

**Report OSB 7/11 of the Overview and Scrutiny Board
to the meeting of the Council to be held on 29 September 2011**

**Options for Future Delivery of Tourism, Marketing, and Events
Support – Notice of Call-in**

1. At its meeting on 9 August 2011, the Overview and Scrutiny Board considered a report which set out the details of a call-in by ten Members of the Council of the decision by the Mayor on 13 July 2011 to instruct Torbay Development Agency, as part of its strategic economic development function, to identify the strategic delivery options (assuming the retention of the Riviera International Conference Centre (RICC)) and report back to Full Council within four months.
2. The Call-in Promoter (Councillor Parrott) set out the reasons for calling-in the decision and four of the Call-in Supporters also addressed the Board about their concerns regarding the decision. The Board was advised of the concerns of another Call-in Supporter who was unable to be present at the meeting.
3. The Board heard representations from and questioned invited witnesses. The witnesses appearing before the Board were the Chief Executive Officer, English Riviera Tourism Company Ltd (ERTC), the Managing Director, RICC, the Executive Lead Member for Tourism and Environment (and a Council-appointed ERTC Board member), and the Executive Lead Member for Safer Communities and Transport (and the Council-appointed RICC Board member).
4. The Board heard representations from members of the public, including ERTC Board members and a representative of the National Trust, who were opposed to the decision of the Mayor.
5. The Mayor responded to the points raised by the Call-in Promoter and Supporters, the Members of the Board, invited witnesses, and the representations from members of the public.
6. In accordance with the Constitution, the Overview and Scrutiny Board had three options open to it:
 - Take no further action
 - Refer the decision back to the Mayor
 - In exceptional circumstances, refer the matter to the Council
7. The Overview and Scrutiny Board resolved that the decision of the Mayor should be referred to the Council for consideration for the following reasons:

In addition to the reasons within the call-in notice, it is the view of the Overview and Scrutiny Board that Council was not made aware of both the opposition of the tourism industry to the options review and the lack of consultation with the English Riviera Tourism Company Ltd. about the review.

8. The 6 reasons for the call-in as outlined in the 'Options for Future delivery of Tourism, Marketing, and Events Support: Call-in of Decision by the Mayor' were:

- 1) We firmly believe that this call-in will provide the opportunity for business owners and leaders, experts, and interested members of the public to make their case against a further review of the tourism strategy prior to the Mayor making a final decision on whether or not to proceed. And that these arguments will have a major impact on his decision.
- 2) Given that the English Riviera Tourism Company (ERTC) was only set up some nine months ago following a discussion by full Tory led Council (25 March 2010), we now ask to be provided with the reasons for the u-turn on our tourism strategy. In particular we ask why at least eight members of the previous Tory administration that were enthusiastic supporters and promoters of 'Turning the tide for Tourism in Torbay' now feel it is not the best option for the Bay?
- 3) With the Council having to make cuts to services in the order of £9-11 million in 2012/13, how can the Mayor justify asking hard-pressed officers to duplicate a review that was carried out only 18 months ago? That review cost the tax-payers £111,000 in consultancy fees and £100,000 in start up fees for the ERTC, as well as so far undisclosed amounts on legal, HR and council officer time.
- 4) We strongly believe that any review of the ETRC and RICC cannot be thorough and conclusive unless there is a full and detailed analysis of the future shape of the RICC.

The full costs of maintaining and operating the centre must be laid before the council and the ERTC board, as well as the potential for future conference business. There is a changing market place and increased competition with newer facilities. Is the centre still in a position to compete for business on a level playing field?

Added to this, making a long-term financial commitment to what is essentially a private business at a time of major public sector cuts has to be questioned.

The review should make clear that a future business plan should be one that makes the facility self-sufficient.

Until such a root and branch analysis is undertaken, there should be no attempt to merge the two boards.

- 5) We feel that the options identified in the Mayor's decision of 13 July 2011 are particularly weak and do not provide evidence based reasons for yet another review of the Bay's tourism strategy.

- 6) There was a failure to address the risks identified within the report.
Below is a copy of this section of the report.

A2. Risk assessment

A2.1 Outline of significant key risks

A2.1.1 The possible restructuring of new ERTC is likely to be highly controversial. Given the costs incurred since October 2009 e.g. in reviewing the structure of the tourism marketing function and the set up of the ERTC, there is likely to be public criticism that such an early review is warranted.

It would also be reasonable to assume that the businesses now involved with the ERTC and paying for its services through its marketing services will be concerned and that this might lead to a reduction in advertising and guide income.

The ERTC appears to have considerable industry support and the private sector has had an especially strong role in shaping both the marketing strategy and the running of the ERTC. Consequently there is a risk that a further review might not be supported by the business sector during the consultation or implementation stage.

Potential loss of the financial and moral support and engagement of the sector is a key risk and could lead to an unintended consequence of poorer or reduced marketing efforts and lower visitor numbers.

It follows that there is a risk that a new organisation would not enjoy similar levels of patronage and support from the sector leading to a reduced ability to attract advertisers and earn income through its Guide.

With regard to Human Resources the ERTC employs staff who transferred to it from the Council and it is a requirement to follow statutory consultation process if any change to their employment is proposed. It is also a requirement of their transfer that the relevant HR policies, in this case the same as the Council, are followed. Any failure to follow those processes will present a risk.

There is a risk that changing the governance of the RICC might result in loss of the business rate rebate circa £200,000.

The Directors of both companies may decide that they no longer wish to serve as a consequence of the review. New Directors may be reluctant to put themselves forward.

A2.2 Remaining risks

Inevitably the respective companies and Council teams are likely to be distracted by the review and due to the uncertainty some members of staff and business partners may decide to leave or withdraw support.

ERTC revenues may be at risk pending the outcome of the review.

That the cost of restructuring might be disproportionate to the benefits and outcomes expected.

The envisaged outcomes of the change options might not be delivered.

(Note: A full risk assessment of the proposals is available from the report author.)

9. In accordance with the Constitution, the options open to the Council are:
- **If the Council does not object to the decision**, no further action is necessary and the decision will be effective from the date of the Council meeting
 - **Provided the decision has been made in accordance with the Policy Framework and the Budget**, the Council has no power to amend the decision but may refer any decision to which it objects back to the decision maker together with the Council's views on that decision.

Appendix 1: Minutes of Overview and Scrutiny Board meeting held on 9 August 2011.