



To: Executive Councillor for City Centre and Public Places.  
Report by: Simon Payne, Director of Environment  
Relevant committee: Customer Scrutiny: 19/03/2015  
and  
Community Services  
Wards affected: ALL

## **A FUTURE MODEL FOR TOURISM FOR CAMBRIDGE AND THE SURROUNDING AREA.**

### **1. Executive Summary**

On 16<sup>th</sup> October 2014 the Executive Councillor made an “in principle” decision, following Community Services Scrutiny Committee, to establish a new Destination Management Organisation (DMO) as an alternative delivery mechanism for the future provision of tourism services in Cambridge and the surrounding area. This model is based on guidance from Government and best practise nationally. This move would deliver a long term financially sustainable model for tourism, whilst increasing investment, safeguarding the visitor economy as a key economic driver for the city and the surrounding area, and reducing the cost to the City Council.

This report provides an update on progress with this project and seeks final approval to create the new DMO.

### **2. Recommendations**

The Executive Councillor for City Centre and Public Places is recommended:

1. To approve the creation of a new Destination Management Organisation (DMO) as a private sector led, public/private sector tourism partnership and a “Not for Profit” Company Limited by Guarantee on the basis described in this report.
2. To delegate authority for all decisions necessary to implement and establish the DMO to the Director of Environment after consultation with the Executive Councillor, Chair and Opposition Spokes, subject

to existing delegations to other officers and to compliance with budgetary procedures.

### **3. Background**

- i. In the current and likely future economic environment, developing a financially sustainable model for tourism is important for the Council in order to safeguard the tourism sector as an important contributor to the local economy. It is also key to ensuring that the tourism service is equipped to respond to the challenges and opportunities from growth.
- ii. To date, the service has been principally operational (through the operation of the Tourist Information Centre and Guided Walking tour service) with a clear focus on visitor management rather than maximising the economic return from tourism. However, since 2009, the Service has laid down the foundations for a more partnership approach to delivery through the introduction of the Visit Cambridge Membership scheme (where tourism partners pay an annual fee in return for a range of business benefits including marketing, business support and networking). Membership to Visit Cambridge has grown significantly year on year and currently there are 300 Members across a broad range of business sectors and covering a wide geographical area.
- iii. The visitor economy is a key economic driver for Cambridge with 5.3 million visitors a year bringing around £583 million to the Cambridge economy and accounting for around 17 % of local employment (source: Cambridge Economic Impact of Tourism Report 2013). This represents a 48% growth on the 2010 figures. However disappointingly 86% of these visitors are only staying for the day. The broader Cambridgeshire economy receives over 24 million visitors a year bringing £2 billion to the Cambridgeshire economy and accounting for 10% of local employment. (Cambridgeshire Economic Impact of Tourism Report 2013).
- iv. It is therefore evident that the current model of tourism is not maximising the value from our visitor economy with the consequent range of and mix of local jobs. In addition high volumes of day visitors can have a detrimental environmental impact on our small historic city centre. In order to respond to this challenge we need a tourism organisation which is equipped to develop and deliver a strategy aimed at converting more of our day visits to overnight stays and short breaks in the Cambridge and Beyond area.

- v. It is also worthy of note that it is widely recognised that a vibrant well managed visitor economy makes a significant contribution to the quality of life for all users of the city and is a key contributor to attracting inward investment.

### **3a. National Context**

- 3a.i. Given the discretionary nature of tourism, Section 4.2 of the “2011 National Government Tourism Policy” (<http://bit.ly/1DxufQP>) identifies private sector led partnerships as the financially sustainable way forward for tourism delivery locally. Another key element of national policy is that the focus should be more on destination management, rather than marketing, which has been the emphasis historically. The reason for this is that having an effective joined up approach to destination management is essential to delivering a positive visitor experience and therefore maximising the economic benefits to the visitor economy. These new models are referred to as “Destination Management Organisations” (DMOs) in Government Policy.
- 3a.ii. There are a considerable number of DMOs across the UK and Cambridge is part of a network of DMOs in other heritage destinations which include Durham, Carlisle, Chester, Oxford, Bath, Greenwich, Lincoln and York. All of these are well established DMOs.
- 3a.iii. As the models of tourism delivery evolve nationally it is essential that they work closely with Business Improvement Districts (BIDs) and other partnership organisations involved in “place making” in the surrounding area to avoid duplication of efforts and a joined up approach to Destination Management. Continued close working with Cambridge BID and other BIDS in the Cambridge area will therefore be very important for the new DMO. It is suggested that in the case of Cambridge BID, reciprocal representation from the lead officers of the BID and the DMO, “in attendance,” at the respective board meetings would support this. This is in line with best practise nationally.

### **3b. Objectives**

The key objectives of setting up a DMO are to:

- 3b.i. Develop a long term financially sustainable model for tourism in Cambridge and the surrounding area and reduce the cost of tourism to the Council.

- 3b.ii. Safeguard the visitor economy as a key economic driver for the city and the surrounding area.
- 3b.iii. Maximise the economic benefits of the visitor economy; value not volume.
- 3b.iv. Support environmentally sustainable tourism that reduces carbon emissions and minimises environmental impact.
- 3b.v. Ensure a joined up approach to destination management which will be able to respond to the pressures of growth and the new opportunities through City Deal.
- 3b.vi. Secure continued investment in destination management thus helping to make Cambridge a better place to live and to work and to help attract inward investment.
- 3b.vii. Embed the City Council's core values of openness, transparency, diversity, and protecting the environment within the new organisation.
- 3b.viii. Mitigate against increased costs and risk to the Council through loss of confidence from the private sector, and the subsequent reduction in membership income if the service were to remain in house.

In summary, the principal benefit of establishing a DMO is that it presents an opportunity to increase investment, and to see an improvement in the scale and quality of tourism provision, and support for the tourism industry, which otherwise could not be delivered, whilst reducing the cost to the City Council.

The DMO project is aligned to 5 out of 8 the Council's new Vision statements (published in July 2014) as follows:

- Transforming services to meet the needs of residents with fewer resources
- Working with partners to pool resources and deliver services better
- Listening to our staff and engaging them in service redesign
- Being open, transparent, accountable and fair
- Promoting a high quality and sustainable environment
- Improving through flexibility, listening and continuing innovation

#### **4. Progress update**

- i. Since “In principle “approval to set up a DMO was agreed following Committee in October 2014 the following progress has been made:
- ii. A project team has been set up to oversee the delivery of this project with representation from finance, HR, legal and the Business transformation office in the Council. It is proposed the project group would meet regularly following final approval to set up the DMO.
- iii. The Head of Tourism and City Centre Management has held meetings with key interest groups and stakeholders to brief them on the proposals to establish a DMO. These have included Cambridge Hoteliers, Cambridge BID, the College Bursars Tourism Sub Committee, The National Trust, Cambridge University, Cambridge Ahead, Cambridge Network, Conference Cambridge, the Great Days Out Group (a network of attractions in the Cambridge and Beyond area) the GCGP LEP and other local authorities in the GCGP LEP area. A briefing has also been held for members of Visit Cambridge and a Visit Cambridge Member survey undertaken to gain feedback on the current service delivered by Visit Cambridge and aspirations for how this might be enhanced through a DMO.
- iv. A stakeholder briefing was held on Thursday 5<sup>th</sup> February 2015 which brought together key representatives from organisations that may be represented on the DMO Board.
- v. Feedback to date from the engagement with these key interest groups and stakeholders has been positive and supportive of the proposal to establish a DMO for the Cambridge and Beyond area as set out in this report.

- vi. Further detailed research has also been undertaken on operating costs for the new organisation to inform the detailed financial business case for the DMO.
- vii. An informal consultation on the proposals has been undertaken with staff and unions. This was held from 31<sup>st</sup> October until 24<sup>th</sup> November 2014. In addition, informal team meetings have been held with affected staff to keep them updated.

## **5. The DMO model- the detail**

The DMO would be a private sector led, public/private sector tourism partnership and a “Not for Profit” Company Limited by Guarantee.

### **5a Governance**

- 5a.i. The DMO would be governed by a Board of Directors (ideal size would be between 10-12 and no greater than 15) drawn from a broad range of tourism stakeholders across Cambridge and the surrounding area. In addition to an interest in tourism and a commitment to improving/developing the visitor economy, the board would require a mix of experience/ skills in areas such as legal, finance, marketing and communications, retail, arts and culture and the hospitality sector.
- 5a.ii. There would need to be councillor representation from Cambridge City Council, and ideally Cambridgeshire County Council and South Cambridgeshire District Council. DMOs are visitor focussed and therefore do not tend to have defined geographical boundaries; this is key to their financial viability.
- 5a.iii. It is important to note that it is not proposed that the DMO adopts the model of a local authority led company. In order to ensure that its corporate status is clear and secure, industry guidance is that local authority board representation should not exceed 20%. This is considered best practise nationally and is the case from research undertaken into DMOs governance structures in Chester, Durham, Bath, Stratford Upon Avon, Oxford, Greenwich and York.
- 5a.iv. It is recommended that an appropriate senior council officer (at Head of Service level) would sit “in attendance” at meetings of the DMO Board alongside the Councillor representative. This would ensure oversight of the development of the new organisation and strengthen the ongoing relationship between the DMO and the Council. This is similar to arrangements in place with the Cambridge BID Board and is

common practise in this type of business led partnerships. It is proposed that the same Council officer would attend both the Cambridge BID and DMO Board meetings.

- 5a.v. Once final approval to set up the DMO had been secured, it would be proposed that the Council invite applications for Board Directors to the DMO. Job descriptions and person specifications would be drawn up setting out the particular skills, background and competencies that would be required. The Board will need to represent a broad mix of sectors and directors will need to be well respected within their sectors. They will need to be high calibre individuals who have the necessary skills, energy and commitment to make the new company succeed. It is usual in companies of this type for the board to then appoint the Chair. Where sector representatives are not evident this might involve an interview process. It is anticipated that a DMO Board would be in place by end May 2015.
- 5a.vi. The proposed process through which the DMO Board and chair would be appointed is slightly different from the Cultural Trust but this is reflective of the different character of the DMO partnership which is more business led and is consistent with best practise elsewhere.
- 5a.vii. The DMO business case assumes that the DMO annual accounts would be subject to a full external audit on an annual basis.

## **5b. Funding**

- 5b.i. Whilst all DMOs across the UK are based on the business led partnership model, the funding arrangements vary considerably dependent on the priority of tourism locally politically and the scale of private sector tourism stakeholders. The key themes however are “Partnership” and “Business led”.
- 5b.ii. Initially, the funding model for the DMO is based on a combination of commercial activity and a Membership scheme, which is the funding basis currently. Alternative sources of funding would be investigated and developed as the new DMO develops. There would need to be some continued local authority subsidy in the first 2 years of operation, with a reduction in the second year as private sector support for the new organisation grows (as set out in the **DMO Financial Business Case** shown in **Table 1**). The DMO Financial Business case assumes between 2-20% growth in income across Membership and commercial activity.
- 5b.iii. As part of developing the detailed business case, the current Visit Cambridge Membership scheme has been reviewed. Any proposals would need to be agreed by the DMO Board, but the aim is that the

different categories would be simplified and that a tiered Membership fee along the lines of “Standard,” “Enhanced” and “Premium” would be introduced. This is in line with national best practice and would ensure that Membership fees are set at a level that will maintain and attract increased support locally in the early years of the new organisation.

- 5b.iv. A key objective of the move to a DMO is to increase income over expenditure which can then be reinvested into projects to increase the “value” from the visitor economy. These would include participation in well informed, targeted national and international marketing campaigns aimed at promoting Cambridge and the surrounding area therefore converting more day visitors to short break visitors. Investment in research into understanding the visitor market better will also be important in order to ensure that any future marketing activity is targeted appropriately.
- 5b.v. It would be important for the new DMO Board to develop a reserves policy, but this would be challenging in the early years of operation and reserves would need to be created gradually. The DMO would be subject to corporation tax, so will need to manage surpluses accordingly.
- 5b.vi. There would not be an expectation for the Council to underwrite the DMO, other than to make good any pension deficit on TUPE’d staff, should the DMO project fail (see Section 8 (a) Financial Implications).
- 5b.vii. The DMO would be an independent accountable body which would need to adapt to the new commercial environment.

### **5c. Local Authority Membership**

All DMOs reviewed to date are currently in receipt of some public funding (average 20% of turnover subsidy) although many are anticipating that this will be reduced. In light of this and in order for local authority members to be seen as genuine partners in the DMO, it would be important for them to make some financial contribution. The new DMO model of delivery would give the Council a significantly increased return on a relatively small investment compared to the status quo. It is anticipated that this could be in the form of a “Strategic Partner” annual membership fee. For the City Council it is suggested that this would be set at £10K. This would not be expected whilst the DMO is still in receipt of a subsidy from the Council (therefore not until 2018/19). Similar levels of Membership would be sought from other local authorities and key strategic partners within the DMO area. These would be set at a level commensurate with the benefits that the DMO delivers either to a particular organisation or to a local authority area.



## **Options**

The 16<sup>th</sup> October 2014 committee report set out alternatives to the creation of a DMO:

- 1) keep the service in house; and/or
- 2) reduce the specification of the service.

In each case the report concluded that there was more of a risk to the service, and therefore a negative impact on tourism in the City, from taking these options forward. This is because they could result in a subsequent withdrawal in Visit Cambridge Membership income and therefore private sector investment in the service, therefore increasing the net cost of the tourism service to the Council. In addition, an opportunity to deliver a long term sustainable model for tourism, which would improve the quality and scale of tourism provision, would have been missed.

The option of a retain/retain and reduce approach to Tourism remains, but the risk of this choice has not changed and therefore I am still recommending the creation of a DMO.

## **6. Legal considerations / relationships**

There are a number of legal considerations in establishing the DMO and taking the current Visit Cambridge service out of the Council. These include:

- The terms of the initial 2 year service level agreement (SLA) between the Council and the DMO whilst the DMO is in receipt of a council subsidy.
- Arrangements for repayment of set-up costs.
- Ownership and transfer of intellectual property rights in, for example, the “Visit Cambridge” brand, the Tourist Information Centre and the Guided Walking Tour service.
- The use of existing Council buildings. Separate lease arrangements will need to be set up between the DMO and the Council formalising the terms on which the premises are occupied.
- The transfer of existing Visit Cambridge contracts to the DMO.

## **7. Implementation Timetable**

Subject to support from the Executive Councillor and Customer and Community Scrutiny Committee for the final proposals, it is proposed that work progresses to establish a DMO for Cambridge and the surrounding area, with key milestones as follows:

March -May	Shadow Board recruited External specialist advice procured as necessary Company created Ongoing stakeholder and staff engagement including formal staff consultation
May- October	Development of DMO Business Plan. External specialist advice procured as necessary Completion of SLA, leases and legal documentation Set up new systems and procedures Agree Communications strategy for new DMO Ongoing staff consultation and communication
October -December	Necessary accounting arrangements carried out New IT systems in place Ongoing staff communication
January 2016	DMO in place and operational Formal launch

One of the key tasks during the early years of the DMO will be the creation of a **Destination Management Plan (DMP)** for the Cambridge and Beyond area. This is a shared statement of intent to manage a destination over a stated period of time, articulating the roles of the different stakeholders and identifying the clear actions that they will take and the apportionment of resources. The DMO will lead on this but it will be developed and delivered in partnership with a variety of partners. The DMO's Business Plan would form part of this.

Visit England is encouraging and supporting the development of "Destination Management Plans" throughout England as an essential tool in the delivery of a successful visitor economy. National Government policy encourages destination organisations to become focused and efficient bodies that are increasingly led by the private sector. Destination Management Plans are one mechanism to achieve this.

## 8 Implications

### 8a. Financial Implications

The detailed business case for the new DMO is set out in **Table 1** below:

Table 1:	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20	
	Year 0	Year 0					
DMO Business Case (Summary)	Apr - Dec-15	Jan - Mar-16	Year 1	Year 2	Year 3	Year 4	Total
	£	£	£	£	£	£	£
<b>Income</b>							
Local Authority Support/Strategic Partner		(8,750)	(37,000)	(25,000)	(25,000)	(25,000)	(120,750)
Membership (i)		(64,240)	(129,510)	(135,990)	(142,800)	(149,940)	(622,480)
Visitor Information Centre (ii)		(13,970)	(94,970)	(96,870)	(98,810)	(100,790)	(405,410)
Guided Walking Tours (iii)		(40,500)	(283,500)	(297,680)	(312,560)	(328,190)	(1,262,430)
Other (ii)		(58,540)	(101,440)	(103,470)	(105,530)	(107,630)	(476,610)
Total Income		<b>(186,000)</b>	<b>(646,420)</b>	<b>(659,010)</b>	<b>(684,700)</b>	<b>(711,550)</b>	<b>(2,887,680)</b>
<b>Expenditure</b>							
Employees		122,120	501,100	501,100	501,100	501,100	2,126,520
Premises		16,480	65,900	65,900	65,900	65,900	280,080
Supplies and Services		29,360	117,300	117,300	117,300	117,300	498,560
Total Expenditure		<b>167,960</b>	<b>684,300</b>	<b>684,300</b>	<b>684,300</b>	<b>684,300</b>	<b>2,905,160</b>
<b>Net DMO (Income) / Expenditure before Corporation Tax (iv)</b>		<b>(18,040)</b>	<b>37,880</b>	<b>25,290</b>	<b>(400)</b>	<b>(27,250)</b>	<b>17,480</b>
(i) Assumes either 5% or 20% growth p.a. depending on Membership category.							
(ii) Assumes 2% growth p.a.							
(iii) Assumes 5% growth p.a.							
(iv) Any DMO surplus will be reinvested into activities/resources to improve the Destination Management function.							

8a.i. The final business case has been reviewed and developed and now reflects a January 2016 DMO launch compared to the previously reported April 2015 launch.

8a.ii. The amount of Council subsidy and set-up costs has therefore changed since the October 2014 report (see tables below). Subject to approval of the DMO Final Business Case it is recommended that any changes to the budget provision set out in the Budget Setting report (BSR) 2015 will be included in the Mid-Year Financial Review (MFR) 2015.

#### The final business case assumes the following:

8a.iii. That the shortfall in years 1 and 2 of the new DMO is met by the Council, as seen in **Table 2** below.

That the Tourist Information Centre remains in its current location within the Guildhall for at least the first 5 years of the DMO. This would deliver an ongoing rental income to the Council.

8a.iv. That the new DMO is successful in growing membership at a rate of between 5-20% year on year (depending on the membership category). Given the potential geographical coverage of this new DMO this should be achievable.

8a.v. That the existing staff structure will transfer as is to the new DMO. The restructure of the Tourism service in 2010 was designed to put

a structure in place which was lean and fit for purpose for a DMO organisation. Inevitably the new DMO would need to review its core operating costs within the first 5 years which could include reviewing the staff structure. However, as the current structure is lean compared to other DMOs with similar outputs, it is unlikely that the DMO would be looking to reduce its staffing levels as these will be key in meeting the aspirations of its Members

## **8b. Set-up costs**

- 8b.i. The outline business case included an estimate of £40k set up costs. Further development of the final business case has highlighted that the set up costs are now likely to be greater than this and around £79k. This relates to the anticipated legal costs associated with setting up the DMO, additional ICT set up costs and finance support that is likely to be required during the transition of the service from the council to the DMO. It is proposed that the additional £39K should be subject to a Bid to the Business Transformation Fund held by the Programme Office. It is proposed that if the Council supports the proposal for it to pay a “Strategic Partner Member” fee of £10K pa, that from year 3, this is offset on an annual basis against the repayment of set up costs due to the Council from the DMO.
- 8b.ii. The principle of this approach is important because the DMO will be under significant pressure to maintain income levels as projected in the DMO Final Business case. At the same time it will need to make provision for a reserves policy whilst also increasing activity in line with its members’ aspirations for this new more commercially focussed and dynamic model. These terms will allow the DMO to pay back the set up costs without impacting on its ability to succeed and flourish in its early years.
- 8b.iii. Pension contributions have been determined assuming that the DMO becomes an Admitted Body within the Local Government Pension Scheme (LGPS) arrangements. The business case also assumes that as an admitted body, the DMO will operate a closed LGPS pension scheme with an ongoing pension contribution rate of 18.5%. This has been confirmed following receipt of an assessment by the County Council of the LGPS requirements in relation to any transfer. (NB: the LGPS will be available only to transferred Council staff and new staff will be enrolled in a separate scheme).
- 8b.iv. Indicative costs for a bond to mitigate against project failure have been determined. However, as with the Cultural Trust, the Head of

Finance has recommended that the Council underwrites the risk rather than require the purchase of a bond.

- 8b.v. The DMO business case assumes that the DMO annual accounts would be subject to a full external audit on an annual basis.

## 8c. The Financial implications for the City Council are set out in Table 2 below:

<b>Table 2:</b>	<b>2015/16</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	
Financial implications for City Council including retained recharges and set-up costs	Year 0 Apr - Dec-15	Year 0 Jan - Mar-16	Year 1	Year 2	Year 3	Year 4	Total
	£	£	£	£	£	£	£
<b>Status Quo Cost to Council (i)</b>	89,625	29,875	119,500	119,500	119,500	119,500	<b>597,500</b>
<b>Post DMO City Council costs</b>							
DMO shortfall from 1 January 2016	0	0	37,880	25,290	0	0	63,170
City Council net income to 31 Dec 2015	(63,670)	0	0	0	0	0	(63,670)
Retained Recharges (ii)	227,200	63,500	177,070	140,210	102,900	67,960	778,840
	<b>163,530</b>	<b>63,500</b>	<b>214,950</b>	<b>165,500</b>	<b>102,900</b>	<b>67,960</b>	<b>778,340</b>
Rent income from Gift shop and coffee shop	(40,720)	(13,570)	(54,290)	(54,290)	(54,290)	(54,290)	(271,450)
Rent income from DMO (above existing recharge)	0	(3,910)	(15,630)	(15,630)	(15,630)	(15,630)	(66,430)
<b>Post DMO Cost to the Council</b>	<b>122,810</b>	<b>46,020</b>	<b>145,030</b>	<b>95,580</b>	<b>32,980</b>	<b>(1,960)</b>	<b>440,460</b>
<b>Financial (benefit) / cost to the Council</b>	<b>33,185</b>	<b>16,145</b>	<b>25,530</b>	<b>(23,920)</b>	<b>(86,520)</b>	<b>(121,460)</b>	<b>(157,040)</b>
<b>Set-up Costs (iii)</b>	<b>79,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,000</b>
<b>Financial (benefit) / cost to the Council (including set-up costs)</b>	<b>112,185</b>	<b>16,145</b>	<b>25,530</b>	<b>(23,920)</b>	<b>(86,520)</b>	<b>(121,460)</b>	<b>(78,040)</b>
(i) Status Quo includes £43k BSR savings from 2015/16. Assumes Membership income remains at existing levels.							
(ii) Includes saving from Head of Tourism & City Centre Management post and assumes 15% reduction year on year on other retained recharges.							
(iii) If the Council pays a Strategic Partner member fee, due from Year 3, this would be offset against the repayment of the set-up costs due from the DMO.							

This assumes the following:

- 8c.i. That the £43k savings on the tourism service as identified in the Budget Setting Report (BSR), are delivered in 2015/16 reducing the cost of tourism to the Council to £119,500 pa.
- 8c.ii. That the base rent and turnover rent from the Gift Shop and Coffee Shop, which is currently included in the Tourism budget, is retained by the Council. In addition, there will be an additional £15,630 pa of rental income to the Council from the DMO, over and above the existing premises recharge.
- 8c.iii. It can be seen that the creation of a DMO has a positive financial impact for the Council, as the 5 year cost is predicted to be £440,460, a reduction of £157,040 based on the status quo and before set-up costs.
- 8c.iv. That the Council is able to reduce the residual overheads by 15% per annum until they reach 40% of the current level. This is being

addressed corporately alongside other service transformation initiatives.

- 8c.v. That the additional costs to the Council, (excluding set up costs) in years 1 and 2 will start to be offset from savings in year 2.
- 8c.vi. It is likely that there will be indirect financial benefits to the Council from setting up a DMO; the DMO will be able to operate more commercially which should increase opportunities to increase turnover rent to the Council from the Green Coffee Company and the Gift shop.

## **8d. Staffing Implications**

- 8d.i. If a decision is made to set up the DMO and there is a transfer of services to the newly created DMO then it is intended that (TUPE) Transfer of Undertakings (Protection of Employment) Regulations will apply to the staff carrying out that service.
- 8d.ii. Under TUPE where a business, service or part of a business is being transferred to a new employer/organisation the contracts of employment of employees are also transferred. They automatically transfer by operation of law. This means that from the first day of transfer all the contracts of employment which existed between individual employees and the Council become contracts between each individual and the new employer.
- 8d.iii. In accordance with the TUPE Regulations, the Council will inform and consult with employees affected by the transfer and their representatives.
- 8d.iv. It is anticipated that approximately 14 FTE members of staff may be impacted by the proposal.
- 8d.v. It is proposed that the post of Head of Tourism and City Centre Management transfers into the DMO to Head up the DMO. There are some existing functions in the existing Service that would need to be retained within the City Council, namely City Centre Management (including management of the markets and street trading) and officer representation on the BID Board on behalf of the Council. It is proposed that, these functions are reassigned to the Head of Streets and Open Spaces and that post would also lead the officer representation of the DMO Board. Consideration will need to be given to the transition arrangements around this change.

## **8e. Governance / Relationships –**

If a DMO is established the Council's role in the delivery of tourism will change from one of the lead organisation, as it is currently, to a strategic partner in what will be a business, not local authority led partnership. This offers the opportunity for the Council to be a key partner in delivering a significantly enhanced tourism service, working with its partners, whilst reducing the cost to the Council.

## **8f. Equal Opportunities Implications**

An Equalities Impact Assessment is attached as **Appendix 1**.

This is the same EIA as the one that was attached to the original committee report in October. Officers have reconsidered and given due regard to the equalities implications of this decision and are satisfied that they have not changed since October 2014.

## **8g. Environmental Implications**

The establishment of a DMO would have a positive environmental impact; a key strategic aim of the DMO would be the development of environmentally sustainable tourism. This would include a focus on increasing overnight stays therefore reducing the detrimental impact from high volumes of day visitors on our historic city.

## **8h. Procurement.**

There are no procurement implications to establishing a DMO. As the level of public subsidy will be low and only in the first 2 years of the DMO the organisation will not be subject to EU procurement rules. However it would be expected that the DMO would operate an open a competitive procurement policy.

## **8i. Community Safety.**

None.

## **9. Risk Analysis**

A high level risk analysis which sets out the key risks associated with this project is attached as **Appendix 2**.

This has been reviewed and updated and officers are satisfied that it captures the current risks associated with this project.

## **10. Consultation and communication**

The following consultation will be arranged:

### **10a Internal**

- 10a.i. A formal TUPE consultation will be undertaken with all affected staff and individual briefings will also be scheduled in for individual staff and the unions to ensure they are kept informed and genuinely engaged every step of the way.
- 10a.ii. Trade Unions will be briefed on the proposals and will be updated on a regular basis as part of the ongoing consultation process.

### **10b External**

- 10b.i. Throughout the development and implementation stage, ongoing engagement with external stakeholders to raise the profile of the new DMO and to secure “buy in” from the private sector will be essential. This will need to be well beyond Cambridge and should seek to include the surrounding areas where there is the opportunity to benefit from the Cambridge visitor economy.
- 10b.ii. In addition, it will also be important to explore the opportunities to develop further strategic alliances with local authorities in the Greater Cambridge, Greater Peterborough LEP area. This project would support three of the Greater Cambridge Greater Peterborough LEP’s strategic priorities, notably:
  - 1) Skills (in particular for SMEs – business-led provision)
  - 2) Enterprise (promoting enterprise growth and innovation)
  - 3) International Profile (increasing inward investment)

### **10c. Community Safety.**

None.

## **11. Background papers**

- 1 - DMO - EQIA
- 2 - DMO - High Level Risk Analysis
- 16<sup>th</sup>October2014-sCommitteeReport  
<http://democracy.cambridge.gov.uk/documents/s26488/Delivery%20of%20Tourism%20Report.pdf>



## **12. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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