

## CHIEF EXECUTIVE'S OFFICE

### THREE YEAR BUDGET STRATEGY 2004/07

#### **1 CURRENT BUDGET**

The Chief Executive's Office has a current budget of £2,469,100, made up of four main elements.

Chief Executive's Management Team	401,900
Policy and Performance Unit	920,600
Communications Unit	491,200
Leicester Shire Promotions Grant	655,400

Of this £1,339,200 is employee costs and £1,129,900 are running costs.  
The most significant elements of which are:-

Leicester Shire Promotions Grant	655,400
Leicester Link	222,300
Face (staff magazine)	29,000
Subscriptions (EMLGA/IDEA)	45,000
Project Support	54,000
Printing	56,000
	<b>1,061,700</b>

The office has 35 (full time equivalent) staff as shown in Appendix 1. The main functions of the office are dealt with in more detail in the section on reducing the budget.

#### **2 BUDGET STRATEGY 2004/2007**

2.1 The Council's three year budget strategy requires a one off ongoing reduction of £100,000 over the next three years from the Chief Executive's Office.

#### **2.2 Budget Growth Pressures (Appendix 3)**

##### **a) Public Opinion Survey**

The Council has carried out a major public opinion survey every 3 years since 1988. The next survey is due in 2004 at an estimated cost of £45,000 net of any contribution from health partners and departments. This is in addition to the statutory requirement to carry out a Best Value Public Satisfaction Survey in 2003 the costs of which are met from existing resources. Should members wish to proceed with the public opinion survey next year either additional resources will be required or additional savings identified in the existing budget. Over time it may be possible to integrate the Best Value Public Satisfaction Survey with our own public opinion survey however there will be issues over different methodologies which will prevent consistent tracking of results. There will also be gaps in the data collected particularly about communication, customer satisfaction and particular services. It is proposed that £15,000 be placed in the base budget to facilitate an integrated public opinion survey in 2006. Should on

reviewing the results of the Best Value Survey carried out this year Members feel that certain specific gaps need to be filled next year a smaller survey could be arranged in conjunction with partner agencies.

### **b) Future Support for the Comprehensive Performance Assessment**

At the outset of the Government's Best Value process Members agreed to make £292,000 available over three years to support the changes necessary to meet the requirements of the legislation. This one-off resource was finally utilised last year including supporting work on the Comprehensive Performance Assessment. Recent advice from the Audit Commission confirms that a revised CPA process will be adopted from 2005 as part of a regular process of inspection. It is proposed therefore that a minimal fund of £10,000 a year be included in the Chief Executive's Office to support this process given the Councils position following the CPA refreshment this year has moved to good.

## **2.3 OPTIONS FOR REDUCING THE BUDGET (Appendix 4)**

Between 2000 and 2003 the Chief Executive's Office underwent significant change resulting in savings in the order of £500,000 over three years. This included a saving of £110,000 in the Leicester Shire Promotions budget, £110,000 from the African Caribbean Youth Project and £272,000 from a structural review of the office. In addition ongoing efficiency savings achieved every year means that last year the office reached a point where its running cost budget could not support and sustain the breadth of work carried out in the office. As a result further efficiency savings in general running costs is not recommended over the next three years if the work of the office is to be sustained.

There are therefore a limited number of options available to achieve the reduction targets set and the growth items identified. The options available are:-

### **a) Leicester Shire Promotions**

Over the last ten years the budget allocated to Leicester Shire Promotions has reduced by 39% from £1,073,000 in 1993/94 to £655,400 this year. This year also marks a significant change in the role of the organisation recently being relaunched as Leicester Shire Promotions and taking on the tourism promotions and inward investment functions on behalf of the City Council, the County Council and the Leicester Shire Economic Partnership. Resources have been promised to the new company on the following basis:-

Leicester City Council	£655,400
Leicestershire County Council	£348,320
LSEP	£350,000

Currently a revised contract is being finalised reflecting the new arrangements and contracting Leicester Shire Promotions to provide a range of support in terms of tourism development including the provision of the Tourism Information Centre. The revised contract yet to be signed requires the Council to give six months notice before the start of the next financial year of any reduction in grant

to the company. To date Leicester Shire Promotions have been informed that Members wish to examine the implications of £100,000 reduction in their annual grant. The response from Leicester Shire Promotions is attached (Appendix 5).

## **b) Communications Unit**

The Communications Unit of nine staff has a corporate role in ensuring that the Council communicates effectively with the media and the public on all key issues.

It provides strategic and day to day advice to the Chief Executive, Corporate Directors, Cabinet and Scrutiny, while its main areas of activity include strategic communications, media relations, public relations, website development and the publication of Leicester Link and the staff magazine Face.

Savings in the section can only be made by:

- Reducing staffing in the unit.
- Reducing or reviewing the frequency and format of Face.
- Reducing or reviewing the production and distribution of Link.

Although last year it was hoped that additional income would meet savings targets of £8,200 this is now not a realistic option given the higher target.

The Unit's recommendation is to combine the December and January issues of Link, which would achieve a saving of £12,000.

Traditionally, the January issue is delivered to households before Christmas (just three weeks after the December issue) because of printing and distribution deadlines, by bringing out a combined issue closer to Christmas, the impact on readership would be minimised.

## **c) Policy and Performance Unit**

The unit currently provides strategic corporate policy advice to the Chief Executive, the Corporate Directors Board, Cabinet and Scrutiny. The unit currently provides support in three principle areas through a total of twenty two staff including 13.7 policy officers.

- |   |   |
|---|---|
| a) <b>Strategic Policy</b>                            | Including the development of new corporate policy, support to elected members in both Cabinet and Scrutiny and support to the Leicester Strategic Partnership including the Community Plan and public consultation. |
| b) <b>Corporate Equalities and Community Cohesion</b> | Including the New Equality Standard, the Race Equality Scheme, the Disability Discrimination Act and related issues, the Community Cohesion Strategy and general policy advice on equality and diversity.           |

- c) **Performance Management and Best Value** Including Best Value reviews, complaints, the Corporate Plan, Performance Plan, the Comprehensive Performance Assessment and support to the inspection regimes across the Council.

The balance of work across the areas varies throughout the year depending on emerging priorities. The team increasingly work generically across the three areas although individual officers have specific areas of expertise in one or more of the areas.

Savings in this section can only be made by reducing staffing and prioritising the work of the unit to the resources available.

In considering the options available Members will need to take into account the following issues:-

1. The desire to provide policy support to Scrutiny equivalent to up to three policy officers working 1/2 days a week
2. An existing commitment to provide the equivalent of 1½ policy officers to the Leicester Strategic Partnership up to April 2005.
3. Concerns expressed by the Service Director for HR and Equalities about the overall capacity in the organisation to support the developing equality and diversity agenda driven by both national and local priorities.
4. The Governments stated intentions to retain and develop the CPA process albeit in a more focused and cost effective format and the need to maintain the acceleration of performance management across the organisation.
5. Any emerging Member priorities which would naturally fall under the remit of the Chief Executive's Office.

It is clear that Members have a choice to reduce the overall resources available centrally to support the policy and performance agenda, however, key elements of our current work will still need to be carried out under current Government legislation therefore the responsibility would need to be transferred elsewhere in the organisation and carried out and co-ordinated at a departmental level. It is recommended that savings of £13,000, the equivalent of about half a policy officer post, can be made, subject to Members confirming their priorities for the work programme of the Office.

#### **d) Departmental Management Team**

The Departmental Management Team is made up of the Chief Executive, Assistant Chief Executive and two Personal Assistants. The budget of the Unit also covers the subscriptions to the East Midlands LGA (£32,582.14), and the Improvement and Development Agency (£8,895). It is not recommended to make further savings in this area.

## 2.4 **Overall Position**

The overall position relating to the Chief Executive's Office is set out in Appendix 2.

## 3. **Race Relations(Amendment) Act 2000**

In carrying out its functions, the Council must have regard to the need:-

- B To eliminate unlawful racial discrimination; and
- B To promote equality of opportunity and good relations between persons of different racial groups.

The Chief Executive's Office complies with this duty through its contribution to Corporate Plan priorities and the race equalities scheme.

This revenue budget strategy has been assessed for any additional race implications in the context of the spending plans. None of the proposals is believed to have a race implication.

## 4. **Departmental Reserves**

The departmental reserves as at 31<sup>st</sup> March 2004 are shown below.

<b>Reserve</b>	<b>Forecast Balance 31/03/04</b>	<b>Description</b>
Policy Initiative	£13,000	Financial support to African Caribbean Forum
Stephen Lawrence Enquiry Action Plan	£5,932	Implementation of the agreed action plan.

**M Allison, Assistant Chief Executive**

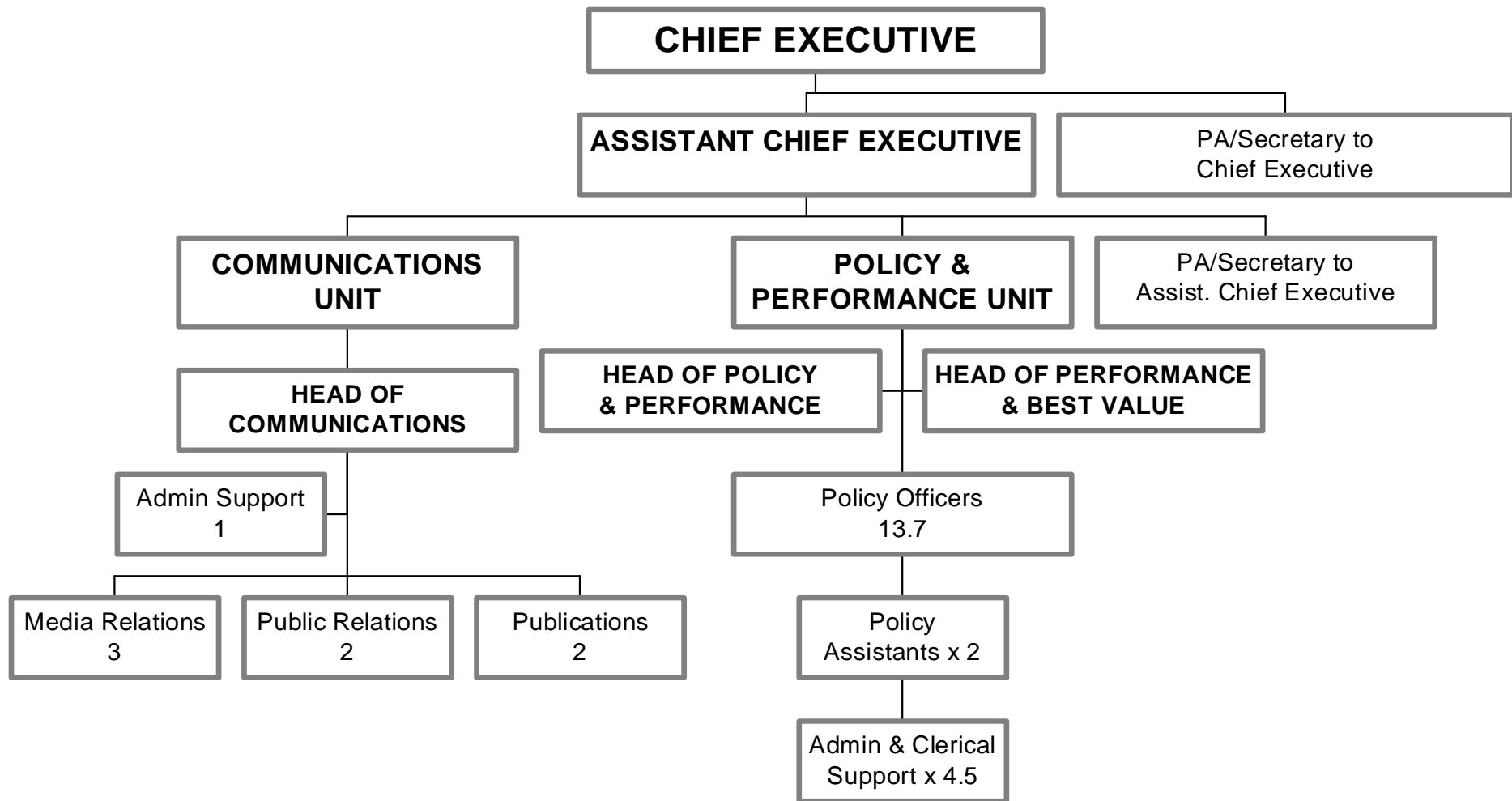
**CHIEF EXECUTIVE'S OFFICE ESTABLISHMENT**

<b>POLICY AND PERFORMANCE UNIT</b>	
Head of Policy and Performance	1
Head of Performance and Best Value	1
Policy Officers – permanent	13.7
Policy Assistants	2
Admin and Clerical Support	4.5
<b>TOTAL</b>	<b>22.2</b>

<b>COMMUNICATIONS UNIT</b>	
Head of Communications	1
Media Relations Manager	1
Senior Press Officer	1
Press Officer	1
Public Relations Manager	1
Public Relations Officer – Web Development	½
Publications Manager	1
Publications and PR Officer	1
Publications Officer	½
Communications Assistant	1
<b>TOTAL</b>	<b>9</b>

<b>DEPARTMENTAL MANAGEMENT TEAM</b>	
Chief Executive	1
Assistant Chief Executive	1
PA/Secretary	2
<b>TOTAL</b>	<b>4</b>

<b>TOTAL PERMANENT STAFF</b>	<b>35.2</b>
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**CHIEF EXECUTIVE' OFFICE**  
**REVENUE BUDGET 2004/05 to 2006/07**  
**SPENDING AND RESOURCES FORECAST**

	2004/05	2005/06	2006/07
	£000	£000	£000
<b>2004/05 Cash Target</b>	<b>2,537.3</b>	<b>2,537.3</b>	<b>2,537.3</b>
Public Opinion Survey	15.0	15.0	15.0
CPA Support	10.0	10.0	10.0
Add Total Service Enhancements	25.0	25.0	25.0
Add Total Decisions already taken	0.0	0.0	0.0
Add Total Other	0.0	0.0	0.0
<b>Sub Total – Growth</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>
Staffing reduction Policy & Performance	13.0	13.0	13.0
Reduce Link by one issue	12.0	12.0	12.0
Leicester Shires Promotion Grant	100.0	100.0	100.0
Less Total Service Reductions	125.0	125.0	125.0
Less Total Decisions Already Taken	0.0	0.0	0.0
Less Total Efficiency/Restructuring Savings	0.0	0.0	0.0
Less Total Other	0.0	0.0	0.0
<b>Sub Total – Reductions</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>
<b>Net Budget Reduction</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Planning Total (2004/05 Price Base)</b>	<b>2,437.3</b>	<b>2,437.3</b>	<b>2,437.3</b>



**CHIEF EXECUTIVE'S OFFICE**  
**GROWTH PROPOSAL 2004/05**

<b>SERVICE AREA: Policy and Performance Team</b>		<b>Proposal No: 1</b>	
<b><u>Details of Proposal:</u></b>			
To create an annual budget that can be utilised every three years to carry out public opinion surveys not covered by the statutory Best Value Public Satisfaction Surveys.			
<b><u>Type of Growth</u></b>			
Service Improvement			
<b><u>Justification for Proposal:</u></b>			
To maintain consistent data on public opinion and service improvement relating to Leicester City Council on a regular basis.			
<b><u>Service Implications</u></b>			
The Council has carried out a major public opinion survey every 3 years since 1988. The next survey is due in 2004 at an estimated cost of £45,000 net of any contribution from health partners and departments. This is in addition to the statutory requirement to carry out a Best Value Public Satisfaction Survey in 2003 the costs of which are met from existing resources. Should members wish to proceed with the public opinion survey next year either additional resources will be required or additional savings identified in the existing budget. Over time it may be possible to integrate the Best Value Public Satisfaction Survey with our own public opinion survey however there will be issues over different methodologies which will prevent consistent tracking of results. There will also be gaps in the data collected particularly about communication, customer satisfaction and particular services. It is proposed that £15,000 be placed in the base budget to facilitate an integrated public opinion survey in 2006. Should on reviewing the results of the Best Value Survey carried out this year Members feel that certain specific gaps need to be filled next year a smaller survey could be arranged in conjunction with partner agencies.			
<b><u>Environmental Implications</u></b>			
None			
<b><u>Date of Earliest implication/date of proposed implication</u></b>			
The survey due in 2004 will not be carried out in full. Next full survey will be 2006/07.			
Current Budget	<b><u>2004/05</u></b> <b><u>£000s</u></b> 0	<b><u>2005/06</u></b> <b><u>£000s</u></b> 0	<b><u>2006/07</u></b> <b><u>£000s</u></b> 0
Amount of Growth	15.0	15.0	15.0
<b><u>Staffing Implications</u></b>	<b><u>2004/05</u></b>	<b><u>2005/06</u></b>	<b><u>2006/07</u></b>
Current service staffing (FTE)	None	None	None
Extra post(s) (FTE)	None	None	None
Signature: Date:			

**CHIEF EXECUTIVE'S OFFICE**  
**GROWTH PROPOSAL 2004/05**

<b>SERVICE AREA: Departmental Management Team</b>		<b>Proposal No: 2</b>	
<b><u>Details of Proposal:</u></b>			
To provide support to future Comprehensive Performance Assessments			
<b><u>Type of Growth</u></b>			
Service Improvement			
<b><u>Justification for Proposal:</u></b>			
The Council will undergo another full performance assessment in 2005. The resources will provide support for the preparations and the inspection itself.			
<b><u>Service Implications</u></b>			
At the outset of the Government's Best Value process Members agreed to make £292,000 available over three years to support the changes necessary to meet the requirements of the legislation. This one-off resource was finally utilised last year including supporting work on the Comprehensive Performance Assessment. Recent advice from the Audit Commission confirms that a revised CPA process will be adopted from 2005 as part of a regular process of inspection. It is proposed therefore that a minimal fund of £10,000 a year be included in the Chief Executive's Office to support this process given the Councils overall position following the CPA refreshment this year.			
<b><u>Environmental Implications</u></b>			
None			
<b><u>Date of Earliest implication/date of proposed implication</u></b>			
During 2004/05 and 2005/06			
	<b><u>2004/05</u></b> <b><u>£000s</u></b>	<b><u>2005/06</u></b> <b><u>£000s</u></b>	<b><u>2006/07</u></b> <b><u>£000s</u></b>
Current Budget	0	0	0
Amount of Growth	10.0	10.0	10.0
	<b><u>2004/05</u></b>	<b><u>2005/06</u></b>	<b><u>2006/07</u></b>
<b><u>Staffing Implications</u></b>			
Current service staffing (FTE)	None	None	None
<b><u>Extra post(s) (FTE)</u></b>	none	None	None
Signature:			
Date:			

**CHIEF EXECUTIVE'S OFFICE  
BASE BUDGET REDUCTION PROPOSAL 2004/05**

<b>SERVICE AREA: Policy and Performance Team</b>		<b>Proposal No: 1</b>	
<b><u>Details of Proposal Reduction:</u></b>			
Reduce the number of policy officer posts by half a post			
<b><u>Type of Reduction</u></b>			
Service reduction			
<b><u>Service Implications</u></b>			
There are currently 13.7 policy officer posts in the unit covering three areas of work, strategic policy, corporate equalities and community cohesion, and performance management and Best value. The unit also provides 1.5 posts to support the Leicester Strategic Partnership and will be providing up to the equivalent of 3 posts to support Scrutiny. A reduction in half a post will mean the work of the unit will be reduced by about 4% in low priority areas.			
<b><u>Environmental Implications</u></b>			
None			
<b><u>Date of Earliest implication/date of proposed implication</u></b>			
April 2004			
	<b><u>2004/05</u></b> <b><u>£000s</u></b>	<b><u>2005/06</u></b> <b><u>£000s</u></b>	<b><u>2006/07</u></b> <b><u>£000s</u></b>
Current Budget	920.6	920.6	920.6
Amount to be Saved	13.0	13.0	13.0
	<b><u>2004/05</u></b>	<b><u>2005/06</u></b>	<b><u>2006/07</u></b>
<b><u>Staffing Implications</u></b>			
Current service staffing (FTE)	13.7	13.7	13.7
Extra post(s) (FTE)	0	0	0
Current Vacancies (FTE)	0.5	0.5	0.5
Individuals at risk (FTE)	0	0	0
Signature:			
Date:			

**CHIEF EXECUTIVE'S OFFICE**  
**BASE BUDGET REDUCTION PROPOSAL 2004/05**

<b>SERVICE AREA: Communications Unit</b>		<b>Proposal No: 2</b>	
<b><u>Details of Proposal Reduction:</u></b>			
Reduce publication of Leicester Link by one edition			
<b><u>Type of Reduction</u></b>			
Service reduction			
<b><u>Service Implications</u></b>			
The December and January edition of Link would be amalgamated reducing the total editions to 11. Traditionally the January issue is delivered to households before Christmas (Just three weeks after the December issue) because of printing and distribution deadlines. By bringing out a combined issue closer to Christmas, the impact on readership would be minimised.			
<b><u>Environmental Implications</u></b>			
<b>118,000 copies less would be printed.</b>			
<b><u>Date of Earliest implication/date of proposed implication</u></b>			
December/January 2005/06			
	<b><u>2004/05</u></b> <b><u>£000s</u></b>	<b><u>2005/06</u></b> <b><u>£000s</u></b>	<b><u>2006/07</u></b> <b><u>£000s</u></b>
Current Budget	222.3	222.3	222.3
Amount to be Saved	12	12	12
	<b><u>2004/05</u></b>	<b><u>2005/06</u></b>	<b><u>2006/07</u></b>
<b><u>Staffing Implications</u></b> <b><u>Communications Unit</u></b>			
Current service staffing (FTE)	9	9	9
Extra post(s) (FTE)	0	0	0
Current Vacancies (FTE)	0	0	0
Individuals at risk (FTE)	0	0	0
Signature: Date:			

**CHIEF EXECUTIVE'S OFFICE**  
**BASE BUDGET REDUCTION PROPOSAL 2004/05**

<b>SERVICE AREA: Communications Unit</b>		<b>Proposal No: 3</b>		
<b><u>Details of Proposal Reduction:</u></b> Reduction in Leicester Shire Promotions Grant				
<b><u>Type of Reduction</u></b> Service reduction				
<b><u>Service Implications</u></b> See attached response from Leicester Shire Promotions.				
<b><u>Environmental Implications</u></b> None				
<b><u>Date of Earliest implication/date of proposed implication</u></b> April 2004				
	<b><u>2004/05</u></b> <b><u>£000s</u></b>	<b><u>2005/06</u></b> <b><u>£000s</u></b>	<b><u>2006/07</u></b> <b><u>£000s</u></b>	
Current Budget	655.4	655.4	655.4	
Amount to be Saved	100.0	100.0	100.0	
<b><u>Staffing Implications - None</u></b>	<b><u>2004/05</u></b>	<b><u>2005/06</u></b>	<b><u>2006/07</u></b>	
Current service staffing (FTE)	None	None	None	
Extra post(s) (FTE)	None	None	None	
Current Vacancies (FTE)	None	None	None	
Individuals at risk (FTE)	None	None	None	
Signature: Date:				

### Response to proposed budget cut for Leicester Shire Promotions

#### Introduction

Leicester Shire Promotions is both a contractor to and a partner with the City Council. Ultimately, the authority must decide how much it wishes to spend on place marketing. Members must note that many cities are now increasing their spend on place marketing and recognising it increasingly as a vital tool in regeneration.

One of the most disappointing aspects of such a major cut is the timing. After years of duplication, antagonism and wasted resource great efforts have been made to streamline this. Bringing together the place marketing for the city and county councils and the Leicester Shire Development Agency is one of the best examples.

Partners for the public and private sectors have long feared this could be used to justify budget reductions and the current proposals will feed this view. It would be hoped that the public sector could be seen to commend this new approach by maintaining funding. When in opposition, the Lib Dem and Tory groups both called on the ruling party to ensure the new partnership with the county and LSEP went ahead without obstacle.

The City Council has in effect two contracts with Leicester Shire Promotions. In one, it is the sole interested party – the provision of a tourist information centre and associated services in Leicester. The County Council and LSEP have no involvement in this. The second contract, to look at the wider place marketing of the sub-region to visitors, residents and investors is a contract shared with the County Council, LSEP and increasingly private sector partners.

Although comparisons with the level of contributions made by the other parties should not be too much of an influence, members must remember that almost half of the current contract fee is connected with the provision of the TIC and associated services.

The company now has a very clear remit to ensure the success of the regeneration of the city and county being driven by the LRC Masterplan, the Universities' investment schemes and the council's own plans. In comparison to the investment in these schemes, the City Council's investment in a supporting and crucial marketing programme is already modest. Given the enormity of the regeneration agenda, it again is sending out very worrying signals to partners and regional bodies that the City is cutting back on its marketing activity at such a time.

In addition, the regional development agency is using the partnership formed in Leicestershire through Leicester Shire Promotions as the blue print example of best practice for the other regions of the East Midlands. This places Leicester well for drawing down increasing support from EMDA, which could be compromised if the wrong signals are sent out about the City reducing its priority for such activity.

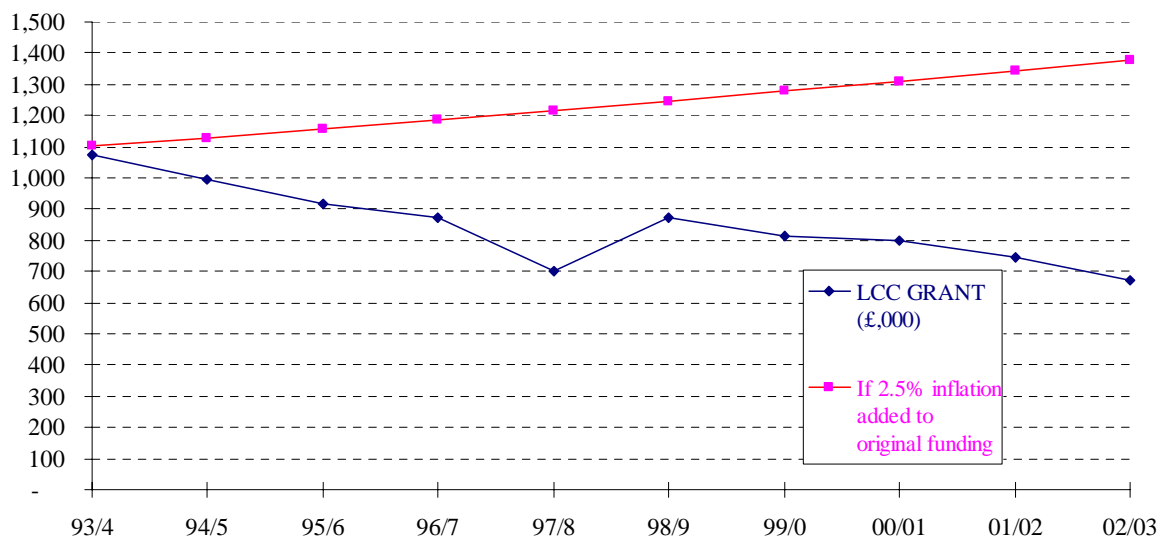
Therefore, we need to be concerned not only by the direct impact that such a major cut will have on the services we provide, but also to the interpretation that local and regional partners might put on the cut.

### Background

The Company has been asked to consider the implications of a proposed budget cut of £100,000 from April 1<sup>st</sup> 2004.

This is on top of ten years of continual cuts since the company was first formed in 1993. The chart below shows the funding pattern for 1993 to 2003. Also shown is the index-linked budget from 1993.

**LPL - FUNDING TRENDS**



During the last ten years, funding from the City Council has fallen by £402,000. Allowing for inflation, this represents a reduction of £703,000.

Against this background, the organisation has successfully widened its partnership base to increase turn-over and value-for-money for the authority. Over the last 18 months partners across the city and especially in the business sector have been enthused and motivated to take responsibility for raising the profile of the city. They have been challenged to commit their time and money to support the work of the company, especially of the ground breaking Leicester Revealed campaign. **Given the timing, the proposed cut will be announced around the time that the most significant marketing campaign the city has ever undertaken is launched. The consequences of this on the new partnership could be catastrophic.**

We accept that funding levels in the past were generous compared to other cities, but the year-on-year reductions mean that the budget the City Council now invests in place marketing is certainly not excessive and in comparison with many other places is modest. We understood that the new administration was comfortable that the current funding levels were appropriate.

## Indicative consequences of proposed cut

In addition to the wider implications and consequences discussed above, such a large reduction could not be accommodated without implications on service delivery.

The City Council contracts with Leicester Shire Promotions to provide two headline services, the provision of the Tourist Information Centre and the operation of place marketing. Due to the level of the proposed cut, it would need to be spread across the two operations.

The following are indicative of how the proposed cut might be accommodated. **They are not recommendations.**

### **TIC**

The TIC has in recent years won a succession of awards; including the overall national award for the best in the country. It has a reputation that other cities envy and the Council gets a lot of reflected credit for this. It is already one of the most commercially focussed in the country and enjoys levels of trading not paralleled elsewhere. It operates on modest profit margins of around 10%. To offset the effect of a £50,000 cut would require **turnover to increase by £500,000**, more than double current levels and simply not achievable. Therefore, savings would need to be made.

#### *Call centre charges*

In order to respond to customer demands and cope with past budget reductions, the company contracts telephone enquiries out to a professional call centre at no cost to the council. Calls are currently charged at the industry minimum of 25p per minute. Increasing this to 50p per minute would create an income of £2,500 per year to offset the budget reduction.

#### *Staffing levels*

The TIC is carefully designed to allow the majority of customers to serve themselves with minimum intervention from staff. The TIC is staffed to a level to ensure that whenever possible customers do not have to queue. If we were to introduce two computerised 'self-help' points into the TIC even more customers would be able to serve themselves. Even so, reducing staffing levels would mean that on occasions, customers may have to wait a few minutes to be served.

The net saving of reducing staffing levels and introducing two self-help units would be £10,000 in year 1.

#### *Bank holiday opening*

The TIC currently opens on all bank holidays except Christmas and New Year. Usage is light compared to a normal trading day.



We could aim, subject to building regulations, to site one of the self-help units to be accessible from the outside of the TIC for use when the office is closed. Closing the TIC on bank holidays would save around £1,000 pa.

#### *Revised opening hours*

The bulk of customers visit the TIC from 10am. It is very quiet for the first hour from 9am. Opening 1 hour later at 10am each morning would save approximately £7,500 pa.

#### *Increased revenue*

The TIC aims to dedicate the majority of the available floor space to local information and the space available to develop retail sales of local souvenirs, gifts, books etc is very limited. By condensing local information into a smaller space and increasing the ranges of retail, we estimate we could increase sales profit by £5,000 in year one.

#### *Rental for De Montfort box office*

The box office for De Montfort Hall 'rents' an area of the TIC to allow it to have a city centre presence. No charge is made for this, or for associated costs. Based on the figures agreed by the property services department of the council during the negotiations for the new lease, the space occupied by De Montfort Hall has a value of £600 pa, which we could seek to recover from the cultural services department.

#### *Mini Guides*

The main visitor guide for the city has been provided free of charge. It is not uncommon for these to be charged for now. Introducing a charge of 35p per guide would generate an income of approximately £400 pa.

#### *Further development of on-line accommodation bookings*

This system is currently being successfully piloted and with further expansion could bring in estimated additional revenue of £2,500 in year 1.

### **Place Marketing**

#### *Redirection of resources to the districts*

As part of the new company, relationships are being developed with a number of the district councils to develop and deliver place-marketing activity on their behalf. Rather than bring in additional staff resource to manage these arrangements, resource can be directed away from activity for the City into work for the Districts. This would result in a saving of around £25,000 pa against the City contract.

### *Replace paid for advertising with further PR*

Budgets are already limited for paid-for advertising for tourism promotions. A further reduction could be offset in part by an increased push to secure PR coverage, though this is not likely to be as focussed and audience specific as advertising. A reduction of £5,000 could be achieved.

### *Removal of support to third party activity*

The company has traditionally supported local events and organisations by taking advertisements in their guides and programmes etc. These include the Caribbean Carnival, Navratri, Diwali etc. Such activity is greatly appreciated by the organisation bodies but does not have any significant impact of the marketing and promotion of the city. Annual saving £2,000.

### Connected Issues

#### *Lease costs*

The City Council is the Company's landlord. The rent has just been increased by nearly £20,000 pa. This further compounds the effect of any reduction of the core budget.

#### *Forward planning*

The major breakthrough in recent years that has allowed the company to deliver increased value for money for the authority has been the ability to forward plan. We now work on a business planning cycle of at least three years. To ensure no further disruption we do need an indication from members of the likely funding scenarios in years 2 and 3.

#### *Best Value*

In any internal comparisons we have undertaken with other cities connected to the Best Value process, Leicester leads the way in terms of the return on investment the Council generates through its contract with Leicester Shire Promotions. The level of leverage unlocked through the core funding must be an important consideration. The negative side of this is that any cut is compounded by the consequent reduction in leverage and additional funding.

### Alternative for consideration

- We accept that members have difficult decisions to make and as a long-standing partner with increasingly good relationships with the authority, will do whatever we can to support this.
- We need to ensure that any cut does not destabilise the new partnership between the City, County and Strategic partnership.

- We need to recognise that an increasing proportion of the contract fee is returned to the council in the form of a building lease, set to increase by £20,000 pa this year.

In addition, having occupied the building on Every Street for the last ten years, significant investment is needed to bring it up to acceptable levels of accommodation for the new team. The building is leased from the City Council. Given that it is a high-profile building in a prime location, we would look to explore what support might be available towards financing the refurbishment on a commercial basis through a partnership with the City Council.

As an alternative, we would ask members to consider the following partnership arrangement:

- The over-all budget reduction is reduced from £100,000 to £80,000 in recognition and endorsement of the growing success and productivity of the organisation.
- £50,000 is made available in the form of a commercial loan to the company, repayable over 10 years to contribute towards the refurbishment costs of the building. The balance to be funded from other sources/partners.
- Funding levels are stabilised for at least three years following this cut.

Therefore, we would ask that consideration is given to a scenario similar to the following:

<b>2003/2004</b>		<b>2004/2005</b>		
Base line budget	£655,400	Baseline Budget	£575,400	(-80,000)
		Refurbishment Loan	£50,000	(Repayable, with interest over 10 years.)
			£625,400	

The reduction of £80,000 would be funded by productivity improvements of approx £40,000 and service reductions through the City Council contract of approximately £40,000. These would need to be agreed.