

This report may be of interest to: Community Learning Committee
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BUDGET SAVINGS FROM THE TOURISM DEVELOPMENT BUDGET FOR 2000/01

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1. Purpose

1.1 Further to Minute EL33/00, to progress the savings options from the Tourism Development budget for 2000/01.

2. Summary

2.1 The Policy and Resources Committee agreed a series of budget savings for 2000/01 at its meeting on 10/11/99 (Minute PR82/00 refers).

2.2 The Economy and Lifelong Learning Committee, at its meeting on 18/1/00, agreed that options for savings be further investigated (Minute EL33/00 refers).

2.3 The Tourism Development Unit has two services relevant to this issue:

(a) The Conference Desk; and

(b) Information and marketing resource.

2.4 The Tourism Development Officer (TDO) has been in discussion with the Association of Milton Keynes Hoteliers about the Conference Desk and has produced some alternatives for consideration.

2.5 The management of the TDU and VIC has been reviewed and savings of £10,000 identified for 2000/01.

3. Recommendations

3.1 The Committee is recommended to:

- (a) agree to Option 3 in relation to the Conference Desk subject to a satisfactory Business Plan, further legal advice and union consultation;
- (b) agree to restructuring the Information and Marketing function as outlined in 5.2; and
- (c) agree that any shortfall in the saving of £40,000 from the Tourism budget be found from within the Economy and Lifelong Learning budget.

4. **Background**

4.1 The Policy and Resources Committee agreed a series of budget savings for 2000/01 at its meeting on 10 November 1999 (Minute PR82/00 refers).

4.2 At its meeting on 18 January 2000 (Minute EL33/00 refers), the Committee considered options for making savings from the Tourism Development budget and agreed:

- (a) that work towards increasing income by widening the area represented by the Conference Desk and increasing the contribution from venues in the operation of the Desk be undertaken;
- (b) that the management of the Tourism Development Unit (TDU) and the Visitor Information Centre (VIC) be reviewed to identify efficiencies; and
- (c) that a further report be made to the Committee at its March meeting outlining progress on achieving budget savings from the Tourism Development budget for 2000/01.

5. **Issues and Choices**

Conference Desk

5.1 A review of the Conference Desk operation has been carried out and options available include:

Option 1: **Continue the Conference Desk service as currently provided, but introduce a membership fee and widen the area represented by the Desk.**

Advantages: Saving of £9,000 by Year 4.

Council continues to operate service.

Disadvantages: No significant improvement to service (i.e. still reactive, no pro-active element).

Resistance to the introduction of a membership fee by hoteliers/venues, which could lead to a loss of members and reduction in income and potential income. Strong resistance could make the Desk untenable.

No opportunity for conference venue providers to be actively involved in the operation of the Desk, which could lead to the setting up of a rival service thereby making the Desk untenable..

The financial appraisal at **Annex A** shows estimated net expenditure over a four year period based on current levels of commission and taking into account possible resistance by the private sector to the introduction of a membership scheme.

Option 2: Introduction of membership scheme and expansion of Conference Desk to widen area represented and to incorporate a pro-active service.

Advantages: Improved service

Council continues to operate service.

Disadvantages: Increase in staff and, therefore, expenditure, although reducing over the four years to a minimal saving in year 4.

Resistance to the introduction of a membership fee by private sector, which could lead to a loss of members and reduction in income and potential income. Strong resistance could make the Desk untenable.

No opportunity for conference venue providers to be actively involved in the operation of the Desk, which could lead to the setting up of a rival service, thereby making the Desk untenable.

The financial appraisal at **Annex B** shows estimated net expenditure over a four year period, based on current commission levels and taking into account possible resistance by the private sector to the introduction of a membership scheme.

Option 3: Expand operation of Conference Desk in partnership with conference venue operators and local agency.

Advantages: Year on year increase in savings to the Council.

Proposal would enable expansion of Desk and the introduction of a pro-active element through an established and experienced local agent.

Proposal has support of local conference and hospitality businesses, which would take an increasingly pro-active role in the management of it.

Council's contribution would be the secondment of a member of staff, so redundancy is avoided.

Disadvantages: Council would cease to directly manage the Conference Desk.

The financial appraisal at **Annex C** shows estimated net expenditure over a four year period based on current levels of activity of the Conference Desk and the private sector respectively. This is based on estimates discussed with providers concerned.

Information and Marketing

5.2 A review of the Information and Marketing function has been carried out and a restructuring of the post is proposed to provide more support for the Visitor

Information Centre (VIC) and enable additional income of £10,000 in Year 1 through:

- (a) sale of corporate gifts;
- (b) sales of Milton Keynes souvenirs and gifts to local tourism businesses on a wholesale basis;
- (c) linking with libraries for improved information provision and cost-effective joint stocking of souvenirs and other goods;
- (d) promotion of sponsorship and advertising opportunities in VIC; and
- (e) introduction of commission on accommodation booked in VIC.

5.3 The financial appraisal at **Annex D** shows anticipated income and net expenditure over a four year period based on current sales levels and the results of market research in respect of corporate gifts.

6. **Implications**

6.1 Environmental

None.

6.2 Equalities

None.

6.3 Financial

The paper provides proposals for contributing to the reduction in costs by £40,000 through re-organisation of the Conference Desk and restructuring of the Tourism Marketing and Information function.

6.4 Legal

There may be legal implications for the way in which the joint operation of the Conference Desk is implemented.

6.5 Staff and Accommodation

If Conference Desk Option 3 is agreed, one member of staff would be seconded to the new Desk and may be required to relocate to alternative accommodation in MK.

The Marketing and Information option will require a restructuring of the current postholder's job description and may require some work time in the VIC. Views of the staff side have been sought.

6.6 Cultural

One of the proposed Best Value indicators is spend per head of adult population on cultural services, which includes tourism. Any reductions in costs or increase in income would be reflected in this.

6.7 Other

Rejection of a joint approach on operating the Conference Desk could antagonise the proposed private sector partners, which could not only jeopardise the future of the Desk, but could hinder the progress of Tourism Development in general.

7. **Conclusions**

7.1 The paper outlines ways of meeting the required cost reductions and proposes various options.

7.2 In respect of the Conference Desk, Option 1 is not recommended as it involves additional costs for member venues with no additional benefits for them. It would, therefore, meet with resistance from the private sector, which could lead to a loss of members and reduction in income and potential income. Option 2 is not recommended as it has similar risks plus additional costs. Option 3 is preferred, therefore, as it is supported by the private sector, enables them to be more pro-active in the management of the Desk, enables the Council to reduce its financial commitment to the Desk and enables the service to develop further.

7.3 The paper proposes a way in which savings can be made by restructuring the post of the Information and Marketing Assistant to enable more emphasis on increasing income through the Visitor Information Centre.

Background Papers: None