

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

4860

Author:

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Department:

Growth and City Development

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Subject:

Procurement of Place Marketing Services

Total Value:

£510,832 (Type: Revenue)

Decision Being Taken:

1. To approve undertaking a procurement exercise to appoint a provider of place marketing services for Nottingham City, to be delivered between 1st April 2023 to 31st March 2024, with the option to extend for a further year (1st April 2024 to 31st March 2025) subject to confirmation of future funding2. To authorise the allocation of a budget of £510,832:2023/2024 £280,416 = £200,000 Local Transport Plan grant income and £80,416 Economic Development core funding2024/2025 £230,416 = £200,000 Local Transport Plan grant income (pending confirmation) and £30,416 Economic Development core funding3. To delegate authority to the Corporate Director for Growth and City Development to enter into a service contract with the successful provider.

Reasons for the Decision(s)

Place marketing is central to the City's economic growth strategy, attracting inward investment and businesses and boosting tourism/leisure economy (both tourism and business visitors, including conferences). This creates economic activity and jobs both directly, by attracting businesses to the local area and indirectly, by creating the demand for leisure, hospitality, and food and accommodation services. Place marketing will harness the strength of Nottingham's economy, driving growth and helping to reduce spatial inequalities in the City through spreading opportunity. The specification of this tender signals a step change in the Council's delivery of place marketing support, recognising the opportunity to develop a competitive, sustainable and improved strategic approach to place marketing that builds on existing good practice and implements a new set of nationally recognised key performance indicators for inward investment and tourism (Appendix 1). The new approach will improve visibility of place marketing locally, regionally and nationally, maximising impact for people, businesses and communities, increasing access to employment and skills opportunities in high value/high employment sectors (e.g. Creative & Digital Industries, Life Sciences, Low Carbon, Healthcare) and improving the leisure and tourism offer. Before 2015, inward investment activity and visitor economy support were delivered separately. In 2015, the Council created Marketing Nottingham as the City's independent Place Marketing organisation (PMO), merging Experience Nottinghamshire, Nottingham Means Business, the Tourist Information Centre and the Invest in Nottingham function, into a single holistic place marketing umbrella organisation. Marketing Nottingham is a standalone independent organisation. The Council has representation on the Marketing Nottingham Board. The PMO will contribute to promoting the City in the context of inward investment and visitor economy, selling the City's benefits to potential customers. It will involve promoting Nottingham as a destination City to target audiences, helping to bring forward investment, promoting tourist attractions and driving wider economic growth, leading to a range of positive economic benefits such as increasing the numbers and quality of jobs, boosting productivity in Nottingham, supporting high quality skills training, increasing levels of life satisfaction, pride in place and opportunity for our people. This is particularly relevant in the context that Nottingham continues to see high levels of inequality and deprivation across a number of indicators important for quality of life (e.g. pay, employment, basic skills attainment, healthy life expectancy, anxiety). In the 2019 Indices of Multiple Deprivation (IMD), Nottingham ranked as the 11th most deprived Local Authority out of 317 in England. 56 of the 182 Lower Super Output Areas (LSOAs) in the City fall amongst the 10% most deprived in the Country. Regarding income deprivation, 30% of the LSOAs in the City are amongst the 10% most deprived nationally. Gross Value Added (GVA) in Nottingham is 13.7% lower than the England average. As productivity directly impacts on pay, local earnings are also significantly below the national average. At a local level, the Nottingham Economic Recovery Plan, led by the Nottingham Growth Board, sets out a bold vision for Nottingham's post Covid economic recovery and renewal, reimagining Nottingham as an inclusive, green and digitally enabled City. Appointing a PMO will help the City to contribute towards these ambitions through the benefits gained from these activities.

IMPACT OF PLACEMARKETING

As the City's current PMO, Marketing Nottingham have successfully delivered on key economic and place based priorities for the City. During 2021/22, Marketing Nottingham delivered 16 successful inward investment projects creating 1,786 jobs and safeguarding a further 1,600 roles. The GVA uplift of these new jobs to the local economy over the next few years is £85 million. Inward Investment projects have contributed to the creation of over 400 new jobs in Nottingham's Creative and Digital Sector, 15 new jobs in the City's Life Sciences sector and over 170 new jobs in Nottingham's night-time economy sector, providing jobs and skills for local people. The Nottingham Jobs Service, working in partnership with Marketing Nottingham have supported over 1,000 City residents into employment throughout 2021/22, including over 200 people from priority groups in the City (e.g. BAME, young people, older workers, people with disabilities, and women), ensuring local people benefit from opportunities created by inward investment. The latest data on visitor information shows that the value of visitors to the City has increased by 3.4% in 2019 compared to 2018. Visitor numbers have also increased by 1.5%, with nearly 12 million annual visitors to the City, with the vast majority visiting for the day (over 10 million) and over 1 million staying overnight (which generates a much higher spend due to extra costs of hotels and food etc). Appointing a PMO will

continue to support delivery of the following strategic Council plan objectives:- Creating 15,000 new jobs for Nottingham People- Continuing to promote science, technology and creative industries as Nottingham's key growth sectors- Securing more inward investment than any other City in the East Midlands- Creating a new vision for the City Centre, including increasing the leisure and visitor offer- Hosting international events for Nottingham residents and visitors that showcase Nottingham's assets In particular, the service will deliver a suite of specific outcomes, as attached in Appendix 1

CURRENT FUNDING ARRANGEMENTS

Nottingham City Council is a funder of the PMO (via a grant award), together with income from private sector businesses, sales from the Tourist Information Centre, and various grant income streams (e.g. European Structural Investment Fund, Visit England, UK Shared Prosperity Fund) and other public sector and quasi-public sector bodies (e.g. Universities, the BID).As the Council has gradually reduced its funding commitment to Marketing Nottingham year on year, Marketing Nottingham has successfully diversified its funding base, attracting external grant income through European Structural Investment Fund (ESIF) and more recently, UK SPF.However to ensure compliance with the new state subsidy legislation, advice from legal is it is recommended the Council procure Place Marketing support with ongoing PMO activity being delivered under a services contract rather than a grant, hence the need for this DDM. In line with procurement regulations, the Council will deliver a transplant and open tender process, awarding a services contract to the highest scoring applicant. In that context, we cannot pre judge the outcome of the tender, however we recognise that there are inherent risks attached to that in the context that Marketing Nottingham (a likely bidder) are the current provider of this activity.We would manage those risks which could include the following: - It is likely Marketing Nottingham would significantly reduce the scale of inward investment and tourism support delivered across the City, potentially reducing levels of inward investment and visitor numbers in the City - TUPE could apply. Marketing Nottingham would need to work with the successful applicant to manage any TUPE implications that applied- Marketing Nottingham staff could be at risk of redundancy- Strategic fit is a key component of the tender criteria and any successful applicant would need to demonstrate an ability to deliver with the wider strategic context of the City, however, the Council would need to work with the new provider to avoid duplication of service and maximise impact.Officers will work proactively with Marketing Nottingham should an application be submitted but not successful, to ensure smooth transition. As set out within the forward plan section below, the Council is exploring options for developing a new sustainable delivery model for place marketing, recognising the opportunities arising from devolution.

THE DELIVERY MODEL

This integrated and outsourced PMO delivery model has been widely adopted as best practice by cities across England (such as Manchester, Birmingham and Derby) and it has allowed for the delivery of a unified strategy for place marketing as well as enhanced organisational efficiencies and effectiveness.Derby City Council operate a similar operation, focused on inward investment, with a mix of Council funding and partner income from their members and supporters. The West Midlands Combined Authority have established a Growth Company covering Birmingham and the wider combined authority geography, with significant public sector funding, but also income from key stakeholders such as businesses and Universities. The scope is very similar to Marketing Nottingham with a focus on visitor economy, inward investment and international.Manchester Growth Company, again like the West Midlands cover the Combined Authority area and includes inward investment, visitor economy and international. They also include their local Growth Hub. Funding is from the public sector, EU funding as well as private sector and university support.London and Partners, the London wide inward investment support agency, receives funding from the Mayor (Combined Authority equivalent) and "partners "e.g. businesses who also part fund the organisation. Marketing Nottingham currently work closely with the Council and with private sector businesses. The PMO attracts some private sector income and private sector board support with over 350 paying members, who value the independent nature of the organisation. **ALIGNING WITH EXISTING COUNCIL SERVICES**As part of the SLMG review in October 2022, the brief for Tourism and the Visitor Economy was transferred to Sport and Culture, whilst Economic Development retained the lead for inward investment and overall management of the outsourced place marketing function. Therefore, the procurement and ongoing contract management of

a new PMO will be jointly managed by officers in Growth & City Development and Communities, Environment & Resident Services', reflecting where responsibilities for inward investment and tourism/visitor economy sit within the Council to ensure a coherent strategic approach to place marketing. Procuring a single holistic place marketing umbrella organisation will enable the City to sell its benefits to potential customers, promote a coherent City narrative, helping to bring forward inward investment, promoting tourist attractions and driving wider economic growth. The Council will monitor the effectiveness and strategic alignment of delivery through a number of measures, principally, outcomes set out in Appendix 1. The joint procurement and ongoing management of the PMO will reflect the complementary nature of inward investment and tourism/visitor economy, whilst recognising that both are specialist areas, ensuring we deliver a coherent strategic approach to place marketing and maximise impact locally. We will do this by ensuring:- the procurement and ongoing contract management is sponsored by SROs in both Growth & City Development and Communities, Environment & Resident Services- the client management function for tourism/visitor economy will be the responsibility of Sport & Culture whilst inward investment would be retained by Economic Development - the contract, budget and outcomes have been disaggregated between inward investment and tourism to allow for appropriate oversight and scrutiny of finance, delivery, and contractual performance- outcomes procured through this tender will outsource functions that are not retained in the Council to avoid duplication (see attached Table 1 Assignment of Functions). The successful provider will also work closely with Nottinghamshire County Council and wider local tourism boards that are external to Councils, but backed by them, called Local Visitor Economy Partnerships (LVEP). The current delivery model for place marketing is the model recommended by Visit England - an arms length organisation supported by local authorities, but covering wider areas, and with private sector income.

FORWARD PLAN

Over the last 18 months we have explored how the City could achieve better alignment and coordination of place marketing and economic development activity to maximise development opportunities through the establishment of a unified Growth Company, bringing together the functions and capacity of Marketing Nottingham, the Creative Quarter Company and the Nottingham Project. Whilst agreement to establish a unified Growth Company has not yet been reached, we are continuing to work collaboratively to increase the power of our inward investment and visitor economy offer. Building on models adopted in the Manchester Growth Company and West Midlands Growth Company, we will also seek new opportunities to amplify our place marketing offer through potential future devolution arrangements across the D2N2 area. Procuring a PMO for a year with an option to extend for a further year (at the Council's discretion) will ensure business continuity and provide time for officers to develop a competitive, sustainable and improved strategic model of delivery for place marketing recognising the opportunities available through devolution. On tourism/visitor economy, it would also prepare the ground (pending devolution) for a possible regional tourism board with the City retaining a City promotion remit as part of the proposed Nottingham Live transformation project within the Council, that links into other Sport and Culture visitor economy assets. Examining how the West Midlands, Manchester and London manage place marketing functions, it is possible that from April 2025, the primary function of inward investment are handled by an East Midlands wide Growth Company, with either a separate LVEP for the Region covering tourism commissioned by the EMMCA or as part of the Growth Company. Officers across Growth & City Development will work with Communities, Environment & Resident Services' tourism and events team to ensure the commissioning of a PMO for 2023/24 and 2024/25 compliments and adds value. **FUNDING ALLOCATIONS** The allocation of a budget of £510,832 is segmented as follows: 2023/2024 £280,416 = £200,000 Local Transport Plan grant income and £80,416 Economic Development core funding 2024/2025 £230,416 = £200,000 Local Transport Plan grant income (pending confirmation) and £30,416 Economic Development core funding Nottingham City Council receive an annual allocation from the DfT Local transport Plan Grant. LTP funding legislation requires authorities to deliver on both transport priorities and a broader set of place based objectives, including environment and economy. Under these grant provisions, LTP funding is eligible to part fund the PMO in line with the LTP funding legislations which has been verified. The recommendation is to undertake a

procurement exercise to appoint a provider of place marketing services for Nottingham City, to be delivered between 1st April 2023 to 31st March 2024, with the option to extend for a further year (1st April 2024 to 31st March 2025), subject to confirmation of future Local Transport Plan Funding. Ahead of devolution and as Local Transport Fund administrative changes are being agreed in 2024/2025, the PMO project is expected to run for two years, however we are unable to confirm funding until changes are complete. We will ensure best value through: - Developing and delivering a commissioning framework that awards funding to a provider on a competitive basis factoring in: value for money, strategic fit, deliverability, key performance indicators, proven track record of delivery, expertise and competencies, whilst also building in regular reviews into the commissioning cycle- Ensuring the unit cost of services delivered is consistent with market rates locally and nationally- Engagement with key stakeholder groups, who can provide challenge and support on project delivery and costs and ensure wider market engagement- Having clear SLAs and performance management frameworks with regular updates on outcomes and plans- Having full visibility of businesses P&L, with visibility of accounts to understand costings to ensure value and probity. As part of this award, the successful provider will be responsible for working with the Council to develop alternative funding models that safeguard the future delivery of place marketing activity in the City. The PMO client relationship will be jointly managed by officers within Growth & City Development, and Communities, Environment & Resident Services, departments with a successful track record of managing and delivering projects on behalf of the Council and will put in place measures to ensure compliance with all aspects of the services contract.

RISK MANAGEMENT CONSIDERATIONS

Under the 2014 - 2020 European Structural Investment Fund Programme, Economic Development successfully delivered £54 million of economic development based provision, successfully delivering all outputs without any financial clawback from government. Risks and mitigations identified include:- LTP funding might not be available in year two, 2024/25, putting place marketing activity at risk. To mitigate this, the Council will work closely with the successful provider to identify and secure alternative funding (e.g. from the UK Shared Prosperity Fund)- Underperformance on the contract leading the Council retaining some/all of the funding if the successful provider fails to deliver financial and outcome profiles. To mitigate this, officers will adopt tried and tested close monitoring procedures ensuring any underperformance is identified early and measures put in place to return to profile.- The Council and provider might be unable to identify and develop alternative funding models that safeguard the future delivery of place marketing support in the City. In case case, without any further Council funding, it is possible place marketing activity would cease. - In line with procurement regulations, the Council will deliver a transparent and open tender process, awarding a service to the highest scoring applicant. In that context, we cannot pre judge the outcome of the tender, however, we recognise that there are inherent risks attached to that in the context that Marketing Nottingham (a likely bidder) are the current provider of this activity. We would manage those risks which could include the following:- It is likely Marketing Nottingham would significantly reduce the scale of inward investment and tourism support delivered across the City, potentially reducing levels of inward investment and visitor numbers in the City- TUPE could apply. Marketing Nottingham would need to work with the successful application to manage any TUPE implications- Marketing Nottingham staff could be at risk of redundancy- Strategic fit is a key component of the tender criteria and any successful applicant would need to demonstrate an ability to deliver within the wider strategic context of the City. The Council would need to work with the provider to ensure we avoid duplication. Officers will work proactively with Marketing Nottingham should an application be submitted but not successful to ensure a smooth transition. Whilst the above risks apply, the proposal will not add financial pressure to the MTFP.

Briefing notes documents:	Table 1 Assignment of Functions.docx, Copy of CPU 5955 Appendix 1_Finance and Outcomes Profiles v2.xlsx
Other Options Considered:	Option A - Not fund delivery of a PMO for 2023/24 and 2024/25 Place Marketing is central to the City's efforts to promote economic growth by attracting inward investment and businesses and boosting tourism/visitor economy (both tourism and business visitors, including conferences). Without a designated PMO function for 2023/24 and 2024/25, attracting inward investment and tourism, Nottingham would be at a disadvantage with a reduction in economic outputs for the City, weakening the City's reputation as a destination for businesses, investors, and visitors. Based on a conservative estimation using the 2021/22 delivery results outlined above, the City would stand to lose:- c15 successful inward investment projects- c1,500 jobs created- GVA uplift of these new jobs to the local economy over the next few years is c£85 million On that basis, this option was rejected.
Background Papers:	None.
Published Works:	None.
Affected Wards:	Citywide
Colleague / Councillor Interests:	None.
Consultations:	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	Place Marketing will help to deliver the Nottingham Economic Recovery Plan, in turn, increasing employment, pay and skills. Place Marketing will also increase participation in leisure and cultural activity. Through doing this, place marketing will help reduce the potential for individuals to become involved in crime or anti-social behaviour by providing citizens with more opportunities to improve their economic and social circumstances.
Equality:	Please login to the system to view the EIA document: Procurement of Place Marketing Organisation - Final.docx
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	23/02/2023
Advice Sought:	Legal, Finance, Procurement, Equality and Diversity

Legal Advice:

This decision seeks approval to undertake a procurement exercise to appoint a provider of place marketing initially for the financial year 1/4/23 - 31/3/24 with the option to extend the contract into the following financial year and to delegate authority to enter into a contract to the Corporate Director for Growth and City Development. Throughout this, colleagues must ensure compliance with the Council's constitution.

Legal Services can support the creation of a suitable contract for use in the procurement process and for the term of the contract that reflects the requirements set out above and ensures, for example, the IPR rights in anything created under the contract vests in the Council.

The Council should retain a broad discretion in respect of possibly extending the contract into a second year; one that goes beyond simply the availability of funds. The contract management of this arrangement will be key to its success and the option to potentially terminate after the first year, based on a failure to meet KPIs, should not be ruled out.

Advice provided by Anthony Heath (Senior Solicitor) on 11/01/2023.

Finance Advice:

Nottingham City Council seeks to procure a Place Marketing Service for Nottingham for 1+1 years between 1st April 2023 to 31st March 2025, costing £510,832 over the two years, with £280,416 in financial year 2023/2024 and £230,416 in financial year 2024/2025.

Funded by £400,000 from The Local Transport fund, (with £200,000 each year) and £110,832 core Council Funding, with £80,000 in 2023/2024 and £30,416 in 2024/2025 financial year.

The Council funding has been allotted in the budget. Within 23/24 financial year £50,186 from business growth (N-10516-100-4140) and £30,230 from Tourism (N-10515-100-4140).

As Local Transport Fund administrative changes are being aligned in 24/25 financial year, The project is expected to run 2 years, but cannot currently confirm funding until changes are complete.

The proposal will not add financial pressure to the MTFP and can be contained within Economic development and is supported. This will be monitored by the service for any variance and reflected in the monthly forecast for the service.

Advice provided by Paul Rogers (Commercial Finance Business Partner (G&D)) on 16/01/2023.

Equality and Diversity Advice:

The EIA has been reviewed. There are no impacts to any of the protected characteristics I am therefore happy to sign off.

Advice provided by Rosey Donovan (Equality and Employability Consultant) on 10/02/2023.

Procurement Advice:

Procurement will assist in developing the document pack, before undertaking a compliant tender process to find the most commercially viable solution for the council.

Advice provided by Holly Fisher (Lead Procurement Officer (Products)) on 09/01/2023.

Signatures

Rebecca Langton (PH Skills, Growth and Economic Development)

SIGNED and Dated: 15/02/2023

Sajeeda Rose (Corporate Director of Growth & City Development)

SIGNED and Dated: 13/02/2023