

Agenda Item No. 3(a)

DERBYSHIRE COUNTY COUNCIL

**MEETING OF CABINET MEMBER - STRATEGIC LEADERSHIP,
CULTURE AND TOURISM**

11 December 2020

Report of the Director – Economy, Transport and Environment

**MARKETING PEAK DISTRICT AND DERBYSHIRE - FINANCIAL
CONTRIBUTION 2020-23**

(1) **Purpose of Report** To seek approval to sustain a core funding contribution to Marketing Peak District and Derbyshire (MPDD) Destination Management Organisation (DMO) for the financial years 2020-23 and agree to revise the Service Level Agreement with MPDD to deliver the required support and outputs to the sector in recovering from the impact of Coronavirus (COVID-19).

(2) **Information and Analysis**

The Visitor Economy Context in Derbyshire

Tourism provides Derbyshire with a 'shop window to the world' and helps attract not only national and international visitors, but can help stimulate significant investment in the county through promotion of the cultural, heritage and environmental offer.

As a result, the visitor economy is one of the County's most important sectors and pre-COVID-19. It contributed £2.3bn of GVA (gross value added), hosted almost 45 million visitors and supported over 31,000 jobs per annum (STEM data, 2018). However, of those visiting Derbyshire, over 38m came just for the day resulting in strain on the countryside, transport infrastructure and local businesses, with the majority of visits being targeted at weekends and bank holidays. (It is important to note though, this figure is a 13.9% improvement on the previous year and reflects targeted efforts to encourage "days to stays"). Pre-COVID-19, whilst other sectors in the UK continued to grow at a slow rate, the total value of the sector grew by 7.43% in Derbyshire during 2018, comparing favourably with the national target of 5% and against growth achieved in other destinations such as the Lake District (3.8%).

However, since March 2020, the impact of two national COVID-19 lockdowns and local restrictions on opening hours, capacity and scale of operation has devastated the visitor economy in Derbyshire.

From a position of relative strength and high GVA in the early New Year, the amalgamated financial losses for accommodation, food and drink, arts and entertainment businesses are estimated to be £212m for 2020 alone (reported in the Economic Recovery Strategy), and the costs are still rising as Derbyshire has been confirmed a Tier 3 area from 2 December 2020, severely limiting the opportunities for visitor-based businesses to recoup earlier losses in the critical three weeks leading up to Christmas.

Since the time of the first lockdown in March 2020, targeted support from MPDD, the Chamber of Commerce and Derbyshire County Council, has been provided to businesses in the visitor economy to help secure their survival through the crisis. This has included:

- 21 targeted webinars delivered by MPDD to 349 visitor-based businesses, providing direct advice on access to emergency funding and resilience planning. Bespoke webinars continue to be rolled out and targeted support offered through dedicated business support advisers.
- 66 webinars delivered by the Chamber of Commerce to 356 businesses in the early stages of lockdown – this work continues over the Autumn/Winter period.
- Further 13 webinars delivered by Peak Business Partnership to 229 individuals, many of whom operate in the visitor economy and related supply chain.

In addition, over the last ten months, MPDD has developed and delivered a number of strategic communication campaigns including: 'respect, protect, enjoy' which was specifically targeted at encouraging respectful behaviour by visitors to tourist hotspots in the early Summer and maintaining confidence of local residents; 'We're Good to Go' a national, industry standard mark led by VisitBritain with 760 businesses across Derbyshire signing up; 'eat out to help out' encouraging patronage of local food/drink establishments and more latterly, 'dream now, visit later' reaching over 1 million people across social media channels, encouraging potential visitors to plan their staycation in Derbyshire next year.

To help assess the level of COVID-19 and identify areas of specific intervention as part of the Council's shared recovery response, MPDD has also undertaken consultation both with business and potential visitors to Derbyshire to gain a deeper understanding of the key issues and challenges resulting from COVID-19. Three business impact surveys have been completed, along with a customer sentiment survey.

Headline results from the latest (October 2020) business survey show:

- **88%** businesses expect a loss of revenue over the next 6 months
- Businesses anticipate **58%** loss of revenue based on the same period last year

- Businesses expect to make 8% of their workforce redundant
- Businesses experienced on average a **40%** cancellation rate for bookings between 14 September and 31 of December 2020.
- **70%** of businesses have experienced increased running costs.
- **86%** of all businesses surveyed have had bookings rearranged.
- **9%** of businesses have received no financial support to date – the most accessed financial support package was the business support grant with **59%** of businesses benefiting from this.

Other intelligence suggests that:

- 71% businesses have seen a reduction in visitors.
- 20% businesses have been unable to reopen.
- **15% businesses have experienced an increase in demand.**
- **33% businesses have had an increase in visitors (e.g. staycations).**
- 17% businesses have offered price reductions.
- 37% businesses have had to cancel events.
- 23% have diversified their business during the pandemic.

When testing 'customer sentiment' and the appetite of people to visit the County, MPDD has reported that the national mood for tourism has dropped further to 6.4 from 6.6 (taken out of 10) with only 5% of respondents believing that the worst has passed – the lowest score since this tracker started. Reasons cited for not taking an intended trip are generally around places being too crowded and not COVID-19 safe.

Although the survey results are now two months old, local intelligence suggests that the business and customer sentiment outlined above prevails; the mixed news regarding 'tiers' post second lockdown, uncertainty regarding level of financial support and ability to operate at a viable business capacity means that many businesses in the visitor economy are either closed (some permanently), not willing to open until the new season in March/April 2021 or unable to plan for the future due to concerns about viability.

Very recent news regarding the availability of vaccines and optimism for 2021 may start to impact business and visitor confidence over the medium term, but work being undertaken in the Economic Recovery Cell confirms that the role of MPDD is critical in supporting the sector through the devastating impact of the COVID-19 crisis. It is targeting efforts to provide direct support to businesses, enabling access to grant funding, working with Visit Britain to lobby Government for enhanced support and developing opportunities to diversify business incomes streams, for example through promotion of Shopappy and the virtual, Derbyshire Christmas Market.

An action plan for targeted intervention to help the sector survive and recover from COVID-19 is currently being finalised and will form part of the Economic Recovery Strategy to be published before Christmas. MPDD will necessarily

be the lead delivery agent for implementation of the action plan, supported by key partners, such as the Chamber of Commerce, Peak Business Partnership and the wider Culture, Heritage and Tourism Board members.

In this respect, it is critical that MPDD, as an organisation, continues to be sustained and that financial contributions from the County Council are maintained for a period going forward, not least because much of MPDD's other income from business membership is now much reduced and uncertain due to the financial impacts of COVID-19 on cashflow.

The relationship between the County Council and MPDD is set out below.

Marketing Peak District and Derbyshire

In 2004-05, the East Midlands Development Agency (emda) took responsibility for aspects of the visitor economy and established East Midlands Tourism (EMT). As part of that process, it was agreed that locally defined areas would establish Destination Management Partnerships (DMPs) to co-ordinate tourism activity.

A new partnership was established, supported by a new DMO, Visit Peak District and Derbyshire. The DMO received core funding from EMT to contribute to the running costs, with the remainder being matched from secondments and financial contributions, primarily from local authorities. The intention of the new partnership was to reduce duplication and deliver more targeted marketing activity at a scale that would maximise impact, not only to bring visitors to the area, but to support growth in the wider visitor economy sector.

Since the demise of emda and EMT and the resulting reduction of core funding, the DMO has undertaken two organisational restructures. The first restructure in 2011-12 achieved initial cost savings by relocating to Chesterfield. The DMO also accepted there was a clear need to increase private sector income through membership subscriptions, marketing and sponsorship.

A further organisational review concluded in February 2015 and recommended the development of a new organisational strategy for the DMO focusing on "two brands, one organisation" and included a change in name to MPDD. This realised significant cost savings of 35%, with a commensurate reduction in staffing, and further re-emphasised the need to increase commercial income from membership subscriptions, marketing and sponsorship. The new approach provided increased emphasis on destinations within Derbyshire, whilst recognising the Peak District and the Peak District National Park as major attractions.

Since May 2017, the County Council has recognised the visitor economy as a critical part of Derbyshire's economic offer to UK and international visitors - and potential investors. As a result, the Council developed a three-year funding agreement of £100,000 per annum linked to delivery of a service level agreement that sets out planned activity and delivery targets. The first of these agreements was put in place for the period 2017 to 2020 and a new service level agreement was due to be confirmed for the period 2020 to 2023, alongside confirmed funding of £100,000 per annum for the same period. Given the COVID-19 challenges outlined above, it has not been possible to finalise the nature of the new service level agreement until recently, with most of the forward actions and delivery targets now being linked to the COVID-19 Economic Recovery Strategy and Action Plan.

It is therefore proposed to confirm the funding support to MPDD of £100,000 per annum for the financial years 2020-21, 2021-22 and 2022-23, with a further report in the early New Year 2021 setting out the proposed delivery actions and targets in a new service level agreement (for the period up to March 2022).

(3) **Financial Considerations** Funding to support the core activity of MPDD (£100,000 per annum for the period April 2020 to March 2023), is available within the Economy and Regeneration Service core budget. It is proposed this be paid via two transactions in April and October each year (£50,000 each) linked to the continued delivery of targets and outputs in the pending service level agreement, which will be subject of a report to the Strategic Leadership, Culture and Tourism Cabinet Member meeting in early 2021. Payments for the period 2020-21 have been paid already to support the on-going work of MPDD through the COVID-19 crisis.

(4) **Legal Considerations** The Director of Legal and Democratic Services will advise on the proposed service level agreement.

(5) **Social Value Considerations** The activities of the DMO directly impact on social value by providing opportunities for local businesses and people to benefit from increased visitor expenditure and employment in the economy, thereby increasing prosperity and social wellbeing.

Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

(6) **Key Decision** No.

(7) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(8) **Background Papers** Held on file within the Economy and Regeneration Section of the Economy, Transport and Environment Department.

(9) **OFFICER'S RECOMMENDATIONS** That the Cabinet Member:

- 9.1 Approves the Council's contribution of £100,000 per year paid in two instalments in April and October, over the period 2020-21 to 2022-23, to support Marketing Peak District and Derbyshire which can be funded from the Economy and Regeneration revenue budget.
- 9.2 Notes the pending Service Level Agreement covering the period up to March 2023 will be subject to a report to Cabinet Member Meeting in the early New Year 2021.

Tim Gregory
Director – Economy, Transport and Environment