



PORTFOLIO AREA: ECONOMIC DEVELOPMENT

Date of Meeting: 14th March 2011

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: DEVELOPMENT OF CARLISLE'S VISTOR ECONOMY

Report of: Strategic Director

Report reference: SD/03

Summary:

This report provides Members of the Executive with an update on the progress being made to bring together the Carlisle Tourism Partnership and the City Centre Partnership to form a new 'not for profit' company limited by guarantee. These proposals would see the development of this new company during the spring / summer 2011. This report also seeks members' approval to commit 'seed funding' to the proposed organisation to enable the proposals to move forward and become self sustaining.

Recommendations:

That the Executive:

1. Agree to bring together the City Centre and Carlisle Tourism Partnerships to form a new community interest, not for profit, limited company that will take up the roles outlined at 2.2 of this report.
2. Nominate two Council representatives to join the proposed shadow board to assist with the development of the company and its terms of reference.
3. Commit £150,000 (total) taken from the Economic Development Directorate budget for a limited two year period to support the development and operation of the proposed organisation.

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

4. Ask the Interim Assistant Director Economic Development to work with partners to develop and implement a project plan and risk assessment that will take forward this proposal and ensure the successful commencement of the new company.

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1. BACKGROUND INFORMATION

1.1 Introduction and purpose of the report

This report seeks to provide Members with an update on the proposals to develop a new 'not for profit' company limited by guarantee that will seek to develop the borough's visitor economy and meet the objectives of the Carlisle Tourism (CTP) and City Centre Partnerships (CCP). The report follows on from the previous report presented to Executive (19th January 2011) and to Environment and the Economy Overview and scrutiny Panel (20th January 2011).

2. NEW PARTNERSHIP PROPOSALS

- 2.1 Members may recall that in order to address the current public sector financial constraints outlined in the previous report and align the plans of the CTP and CCP with the work of the Cumbria Enterprise Partnership, Local Strategic Partnership and Economic Development and Enterprise theme group, a working group of officers together with the Portfolio Holder developed outline proposals for the new organisation.

These proposals seek to bring together a more cost efficient model for the two partnerships outlined above. In addition to the functions of these two partnerships the proposed model also seeks to incorporate a working relationship with Further and Higher Education partners and also seek Government grant support for the creation of jobs via the Regional Growth Fund.

It is proposed that this combined model would take the form of a 'not for profit' company limited by guarantee (in much the same way as the City Centre BID company).

2.2 Company roles -

This newly incorporated company would take a key role in delivering the following:

- A **comprehensive marketing strategy** for the City incorporating those elements currently covered by Carlisle Tourism – accommodation, attractions,

activities, eating out, shopping etc. and also work to attract tourism, retail and hospitality businesses to Carlisle.

- An annual self sustaining city and district **events programme**. To be delivered by the company itself or in partnership with others.
- Take the lead in managing **Tourist Information** in Carlisle.
- **City-wide communication and coordination activities** designed to meet the concerns of local retailers as expressed in the consultants report (see previous Executive report SD/02).
- **Direct advice and support** to existing and new retail, tourism and hospitality businesses – working with existing partners and local education providers
- Partnership working with both FE and HE providers to **develop retail, hospitality / catering and tourism skills**.
- Specific work with key partners to develop Carlisle's **cultural and night time economies**.
- **Advocating and lobbying activities** in relation to future planning and development work such as the Local Development Framework.

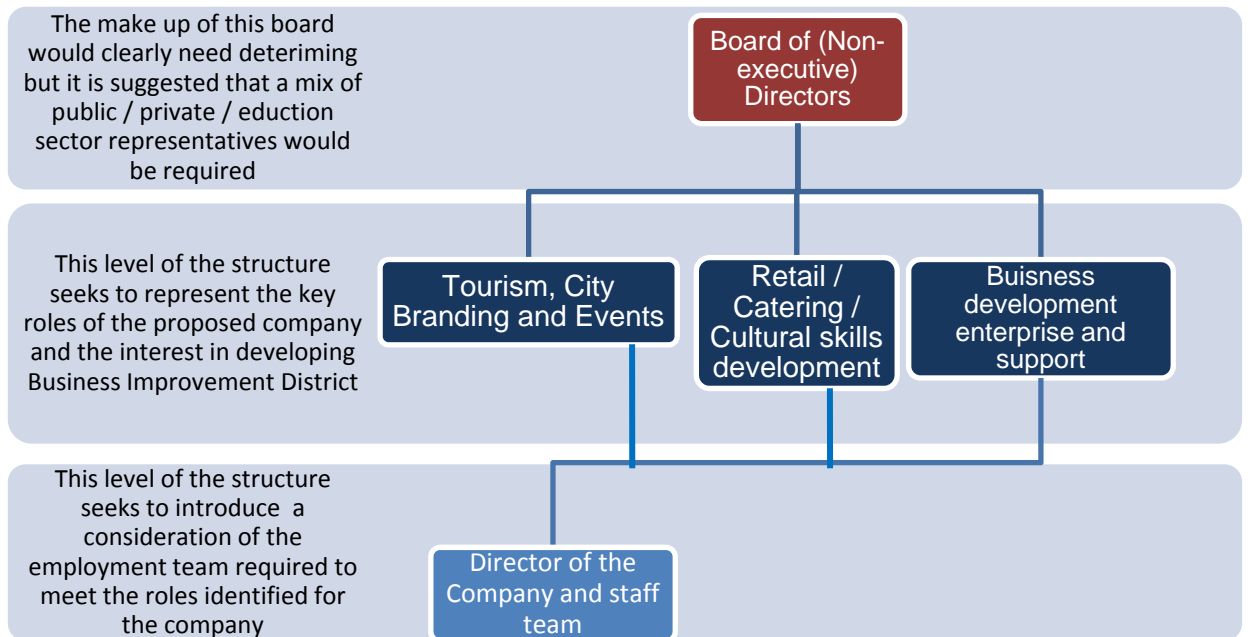
Further to these activities the proposed company would also take responsibility for developing any move towards the incorporation of a Business Improvement District, covering the area identified in the consultants report or any revised footprint.

2.3 Company development and stakeholder engagement

The development of a new 'not for profit' company designed to deliver on the roles identified above may require the agreement of a number of different existing and potentially new partners. Informal consultation with a range of public and private stakeholders has now taken place both as part of the RGF application and specifically in relation to this report. Feedback from these discussions has proved to be encouraging and provides a sound platform for the next stage in developing the new company.

The draft structure and proposed time plan below represents an outline of the potential way forward.

Potential Company Structure



Proposed time plan

Carlisle City Council considerations

Proposals to other potential stakeholders (e.g. Carlisle College)

Proposals to City Centre Partnership, Steering Group

Proposals to Carlisle Tourism Partnership

RGF Bid announcement expected by end of March

Development of a project plan for the formation of the proposed company and its first year work plans

Recruitment of a suitably qualified Director for the company

Development of terms of reference and

governance arrangements for the proposed

- Executive 19th January 2011 - Completed
- Economy and Environment Overview and Scrutiny 20th January 2011 - Completed
- **Executive 14th March 2011**
- 1st March 2011 - Completed
- 2nd March 2011 - Completed
- 7th March 2011
- April 2011
- By July 2011
- May – July 2011

company via a 'shadow board'

Incorporation of the proposed company and
commencement of work plans

▪ October 2011

2.3 Proposed funding arrangements for the new company

It is proposed that potential stakeholders in the new venture be consulted with regard to role, structure and funding of the company. Funding support would be sought from each stakeholder.

It is clear from the work undertaken to produce the Carlisle City Centre Partnership Development Plan that 'seed' funding would be required to set up the proposed arrangements and also provide operational revenue during the early period, pre any ballot for a Business Improvement District.

The 'seed' funding described in the consultants report attached (See Appendix A p33 of the previous Executive Report SD/02) estimates costs to be in the order of £50-£150k over the initial period.

It is proposed that the City Council provides £150k (total) of 'seed funding' for a period of two years. This support can be met from within the 2011/12 budget for Economic Development (see Financial Implications section for further details).

The longer term (post first 24 months) funding requirement for the company would be to become self sustaining. It is intended that this would be achieved by levying a business rates supplement (estimated at 1% above current rates), developing operational income streams and seeking additional sponsorship and support from bids to government agencies and the private sector.

Should a Business Improvement District vote fail to secure sufficient support for the formation of such a funding and development vehicle then the proposed company would need to review its financial viability without further City Council financial support.

3. CONSULTATION ACTIVITIES

3.1 A range of consultation activities have taken place to 'road test' these proposals, these are listed below:

- Via a meeting of tourism, retail and education providers on 10th December. This session was organised by our local M.P. John Stevenson to seek support for developing tourism in Carlisle via a Regional Growth Fund (RGF) bid. Attendees of the session broadly welcomed the proposals and supported the development of a RGF bid. Subsequently many of the attendees also offered letters of support for the proposals as part of the bid process.
- One to one meetings have been conducted with a range of key stakeholders such as Cumbria Tourism, Carlisle College, University of Cumbria and The Lanes shopping centre management, covering the key proposed roles of the company. These sessions have yielded further support and also a range of ideas to be incorporated in the future plans of the proposed company.
- Specific presentations to the City Centre Partnership (2nd March 2011) and Carlisle Tourism Partnership (7th March). The proposals were broadly supported by those attending the City Centre Partnership. Feedback on the Carlisle Tourism Partnership will be verbally reported to the Executive meeting.
- Presentation to the Environment and Economy Overview and Scrutiny Panel (20th January). The minutes of this meeting are appended to this report for Executive consideration.

3.2 These consultation sessions have demonstrated significant general support for the development of the proposed company. Subject to Executive approval the next stage of the project will seek more formal support from potential stakeholders to become part of a shadow board.

4. SHADOW BOARD FORMATION AND DEVELOPMENT

4.1 Subject to Executive approval it is intended that formal support be sought from existing members of the City Centre Partnership and Carlisle Tourism Partnership to develop a shadow board. The shadow board will then focus on developing terms of reference and objectives for the proposed new company and also devise governance arrangements and a memorandum and articles of association.

5. RECOMMENDATIONS

That the Executive:

1. Agree to bring together the City Centre and Carlisle Tourism Partnerships to form a new community interest, not for profit, limited company that will take up the roles outlined at 2.2 of this report.
2. Nominate two Council representatives to join the proposed shadow board to assist with the development of the company and its terms of reference.
3. Commit £150,000 (total) taken from the Economic Development Directorate budget for a limited two year period to support the development and operation of the proposed organisation.
4. Ask the Interim Assistant Director Economic Development to work with partners to develop and implement a project plan and risk assessment that will take forward this proposal and ensure the successful commencement of the new company.

6. IMPLICATIONS -

- Staffing/Resources – None at this stage.
- Financial – The proposals to establish a new Community Interest Company require initial funding from the City Council to enable the new company to be started. This is estimated to be a maximum of £150,000 over the first 2 years and would be funded from a carry forward of Economic Development Budgets from 2010/11.
- Legal – Community Interest Companies (CICS) are limited companies, with special additional features, created for the use of people who want to conduct a business or other activity for community benefit, and not purely for private advantage. This is achieved by a "community interest test" and "asset lock", which ensures that the CIC is established for community purposes and the assets and profits, are dedicated to these purposes. Registration of a company as a CIC has to be approved by the CIC Regulator who also has a continuing monitoring and enforcement role. The Council would seek to participate in the Company but would not control it. Some of the proposed seed money would be required to formally establish the company.
- Risk Management – In developing this proposal the working group has sought to mitigate the risk of withdrawing or significantly reducing the development of the visitor economy in Carlisle. Should the proposals receive the support of the Executive a full risk assessment and project plan will be developed.

- Environmental – No implications at this stage. Any future ‘Company’ may wish to work with the Council and other partners to improve the environmental appearance of the City Centre and also address any issues of environmental sustainability.
- Crime and Disorder – None at this stage. Any future ‘Company’ may wish to work with Community Safety Partners to address city centre safety and crime related issues.
- Impact on Customers – None at this stage. Any future ‘Company’ may focus on the supporting the needs of stakeholder customers by joint or collective working on issues such as access to services and transport.
- Equality and Diversity – None at this stage. Should the ‘Company’ proposal receive support an impact assessment of its plans would be undertaken.

Impact assessments

Does the change have an impact on the following?

Equality Impact Screening	Impact Yes/No?	Is the impact positive or negative?
Does the policy/service impact on the following?	NO	
Age	NO	
Disability	NO	
Race	NO	
Gender/ Transgender	NO	
Sexual Orientation	NO	
Religion or belief	NO	
Human Rights	NO	
Health inequalities	NO	
Rurality	NO	

If you consider there is either no impact or no negative impact, please give reasons:

At this stage it is difficult to clearly identify the impact of these proposals. Once stakeholders have been identified and engaged an impact assessment will be conducted.

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If an equality Impact is necessary, please contact the P&P team.