduced the grant it has paid to Leicester Promotions almost every year, to the extent that the grant, in real terms, now stands at less than 50% of its original value.

In recognition of this, the authority agreed last year (Cabinet, 25th February 2002) that, in future, the company's work should focus on the new Visitor Development Strategy (VDS). A revised specification at Appendix A therefore reflects this.

In recommending a move from a three-year to a five-year funding commitment we would be aligning funding to the five-year horizon of the Visitor Development Strategy. However, there are other benefits in giving this level of commitment to Leicester Promotions, in that it is likely to help lever in further funding for tourism activities from the Leicester Shire Economic Partnership, potentially creating greater synergy and impact.

The proposal would see funding levels stated within the contract as follows:

<i>2003/04</i>	<i>2004/05</i>	<i>2005/06</i>	<i>2006/07</i>	<i>2007/08</i>
£655,400	£643,800	£643,800	£643,800	£643,800

Other than the respecification of our requirements and the financial effects of moving from a three year to a five year planning frame, the new contract is very similar to the existing contract in most respects, with a small number of minor alterations to reflect circumstances that have changed since the previous contract was drawn up some years ago:

- Paragraphs reflecting TUPE arrangements will be removed because we now believe no Leicester Promotions staff remain who are affected by TUPE.
- The grant payment arrangements will change from four payments a year to two.
- With the sole focus on the VDS, client briefing arrangements relating to a broader, but now irrelevant, range of activities will be simplified.
- Paragraphs reflecting the transfer of assets will be removed. (These paragraphs were in the original contract because it related to establishing the Company and are now irrelevant.)

It is our aim that the contract remains flexible enough to ensure that, should opportunities involving other potential local partners occur that will improve and increase the visitor development work undertaken by Leicester Promotions, the contract can be changed quickly to take advantage of those opportunities.

2. Performance Measurement

Performance of this contract clearly needs to be measured regularly to ensure continuing value for money. It is therefore proposed that two specific measures are introduced.

Because of the long term nature of the work on the VDS, we are proposing an annual report on Leicester Promotions' progress against targets within the VDS be presented to Corporate Directors' Board, Cabinet and FREOpps Scrutiny Committee. Acceptance of this report would include the extension of the contract period by a further year – a similar arrangement to the present contract.

In addition, a range of measures relating to the successful operation of Leicester's main Tourist Information Centre and associated services will be developed, to be presented alongside the above report.

During consultation on this report, members of the FREOpps Scrutiny Committee triumvirate asked that their committee take the opportunity to become more involved in the work and performance of Leicester Promotions (See comments later in this report).

3. Procurement issues

Advice has been received from the Head of Corporate Procurement & Business Services that, as the services concerned are contained within part B of the relevant European directive, they are exempt from European tendering requirements.

4. Comments of Finance, Resources & Equal Opportunities Scrutiny Committee triumvirate

The proposed changes to Leicester Promotions' contract have been discussed with members of the Finance, Resources & Equal Opportunities Scrutiny triumvirate, who asked that the following key points be included within this report:

- Members felt that the present Tourist Information Centre (TIC) has broadly reached a plateau in terms of the number of visitors it can reasonably expect in its present location in Town Hall Square. Consideration should therefore be given at the earliest opportunity to the relocation of the TIC to a higher profile part of the City Centre – possibly as part of the Shires West development. Members of the triumvirate recognised the budgetary implications of such a move and asked that Cabinet consider what support would be appropriate from the Council for any move. They also felt that there could be benefit in amalgamating any new TIC with a prominent City Council Customer Service Centre.
- For the most effective visitor marketing effort to take place, Members of the triumvirate agreed that it was vital that the City and County Councils work in tandem. Cabinet is therefore urged to support any proposal to bring the tourism work of both authorities together.
- Members of the triumvirate felt that the Scrutiny Committee should have closer involvement in monitoring Leicester Promotions' work and progress towards its targets. They asked that more frequent opportunities were created for members of the committee to see at first hand the work of the Company. Initially this could take the form of themed discussions and visits to the TIC – possibly on a six-monthly basis. This would supplement the annual monitoring mechanisms proposed within this report.
- Leicester Promotions should be urged to expand their work with the city's sporting clubs and universities to encourage more short break visitors to the city.

5. Consultation

Chief Finance Officer
Corporate Director, Cultural Services & Neighbourhood Renewal
Head of Urban Design, Environment, Regeneration & Development
Head of Corporate Procurement & Business Services
Service Director, Legal Services, Resources, Access & Diversity

6. Implications

	Yes/No	Comments
Financial	Yes	See paragraph in Summary report
Legal	Yes	Contractual. Service Director, Legal Services will be drawing up the final contract.
Equal opportunities	No	
Policy	No	
Sustainable & environmental	No	
Crime & disorder	No	
Human Rights Act	No	
Elderly/people on low income	No	

7. Background Papers - Local Government Act 1972

Cabinet Report – Visitor Development Strategy – 25th February 2002

8. Author of the Report

The author of the report is Mark Bentley, Head of Communications – extension 6397.

LEICESTER PROMOTIONS LIMITED AND LEICESTER CITY COUNCIL

SPECIFICATION

1. The provision of a Tourist Information Centre (“TIC”) that is welcoming, responsive, innovative, customer service orientated and strongly promotes local visitor attractions and opportunities. The TIC will provide a service on a minimum of six days a week, including such public holidays as are reasonably required by the Council. The TIC will be situated at 7/9 Every Street, Leicester and/or such other location or locations as the Council shall reasonably require. The Council will provide reasonable notice to the Company of any proposed additional centre required, or relocation of the existing TIC, and will fund fully, in addition to the annual contract funding, all costs directly associated with any additional location or relocation instigated by them.
2. The further development, management and implementation of the agreed Visitor Development Strategy and other strategies and plans to promote and market the City as a site for major visitor attractions and as an exciting multicultural visitor destination.
3. The development and implementation of a comprehensive place marketing strategy embracing the concept of partnership with the commercial, public, voluntary and community sectors to maximise the economic and social benefits of the regeneration of the City through innovative marketing and communication to local, regional, national and international audiences as agreed.
4. The provision of professional guidance and expertise in the field of tourism promotion, tourism development and place marketing.