

Report to the Cabinet

Meeting to be held on Thursday, 14 September 2017

Report of the Head of LEP Coordination

Part I

Electoral Divisions affected:
All

Marketing Lancashire

Contact for further information:

Kathryn Molloy, (01772) 538790, Head of LEP Coordination

kathryn.molloy@lancashire.gov.uk

Executive Summary

This report seeks Cabinet approval for a budget of £0.400m to be reinstated within the County Council's Medium Term Financial Strategy from 2018/19 onwards to enable a contribution of this value to be paid to Marketing Lancashire each year, subject to a yearly performance review. This reflects the County Council's strategic interest and support for the company since the refocused organisation emerged from the former Lancashire and Blackpool Tourist Board in 2011. This is currently part of a budget saving agreed by Cabinet in November 2015 for the Economic Development service, however as this has been identified as a political priority this has been declared an undeliverable saving. Reserve funding is in place for 2017/18.

The proposed core funding of the County Council is currently matched by local authority and commercial funding contributions of £742,000 in 2017/18, with additional revenue support provided by the Lancashire Enterprise Partnership (LEP) to deliver jointly agreed strategic communications activity to ensure that Lancashire is positioned nationally and within the emerging Northern Powerhouse.

The funding proposed for this for this four year period would enable Marketing Lancashire, in conjunction with the LEP, and working alongside Lancashire's local authorities, to continue positioning and driving forward Lancashire's new "economic narrative" – a new ambitious and inclusive approach focused on Lancashire's key assets and opportunities, which has been very well received by Government, business and local authority partners.

This is deemed to be a Key Decision and the provisions of Standing Order No. 25 have been complied with.

Recommendation

The Cabinet is recommended to approve reinstatement of £0.400m from 2018/19 in the County Council's Medium Term Financial Strategy to enable a contribution of this value to be paid to Marketing Lancashire, subject to yearly performance reviews.

Background and Advice

Marketing Lancashire was formed in 2011 and supersedes the previous Lancashire and Blackpool Tourist Board. Marketing Lancashire is a wholly owned company of the County Council, which is chaired by a private sector business leader, Tony Attard OBE of Panaz Limited. The County Council is represented by three County Councillors, including the Cabinet Member for Economic Development, Environment and Planning.

Marketing Lancashire is the destination management organisation (DMO) for Lancashire, working closely with Visit Britain/Visit England, BEIS, DIT and a wide range of public and private sector agencies. Marketing Lancashire is the agency charged with promoting the county on a national and international stage, with Visit Lancashire being the Tourist Board for the county and a division of Marketing Lancashire. In essence, Marketing Lancashire is focused on marketing and communications, commercial membership and place marketing, designed to grow the visitor economy and develop Lancashire's reputation as a great place to visit, work and invest.

The vision for Marketing Lancashire is to be an ambitious and forward thinking organisation focused on promoting a confident and capable Lancashire. Predominantly funded by its main stakeholder Lancashire County Council, with significant programme funding also provided by the LEP, the remit of the organisation is to help support and promote a strong inward investment agenda and secure additional private sector funding.

Building on a strong tourism foundation, Marketing Lancashire has been re-purposed to support the communication of Lancashire as a recognised national leader in economic development with both the public and the private sector by promoting the strengths of the county as a destination of choice for:

- Businesses seeking to start up, expand or relocate;
- Residents or visitors looking to further their education;
- Organisations looking to host a conference or an event;
- Individuals looking to relocate to work or to live;
- Residents or visitors wanting a short break or a day out; and/or
- Students to study the course of their choice.

The organisation comprises 13 staff (12.2 FTE) led by Chief Executive Ruth Connor and has a turnover of circa £1.1m. In addition to the appointment of Tony Attard OBE as Chair, the Board has been strengthened further with board members appointed to

reflect the large array of skills and expertise required to propel the county forward. These include; Clive Drinkwater, Regional Director of DIT, Craig Bancroft, Joint Managing Director of Northcote Leisure Group Ltd; Anna Doran, Sales and Distribution Director at Virgin Trains, Christine Cort, Managing Director of the Manchester International Festival, Joel Arber Pro-Vice Chancellor, UCLan and James Allison, Partner at Napthens.

More recently, Marketing Lancashire has become the organisation responsible for promoting the activity of the LEP. This includes promoting the LEP's economic growth programmes, specifically the £320m Lancashire Growth Deal, the £434m Preston, South Ribble and Lancashire City Deal and Lancashire's four Enterprise Zones which together form the Lancashire Advanced Manufacturing and Energy Cluster.

Marketing Lancashire is also focussed on positioning and driving forward Lancashire's new "economic narrative" – a new ambitious and inclusive approach focused on Lancashire's key assets and opportunities, which has been very well received by Government, business and local authority partners. This body of work is jointly promoted and progressed with the LEP under the *We are Lancashire - The Place for Growth* proposition and was launched to an audience of 250 businesses and the Northern Powerhouse Minister in November 2016.

The Financing of Marketing Lancashire

Whilst Lancashire County Council remains the main funder of Marketing Lancashire, much has been done recently to better align the activity of the company with partner objectives and to drive other income generation within the company itself. Prior to the financial year 2016/17, the County Council's funding contribution was paid out of the County Council's revenue budget for Economic Development. For 2016/17 this amount was removed from the revenue budget as part of agreed savings and funded in 2016/17 from reserves to enable transformation to achieve the reduced budget to take place. The desire was that Marketing Lancashire could become sustainable without the need for the County Council's contribution. This has not proved to be the case and as can be seen from this report the demands on Marketing Lancashire have grown. As this is a political priority the saving of £0.400m has been declared undeliverable and it is proposed that this will be built into the MTFS from 2018/19 onwards. Due to delays in achieving the saving provision had already been made in reserves to support this budget in 2017/18.

The LEP provides financial resources to enable Marketing Lancashire to deliver this work on its behalf. In 2016/17 this amounted to just under £150,000 in funding support for key marketing initiatives with a further £225,000 allocated in 2017/18.

Marketing Lancashire has improved its financial base with local authority funding contributions and new commercial income. However, a renewed sense of economic ambition across Lancashire and the need to compete in the market place for new jobs and investors means that the County Council needs to continue its core funding of Marketing Lancashire to ensure the necessary capacity and capability is in place.

Since its establishment in 2012:

- Total income through the organisation in supporting activity has increased by 44% from £771k in 2012/13 to a budgeted £1.1 million in 2017/18.
- All local authorities across Lancashire are now partners of Marketing Lancashire with an income of £89k budgeted for 2017/18.
- Commercial income is on target to achieve £253k in 2017/18 from £175k in 2016/17.
- Lancashire's annual visitor economy economic impact has grown from £3.4 billion to £4.1 billion (+21.5%).
- Visitor numbers of have increased from 62.4m to 67.3m (+7.8%).
- Jobs supported (FTE) in the visitor economy have grown from 54,804 to 59,404 (+8.4%).
- Lancashire PR circulation has increased to 616 million per year (+146%).
- Visit Lancashire and Marketing Lancashire digital audience reach is now over 26.5 million page views (+200%).

2.4 With a commercially astute and collaborative approach, Marketing Lancashire has made considerable progress in its role as the key driver of place marketing activity for Lancashire across both the public and private sectors. This includes Marketing Lancashire developing from a tourist board to becoming the Destination Management Organisation for Lancashire with its new broader remit to achieve more proactive communication and promotion of economic development and investment in the county on a regional, national and international scale.

2.5 Notwithstanding recent progress, the County Council's continued core funding for Marketing Lancashire is viewed as vital to ensure Lancashire is considered as a competitive location for investment and growth and recognised as a key contributor within the Northern Powerhouse. Although Marketing Lancashire operates on funding levels significantly below our city-region competitors, who also continue to invest heavily in promoting their economic offer to new businesses, investors, visitors and students, the quality of its work is increasingly recognised by key decision-makers and business investors.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Financial

An additional £0.400m will be built into the Medium Term Financial Strategy as a result of this previously agreed saving being identified as undeliverable. If agreed this will be incorporated within the MTFS reported to Cabinet at Quarter 2. However, it must be noted that this will increase the financial gap that the County Council is facing over future years.

List of Background Papers

Paper	Date	Contact/Tel
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None		
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Reason for inclusion in Part II, if appropriate		
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