

<b>DECISION-MAKER:</b>	CABINET
<b>SUBJECT:</b>	ADOPTING A DESTINATION MANAGEMENT PLAN FOR SOUTHAMPTON
<b>DATE OF DECISION:</b>	19 JULY 2021
<b>REPORT OF:</b>	COUNCILLOR VASSILIOU CABINET MEMBER FOR COMMUNITIES, CULTURE & HERITAGE

**CONTACT DETAILS**

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**STATEMENT OF CONFIDENTIALITY**

NONE

**BRIEF SUMMARY**

Over the past 10 years tourism has been one of the fastest growing sectors in the UK, forecast prior to the pandemic to be worth £257bn by 2025. In 2019, tourism generated an estimated £422m of direct expenditure to Southampton's economy, supporting 7,720 full time equivalent direct and induced jobs.

Southampton has not previously had a bespoke Destination Management Plan nor a Destination Management Organisation. The former being the business plan for building and managing the visitor economy in a destination which is shared and owned by a range of stakeholders within the destination and is used as a guide to manage and invest in the destination. The latter is how the Destination Management Plan is delivered and developed in partnership.

In 2020 in recognition of the significant impact of the tourist industry in the city and aligned sectors such as hospitality and retail, Southampton City Council commissioned TEAM Tourism to deliver a 10 year Destination Management Plan for the City of Southampton, with clear objectives and actions to drive and direct the regeneration of the City's visitor economy. Team Tourism were also tasked with identifying options and set up costs for a context appropriate Destination Management Organisation model, to support sustainable delivery.

**RECOMMENDATIONS:**

	(i)	That Cabinet agrees and adopts the Southampton Destination Management Plan 2021-2031 as attached at Appendix 1
	(ii)	That Cabinet agrees to additional resources to support the creation and implementation of a virtual Destination Management Partnership. Specifically, the additional resource will be 1 additional post to (£50, 000 per annum) to support bespoke marketing, engagement and inward investment and a funding pot

		of £50, 000 per annum for the partnership to act as seed funding for future investment.
	(iii)	That the Head of Culture & Tourism is delegated authority to <ul style="list-style-type: none"> <li>• make minor and consequential amendments to the Plan</li> <li>• take all decisions and actions arising from recommendations of the DMO partnership and</li> <li>• any other ancillary decisions required in order to give effect to the recommendations in this report</li> </ul>
	(iv)	That the Head of Culture & Tourism is delegated authority to agree the Terms of Reference of the DMO Partnership Board following consultation with Board Members

### **REASONS FOR REPORT RECOMMENDATIONS**


1.	Over the past 10 years tourism has been one of the fastest growing sectors in the UK, forecast prior to the pandemic to be worth £257bn by 2025. In 2019, tourism generated an estimated £422m of direct expenditure to Southampton's economy, supporting 7,720 full time equivalent direct and induced jobs.
2.	Regionally other destinations have invested in the sector and the Solent LEP 2050 vision identifies the cultural and visitor economy as one of its six priority areas. This dovetails with the Council's recently adopted Economic and Green Growth Strategy 2020-2030, international city agenda and its bid to be the UK City of Culture 2025. All are key drivers to develop the visitor economy as part of the City's post-Covid recovery and longer term approach to the 'levelling up' agenda.
3.	Unlike other cities and regions, Southampton has never had a Destination Management Plan (DMP) or Destination Management Organisation (DMO) The former being the business plan for building and managing the visitor economy in a destination, which jointly owned with stakeholders and used as a guide to manage and invest in the destination. The latter is how the destination is managed and developed by the partnership.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

4.	Not adopting a destination management plan – this option is rejected given the strategic and economic priority of the visitor economy and associated sectors in the City of Southampton and the contribution this work has to the medium and longer-term recovery of the City.
5.	Not supporting the delivery of the plan, via a destination management organisation/ partnership – this is rejected because if a plan is adopted the resourcing of that plan is critical to the long term success of the city, the economic recovery of the city as laid out in other City Council strategies as well as the city's bid to be the UK City of Culture in 2025.
6.	Not supporting the additional resource request of £50, 000 staffing and £50, 000 working balance to enable the destination management partnership to be set up and operate. This is rejected as without this resource the partnership will be unable to operate. Alternative means of resourcing the partnership have been discussed as part of the development of the DMP such as membership or inward investment by external bodies such as the LEP and will continue. It is however

	the ambition that having dedicated resource, that is able to work towards inward investment, will in time reduce the reliance on council resources.
7.	Another option considered was to invest more than that highlighted in this report with 2 x additional posts increasing the additional council resource request to £144, 000. Having reviewed the nature of the work required and in recognition of the financial challenges across all sector, this option was rejected in favour of that recommended in this report.
8.	The development of the DMP and ideas for a DMO have been subject to extensive consultation with key stakeholders and partners across the city including as laid out in Appendix 2
<b>DETAIL (Including consultation carried out)</b>	
9.	<p>Across the city, stakeholders have sought to meet some of this need to co-ordinate and promote the city as a destination with a variety of approaches such as: Destination Southampton (conferences), the volunteer Guides (tours and experiences), GO! Southampton (marketing, events).</p> <p>Southampton City Council has also invested time and energy to this sector:</p> <ul style="list-style-type: none"> <li>• As lead partner, in 2018 the Council secured funding from Visit England's Discover England Fund (DEF) to deliver the 'Leisure excursions in Southern England for Cruise and Conference' project. It resulted in new itineraries and resources for Southampton, Hampshire and Plymouth.</li> <li>• In 2019, the Council partnered with GO! Southampton to develop the new VisitSouthampton website, with a three-year funding partnership agreement.</li> <li>• 'Tourism' was added into the responsibilities of the Head of Culture as part of the 2019 leadership resourcing review in recognition of the need to further the Council's leadership in this strategic area. With the development and delivery of this plan being a key next step in this critical area.</li> </ul>
10.	<p>In Autumn 2020, TEAM Tourism (TT) was commissioned to:</p> <ul style="list-style-type: none"> <li>• Deliver a 10-year DMP for Southampton, with clear objectives and actions to drive and direct the regeneration of the city's visitor economy</li> <li>• Identify options and set up costs for a context appropriate DMO model to support sustainable delivery</li> </ul> <p>The approach required TT to be cognisant and reflective of:</p> <ul style="list-style-type: none"> <li>• Southampton's circumstances, resources and relationships</li> <li>• Strategic plans including Solent LEP's 2050 Vision Economic, the Council's Economic and Green Growth Strategy 2020-2030, UK City of Culture 2025 bid, the Local Plan etc</li> <li>• The impact of Covid-19 on the city, sector and supply chain</li> <li>• Finding realistic and pragmatic solutions whilst being ambitious and stretching</li> </ul>
11.	The methodology involved consulting with internal and external stakeholders and workshops with a smaller steering group to test approaches, share findings and respond to interim and draft reports.
12.	<p>The DMP vision is articulated as:</p> <p><b>Our 10-year vision is to develop tourism in Southampton to deliver exceptional experiences and transform people's perceptions of our</b></p>

	<p><b>culturally diverse and vibrant city. Southampton will be known as a welcoming cultural destination, captivating our cruise visitors, growing conferences and drawing on our stories to create memorable experiences for visitors and communities.</b></p> <p>The strategic aims are to:</p> <ul style="list-style-type: none"> <li>• Recognise the economic and social value of tourism, and develop this sector sustainably</li> <li>• Enhance Southampton’s reputation and image as a thriving city and destination</li> </ul> <p>The four strategic objectives (supported by strategic drivers including addressing the carbon neutral agenda), centre on:</p> <ul style="list-style-type: none"> <li>• Developing a distinctive destination</li> <li>• Transforming the awareness and perceptions of our city</li> <li>• Creating a visitor-focused city</li> <li>• Working in partnership more effectively</li> </ul> <p>The DMP also outlines the market, products, challenges and opportunities with a strategy that focuses on a prioritised and incremental action plan that fits within three broad horizons to reflect the reality of Southampton’s situation:</p> <ul style="list-style-type: none"> <li>• Phase 1: Recovery and Foundations (2021-2024)</li> <li>• Phase 2: Development and Stability (2024-2027)</li> <li>• Phase 3: Sustainable Regeneration (2027-2030)</li> </ul>
13.	<p>Delivery of the plan inevitably requires infrastructure and resources. TT reviewed existing arrangements and undertook a gap analysis to devise possible options reflecting the infrastructure, financial and Covid-recovery challenges and opportunities in the city. An assessment of the advantages, disadvantages, governance, staff and resource implications resulted in the five possible options:</p> <ul style="list-style-type: none"> <li>• Standalone Independent DMO</li> <li>• Management with existing 3<sup>rd</sup> Party DMO</li> <li>• SCC Direct Delivery</li> <li>• The ‘Virtual DMO’</li> <li>• Local Host Organisation</li> </ul>
14.	<p>Whilst the <b>independent DMO model</b> adopted by other destinations was desirable, it was considered unviable in Southampton. These concerns have been borne out by the subsequent Department for Digital, Culture, Media and Sports review of DMOs to look at how they are funded and structured and whether there is a “more efficient and effective model”.</p>
15.	<p><b>Management with existing 3<sup>rd</sup> Party DMO</b> would not address Southampton’s aspirations and ambitions for destination development and would still require significant coordination and financing.</p>
16.	<p><b>SCC Direct Delivery</b> was desired by some partners and not others. The main concerns centred on short termism/ changes in priorities and funding, capacity and expertise making the delivery of the 10year plan vulnerable</p>

17.	The <b>Local Host Organisation</b> may not have tourism as the organisation's primary focus, with differing skill sets and risks around financial resilience and capacity to deliver on behalf of the city partnership.			
18.	<p>The <b>'Virtual' DMO</b> has challenges around leadership, coordination, capacity and financing but it builds on the strength of the partnership and seeks to give focus to destination management. It offers a pathway from which to build towards a more formal approach, adapting as partners learn to develop a sustainable visitor economy and exploit local, regional, national and international opportunities. The potential pathway is illustrated below (although equally, if it delivers results it could continue):</p> <table border="1" data-bbox="379 651 1474 792"> <tr> <td data-bbox="379 651 735 792"> <b>Phase 1: (2021-2024)</b>  <b>Recovery and Foundation</b> </td> <td data-bbox="735 651 1098 792"> <b>Phase 2: (2024-2027)</b>  <b>Development and Stability</b> </td> <td data-bbox="1098 651 1474 792"> <b>Phase 3: (2027-2030)</b>  <b>Sustainable Regeneration</b> </td> </tr> </table>	<b>Phase 1: (2021-2024)</b> <b>Recovery and Foundation</b>	<b>Phase 2: (2024-2027)</b> <b>Development and Stability</b>	<b>Phase 3: (2027-2030)</b> <b>Sustainable Regeneration</b>
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19.	 <pre> graph LR     A[Virtual DMO] --&gt; B[Local Host Organisation]     B --&gt; C[Stand alone DMO] </pre>			
20.	<p>In terms of governance, the following is proposed:</p> <ul style="list-style-type: none"> <li>• Recruit an independent Chair with the experience and authority to drive this partnership</li> <li>• Form a Partnership Board involving public and private sector bodies that will oversee delivery of the DMP, set annual objectives, agree the plan, KPIs and allocate any shared/ additional resources to delivery partners or contracted third parties</li> <li>• Partnership Board is represented by the Chair in relevant strategic forums as the tourism advocate in the city</li> </ul>			
21.	It is proposed that the partnership is supported by dedicated Council resource to coordinate activities as outlined below.			
<b>RESOURCE IMPLICATIONS</b>				
<b><u>Capital/Revenue</u></b>				
22.	There are no capital resource implications at this stage other than through related work around the Heritage Assets as part of destination development and place-shaping.			
23.	<p>The role of the Council is crucial in destination management, however it is led and managed, given the responsibilities and interdependencies around how the city is regenerated, looks, feels and is activated and animated for visitors and residents.</p> <p>The delivery of the DMP will benefit from existing schemes and pipeline projects already in train across the Council including transport, place shaping, parks and heritage assets and will dovetail with work being undertake to deliver our economic recovery, local plan, environmental and carbon neutral ambitions as well as leisure, cultural activities and city wide communications.</p>			

	There is also the significant opportunity to align existing resources to develop shared campaigns and align skills development and training opportunities with activities undertaken by others e.g. GO! Southampton's Welcome Host training.																		
24.	<p>The Council has already allocated resource to develop its ambition to drive and support tourism and the visitor economy in Southampton in the form of a management post within the Culture and Tourism division. Once recruited to this post will oversee the creation and co-ordination of the Destination Management Partnership and support the delivery of the DMP.</p> <p>However, alone this resource is insufficient to support a credible partnership or plan of delivery. Therefore, it is recommended that additional resource in the form of one extra post that will focus on bespoke marketing, engagement and inward funding is created and that an annual budget of £50,000 is provided to act as seed funding for an investment pot.</p> <p>The total additional resource requirement is therefore £100,000 per annum, bringing the total resource allocation per annum to £175,000.</p> <p>Table 1 shows how this resource compares to other cities with existing destination management organisations and approaches noting however that there are differences in scale and type of approach and therefore this is for illustrative purposes only.</p> <p><b>Table 1</b></p> <table border="1"> <thead> <tr> <th>Destination</th> <th>FTEs</th> <th>Budget (ex staff &amp; office overheads)</th> </tr> </thead> <tbody> <tr> <td>Southampton (Proposed)</td> <td>2</td> <td>£50, 000</td> </tr> <tr> <td>Destination Bristol</td> <td>12</td> <td>~£200,000</td> </tr> <tr> <td>Marketing Sheffield</td> <td>6.5</td> <td>£200,000</td> </tr> <tr> <td>Bradford MBC</td> <td>3</td> <td>£69,000</td> </tr> <tr> <td>Marketing Manchester</td> <td>18</td> <td>~£1.2m</td> </tr> </tbody> </table>	Destination	FTEs	Budget (ex staff & office overheads)	Southampton (Proposed)	2	£50, 000	Destination Bristol	12	~£200,000	Marketing Sheffield	6.5	£200,000	Bradford MBC	3	£69,000	Marketing Manchester	18	~£1.2m
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25.	<p>The overall rationale for this additional resource request is that:</p> <ul style="list-style-type: none"> <li>• The time is right e.g. quality of partnerships/desire for collaboration, the emerging local, regional and national strategies, economic recovery opportunities, ambition to be UK City of Culture and extend relationships beyond the City to create and lever regional, national and international relationships are all in place</li> <li>• The Council demonstrates its leadership and commitment to taking forward this agenda and providing a platform for Levelling Up the City by providing support for partnership working, which is aligned to a number of strategic priorities for the Council and partners at a time when all are experiencing the challenges created by a global pandemic.</li> <li>• To maintain momentum having now developed the DMP for its successful delivery.</li> </ul>																		

	<ul style="list-style-type: none"> <li>Moreover, post-Brexit and post-Covid recovery, the City has the resources to address issues of the diversification of markets and products, to both reduce some dependencies that have been affected and capitalise on other markets more fully.</li> </ul>
26.	Support will also be required from legal and finance colleagues in the governance and set up of the partnership to ensure the Council's interests and that of partners are protected.
27.	<p>Alternative options considered to this level of resourcing</p> <ul style="list-style-type: none"> <li>Not to provide additional SCC resource and rely upon existing resource and partnership investment. At this point in time partners are unable to commit additional resource beyond that already committed in terms of Go! Southampton and others described above. Without the additional resource it is unlikely that the Plan will be implemented in any meaningful way</li> <li>Provide resource above the level recommended in this report, by increasing the number of posts to 3 FTE and for additional resource of £144,000 per annum (instead of £100,000 per annum). On balance and in recognition of the needs and challenges for the Council at this time, this is not the recommended option</li> </ul>

**Property/Other**

28.	Not applicable
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**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

29.	Section 1, Localism Act 2011 provides a 'general power of competence', giving local authorities the legal capacity to do anything that an individual can do that is not specifically prohibited
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**Other Legal Implications:**

30.	As noted above, legal colleagues will be instructed to advise on governance arrangements to ensure that all decisions have the appropriate vires
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**RISK MANAGEMENT IMPLICATIONS**

<b>Risks</b>	<b>Mitigation</b>
<b>Limited stakeholder buy-in and/ or goodwill is withdrawn at various points along the journey</b>	<b>Shared purpose and ambition Good governance Relationship management Communication Partnership work &amp; investment</b>
<b>Key partners no longer part of the city ecology</b>	<b>Provide Business support/ advice if required Identify different delivery partners</b>
<b>Insufficient resource to deliver plan impacts on the regeneration of the visitor economy</b>	<b>Partnership commitment and resource to support delivery</b>

Insufficient resource impacts on preparedness for UK City of Culture	As above	
<b>POLICY FRAMEWORK IMPLICATIONS</b>		
31.	The proposal is consistent with and not contrary to the Council's policy framework	

<b>KEY DECISION?</b>	<b>Yes/No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	
<u>SUPPORTING DOCUMENTATION</u>	
<b>Appendices</b>	
1.	Destination Management Plan 2021-2031
2.	Stakeholder Consultees

**Documents In Members' Rooms**

1.	None
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**Equality Impact Assessment**

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	<b>No</b>
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**Data Protection Impact Assessment**

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	<b>No</b>
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**Other Background Documents**

**Other Background documents available for inspection at:**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None