

Brighton & Hove City Council

Meeting: Culture & Tourism Sub-Committee

Date: 2 February 2006

Report of: Director of Cultural Services

Subject: Implementing the Tourism Strategy – Modernising Subvention

Wards Affected: All Wards

1. Purpose of the report

- 1.1 To inform members of changes and trends in the meetings industry that are affecting VisitBrighton's ability to sell the city as a meetings destination.
- 1.2 To make recommendations for amending the criteria that events must meet to qualify for subvention and make them more flexible in the light of these trends to ensure that subvention is used to maximise benefit to the city's economy.

2. Recommendations

- 2.1 That the criteria that an event has to meet to be eligible for subvention are amended to allow decisions to be based on the city's current and future economic needs, to support a flexible conference sales strategy and thereby ensure that the city generates the greatest possible return from the investment it makes.
- 2.2 That subvention policy enables the Brighton Centre to lever more commercial revenue from events that will benefit both the venue's income and the city's economy.

3. Information/Background

- 3.1 The visitor economy plays a key role in the city, supporting around 7000 jobs (FTEs) and bringing in around £400m per annum to the local economy. Conference delegates are a crucial part of this visitor economy. They have the highest daily spend and they visit at times of the week/year that balance the peaks and troughs of leisure visitors. This helps tourism to

become a sustainable year-round business that enables investment and re-investment in facilities, infrastructure and staff by the tourism industry.

- 3.2 In common with many Destination Management Organisations (also called Visitor and Convention Bureaux or the name of the destination prefixed with 'Visit') the city's DMO, VisitBrighton, offers incentives to attract conferences to the city because of their positive and substantial economic impact. In the case of Brighton & Hove these incentives, or subvention, has been offered in the form of free meeting space at civic venues. This helps the city compete for business at a time of significant new investment in conference centres by competitor destinations around the UK and Europe.
- 3.3 The city's two civic venues (Brighton Centre and Hove Centre) currently have 89 provisional meetings and conferences in the diary for 2006-2009 with an anticipated economic impact to the city of approximately £81 million, bringing 300,000 delegates to the city. Subvention is necessary to convert much of this provisional business into firm business. Without subvention we would expect to lose over 90% of this businesses and this would result is a loss of jobs and ancillary spend (in restaurants, shops, attractions etc).
- 3.4 However, due to uncertainty over the future of the Brighton Centre, and a relative lack of investment in the venue, selling the centre and the city over recent years has proved increasingly difficult. This has resulted in gaps appearing in the city's meetings diary for 2006 and 2007.
- 3.5 The city's tourism strategy contains three vision statements. The first is that by 2014 Brighton wants to be known as 'Europe's best meetings destination'. One of a range of ways that VisitBrighton is working to achieve this is by creating an appropriate conference profile for the city. This means we must attract events that show Brighton to be a serious business destination so that we are recognised within the industry and among potential clients as profitable and prestigious ie Academic, Corporate and Association. A more flexible and modern approach to using subvention will give staff an appropriate tool with which to begin this process.
- 3.6 This paper is the latest in a series that outlines the changes that VisitBrighton, in partnership with stakeholders, is making to modernise our approach to tourism and the management of tourism for the city. The aim of this paper is to make the city council's conference operations, both venue and convention bureau, credible and robust particularly in the lead up to potential Brighton Centre redevelopment.

- 3.7 As plans for the redevelopment of the Brighton Centre move ahead, subsequent recommendations about the use of subvention over any closure period may have to be brought before committee. Plans are not yet advanced enough for consideration of redevelopment and closure to be included in this paper.
- 3.8 *Trends and changes in the meetings industry*
- 3.8.1 An example of how the industry is changing is the shortening of lead times for bookings: traditionally meetings have a long lead time between 3 and 9 years. In the last two years, for UK events, this lead time has been shortening and it is now possible for the city to receive and convert an enquiry for a medium size conference at six months or a years' notice. International conferences, the most lucrative type of conference, are still booking years ahead however.
- 3.8.2 Brighton is well known for holding party political and union conferences. These events are shrinking in size and the conservative party has recently announced that it will be changing the pattern of its regular meetings to weekends which are likely to make the events less attractive to the city's hotels and the Brighton Centre because they will clash with entertainment and leisure business.
- 3.8.3 The UK and Europe has seen a significant increase in investment by competitors in their conference facilities. Competitors are becoming increasingly sophisticated in their marketing and sales operations and their use of sales tools, such as subvention, to win business that Brighton has traditionally acquired with little difficulty. They all also have significantly larger promotional budgets than Brighton. In the last two years we have lost significant business to Bournemouth since the redevelopment of the Bournemouth International Centre, to Glasgow since the team was expanded and revitalised and their ambassador scheme started performing, and to London with the establishment of a 19 strong conference sales team, dedicated conference marketing staff at VisitLondon and a promotional budget that is runs to millions of pounds. In the next two years competition will increase further with the completion of a new conference centre in Liverpool using Captial of Culture in 2008 as its launch pad, new developments in London specifically the building of a London International Conference Centre in the lead up to 2012 and the continuing encroachment of new conference destinations such as Cardiff, Manchester and Newcastle.

3.8.4 The city needs to take note of these trends and adapt its policies and strategies accordingly.

3.9 *Getting more value out of subvention and more revenue from clients*

3.9.1 Brighton mainly subvents political, union and religious events. Yet in national estimates of how much delegates spend when attending a conference those in this category have the lowest delegate spend at £128 per day (all three types are in the 'other' category in the tables below). Meetings that have a high delegate spend including Academic, Corporate and certain types of Associations such as pharmaceutical and medical, are almost completely absent from our subvented client profile.

3.9.2 The tables below summarise the types of conferences we subvent and the proportion of subvention allocated to them. Appendix B explains conference categories and delegate spend in more detail.

2003/4

Category	Delegate spend per day £	% of BHCC subvention
Academic	201	-
Corporate	140	6
Association	136	22
Other^	128	72

2004/5

Category	Delegate spend per day £	% of BHCC subvention
Academic	201	-
Corporate	140	6
Association	136	17
Other^	128	77

^ Religious conferences are included in 'Other' with a delegate spend of £128 per day. However soft data from businesses in the city and information from VisitBrighton's delegate accommodation booking service indicate that the delegate spend per day is significantly lower than stated. Twelve percent of the subvention allocated to 'Other' conferences is spent on religious events.

- 3.9.3 Many of the city's conference clients are repeat clients who return year after year because they are assured of a good deal due to the city's subvention budget rather than because they are economically beneficial to the city. In order to reverse this situation more flexibility is needed in the use of subvention so that events that are economically beneficial can be subvented while events that do not give a good return on investment are weaned off the idea that bringing a conference to Brighton equals a free event for the organiser.
- 3.9.4 Conference organisers often agree that their event will meet subvention criteria at the time of booking but when the event actually takes place the conference falls short, usually in size of exhibition or delegate nos. Therefore, events that receive subvention are often not bringing the expected economic benefits. Currently there is no flexibility in the granting of subvention to take account of this.
- 3.9.5 One event booked for 2006 is likely to fall short in terms of delegate numbers although the organiser remains positive. The event is a medical association and fall into the Association category in terms of delegate spend. The organiser has agreed to trial a more flexible approach to subvention and agreed that for every 50 delegates that he falls short of the agreed number he will return 20% of his subvention allocation. This is one way of ensuring that clients are only getting subvention if they are bringing substantial economic benefit to the city.
- 3.9.6 The amount of commercial income generated from subvented conferences is relatively low. More could be extracted from event organisers if subvention criteria were more flexible and used as a sales tool rather than an event subsidy. Sales staff in both the venue and VisitBrighton are skilled at price negotiation during the sales process but the subvention budget does little to support them in maximising revenue. A few tentative explorations with key clients have revealed that there is more revenue to be made from events - for example a current client that is used to getting the whole Brighton Centre free for their event has recently agreed to a reduced amount of subvention and still booked Brighton for two years running in 2008 and 2009. It is now possible for the Brighton Centre to charge for spaces that used to be provided free.
- 3.9.7 The proposed amendments are outlined under Appendix A.

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Financial implications;

The recommendations of the report relate only to the use of the subvention budget rather than the actual level of budget. The subvention budget will remain ringfenced between the Conference and Venues Revenue Budgets and transferred at the level of the annual budget. These proposals, which now include Hove Centre, will help the Brighton Centre to increase additional real income from subvented meetings and other bookings. The recommendations dovetail with the Brighton Centre's recent appointment of a conference sales manager who will be working on this objective. Finance Officer consulted: Allan Clarkson Date: 11th January 2006

Legal implications;

There are no legal implications arising directly from the subject matter of the report nor are there any Human Rights Act implications to be drawn to the Sub -Committee's attention. Lawyer consulted: Dianne Bates Date: 15th December 2005

<p>Corporate/Citywide implications Positive implications in that the recommendations are designed to increase the quality and value of city-wide events and get best value from the subvention budget.</p>	<p>Risk Assessment The Brighton Centre fails to maximize income from conferences. However the new sales team in the Brighton Centre will mitigate the risk.</p>
<p>Sustainability implications Conference delegates are the most sustainable types of visitors a destination can have. They spend the most per day, visit mid week and in the off season. The paper seeks to increase the value of the delegates.</p>	<p>Equalities implications No implications.</p>
<p>Implications for the prevention of crime and disorder No implications.</p>	
<p>Background papers Tourism Strategy.</p>	

Contact Officer

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Appendix A

The following are amended criteria that an event must meet to qualify for subvention:

- That the criteria relating to 'no of delegates' is amended to 'no of bed nights' and that the minimum number of bed nights be set at 1000.
- That subvention should not apply to events looking to come to the city in January, July, August, and December.
- That all subvented events must be national or international events or be new business from a client that has a national or international dimension.
- That all events that are deemed valuable to the city and meet the criteria are eligible for subvention.
- That subvention should apply to the main spaces within the Brighton Centre and Hove Centre that are being used as meeting space rather than any other purpose. The spaces are:
Brighton Centre: Main Hall, Hewison Hall, The Wing – Hall A, The Wing Hall B.
Hove Centre: Great Hall, Council Chamber.
- That all other spaces within the centres are to be handled as commercial space by the Brighton Centre and that any revenue generated should be revenue for the Brighton Centre.

The following criteria are additional guidelines to be taken into account in the sales process to help identify the most economically beneficial events for the city and decide which events get subvention:

- That subvention applies mainly to events that book mid-week, that is Sunday to Thursday nights inclusive.
- That an event must have a commercial exhibition as part of the event but if there is no exhibition then the minimum number of bed nights is raised to 3000 for it to qualify.
- That the subvention budget should be allocated in the light of the city's sales strategy which will take account of the nature of the event and whether it enhances the city's profile and/or economic health ie category of conference, ability of conference to generate ancillary spend, new business etc.