

CYLTURE, RECREATION & TOURISM CABINET MEMBER MEETING

Agenda Item 60

Brighton & Hove City Council

Subject:	Review of VisitBrighton Convention Bureau Conference Partnership		
Date of Meeting:	7 February 2012		
Report of:	Strategic Director, Communities		
Contact Officer:	Name:	Julia Gallagher	Tel: 291614
	Email:	Julia.gallagher@visitbrighton.com	
Key Decision:	No	Forward Plan No: N/A	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 To seek member support to discontinue the fixed-fee conference partnership and move to a commission-based model, with charges being levied on business placed in hotels and venues. This will create a more equitable fee structure plus increase revenues to the service. The review would also allow us to off-set Brighton & Hove City Council savings targets.

2. RECOMMENDATIONS:

- 2.1 That the fixed-fee conference partnership ceases.
- 2.2 That a commission-based conference partnership model is approved and introduced from 1 April 2012.
- 2.3 That approval is gained to charge partners commission on room hire and pre-booked food and beverage at a rate of 10% (exc. VAT).

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 VisitBrighton Convention Bureau handles over 100 enquiries a year from political parties, unions and associations who may be interested in hosting their conference in Brighton. We source venues, negotiate rates and availability and book accommodation for these clients, persuading them to host their conferences in Brighton rather than competitor destinations, which include Manchester, Liverpool, Edinburgh, Birmingham, London and Bournemouth.

- 3.2 Annually we confirm business with a direct economic benefit of £20m to the City, which generates revenues of approx. £1m to hoteliers and venues in terms of venue hire and food and beverage receipts.
- 3.3 For the current financial year, 2010-11, we have nine conference partners who pay a flat fee of £2200 p.a. to be represented by the VisitBrighton Convention Bureau to conference buyers who may subsequently book events at these venues.
- 3.4 Five additional partners pay 10% (exc. VAT) commission on any business (venue hire and food and beverage spend) placed in their venues. The commission deals were brokered after the partners concerned declined to pay the flat fee partnership. It was felt they enhanced the City's portfolio of conference venues and that clients would place business with them, and hence it would be prudent to agree a commission deal to maximise our revenue opportunities.
- 3.5 All partners currently pay 10% commission on accommodation bookings generated.
- 3.5 From Apr 2010 – Mar 2011 conference level partnership generated £19,800 (exc. VAT) of revenue.
- 3.6 There are a number of issues that are encouraging us to consider re-structuring the conference partnership fee structure:
- The current fixed fee structure is wholly inequitable; it does not acknowledge the differential in volume and value of conference business that individual partners receive from the convention bureau. Indeed, it could be argued that the smaller venues are financially supporting the conference partnership whilst the larger venues and properties are reaping the fiscal rewards.
 - We are currently operating on two different levels of conference partnership, fixed fee and commission which creates inequity in the partnership and effectively a two tier partnership.
 - The VisitBrighton Convention Bureau is the only UK bureau identified as not operating on a commissionable basis.
 - The fixed fee structure is not maximising potential receipts from this revenue stream.
 - An increased revenue stream will ensure we are able to keep our membership fees within the reach of a wide range of local organisations meaning that the Convention Bureau's offer to clients is comprehensive and representative of the destination as a whole. We will be able to sustain the service of the Convention Bureau, which currently brings conferences with an economic benefit of £60million to the City, and supports jobs in tourism.

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 Individual consultation has been carried out with conference level partners including: Holiday Inn – Brighton Seafront; Mercure Brighton Seafront; Hilton

Brighton Metropole; The Grand; Thistle; Brighton Centre; The Dome and The Seattle.

Those consulted were supportive of the changes proposed, recognising the value of the Convention Bureau service to their businesses and eager to safeguard it's future. Stakeholders requested reassurance that:

- Only new enquiries would be commissionable
- Flexibility on commission levels charged would be exercised for enquiries from historic clients
- No additional charges would be levied
- A percentage of any additional monies raised would be ring-fenced for additional Convention Bureau activity.

4.2 Group consultation was carried out with Brighton & Hove Hoteliers Association (BHHA) Large Hotels Group.

4.3 Consultation was carried out across the English competitor convention bureaux which indicates that Brighton is the only bureau not charging commission:

Destination	CVB commission charges on venue bookings and F&B
NewcastleGateshead Initiative	8% (exc. VAT)
Liverpool	10% (exc. VAT)
Cardiff	10% (exc VAT)
Bournemouth	12% (exc. VAT)
Bristol	8% (exc. VAT)
Sheffield	10% (inc VAT)
York	10% (inc. VAT)

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

5.1 The Conference partnership currently generates income of £20,000 (exc.VAT) per annum. Basing projections on business placed with partners in previous financial years, it is anticipated that the full year effect of a commission-based partnership would generate approx £60,000 to £70,000 per annum. This would be subject to annual variation with commission claims being submitted to partners on completion of business. As conferences /meetings are generally booked anything between 6 months and 24 months prior to completion, we would anticipate that commission claims for 2012/13 based on current information would be equal to the existing partnership contribution of £20,000, with this being significantly exceeded in subsequent years. Any new business secured during 2012/13 would contribute to the savings target of £50,000 as included in the draft budget strategy presented to Cabinet on 8 December 2011 to be considered by Council on 23 February 2012.

Finance Officer Consulted Michelle Herrington

Date: 24/01/12

Legal Implications:

- 5.2 These proposals are considered to be reasonable and there are no direct legal implications arising from the report. Bob Bruce Principal Solicitor 03.11.11."

Lawyer Consulted: Bob Bruce, Principal Solicitors

Date: 03.11.11

Equalities Implications:

- 5.3 An Equality Impact Assessment has not been carried out. An existing evaluation of VisitBrighton's service has identified that there are no equalities impacts with regard to the conference partnership.

Sustainability Implications:

- 5.4 Not applicable.

Crime & Disorder Implications:

- 5.5 Not applicable.

Risk and Opportunity Management Implications:

- 5.6 Risks and opportunities for the council and the city have been considered influencing the choice of moving to a commission-based model.

Public Health Implications:

- 5.7 Not applicable.

Corporate / Citywide Implications:

- 5.8 The proposal will affect current conference level partners who represent hotels and venues across the City.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 None considered.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 Conference level partnership fees are a significant source of income for VisitBrighton and it is critical that this revenue stream is optimised.

SUPPORTING DOCUMENTATION

Appendices:

None.

Documents in Members' Rooms

None.

Background Documents

None.

