Committee(s)	Dated:
Culture, Heritage and Libraries Committee	23 November 2020
Subject: City Information Centre: Annual Report	**Public**
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	3, 4, 7, 9 and 10
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Director of Major Projects	**For Information**
Report author: Nick Bodger, Cultural and Visitor Development Director	

Summary

The Covid pandemic has hit the City of London Information Centre hard. With footfall tracking at -98% and revenues at -99% since reopening after lockdown, it is set to return a deficit of around £150,000 in the current financial year (which, it is hoped may be met by savings in other Cultural and Visitor Development local risk budgets). Furthermore, the low numbers visiting the Centre, the non-return of City workers to their offices and the significant number of retail and hospitality closures around the St Paul's area where it is located, make the Centre unattractive to any commercial investor at present and thus prevent it from making any real headway in generating income in respect of losses.

Yet the Centre has been a success story for the City Corporation historically, moving away from a corporate subsidy model to one where (pre-Covid) it was delivering 60% of its local risk expenditure through sales and partnerships. There can be no doubt that this is achievable again once visitors return to London, noting the Centre's user base is around 79% from overseas markets and that these markets are not likely to fully recover until 2024. At (or before) that time, the Centre could likely play a key role in London's recovery, given the City Corporation's recently published report *London Recharged*, which posits the aspiration to deliver a 50% rise in visitors at weekends and in the evening by 2025.

These issues and opportunities pose a question about the ongoing viability of the Centre and plans are being developed to be presented to your Committee at a future date as part of the annual budget setting exercise.

While performance reporting to your Committee for the Centre ordinarily takes place in Autumn and considers the previous financial year (and current year's user survey results), this report examines the year October 2019 to September 2020 in order that the impact of the pandemic can be clearly shown.

Recommendation(s)

Members are asked to:

- Note the report

Main Report

Background

1. Pre-Covid, the City Information Centre (CIC) was a City Corporation success story. Over the past eight years (since 2011/12), it has moved from a 76% reliance on City Corporation subsidies in relation to its local risk expenditure to 40%, building commercial partnerships and sales to drive revenues and meet efficiencies.
2. The ambition was always to take the Centre to a cost-neutral position on local risk. In a pre-Covid world, this target was viable, with revenues increasing incrementally year-on-year, brave new initiatives having been identified and the appointment of a Commercial Business Manager (for all Cultural and Visitor Development Team (CVDT) operations) having been agreed as part of Fundamental Review income targets.
3. However, even if these income streams could be fully realised, additional costs for maintenance at the Centre (charged to its “recharge” budget which sits outside of local risk) were never likely to be found (at £210,000), making the real split of subsidy 64% of funding from the City Corporation and 36% derived from revenues. Had the cost neutral position been achieved for local risk, 60% of ALL expenditure would have been derived from revenues. In the challenging budget years ahead, these additional costs will also need to be considered.
4. Throughout its history, the Centre has consistently achieved accolades and endorsements along with excellent customer and mystery shopper ratings. Not least of these achievements was it winning the top award in the business – as Information Provider of the Year at the VisitEngland Awards for Excellence 2015. In addition, it was recognised in 2017 with a Trip Advisor Certificate of Excellence, has played pivotal roles as the official London information centre for the 2012 Games and Rugby World Cup, and been the London focus for international campaigns such as England Originals last year
5. The Centre has welcomed over 50 national and international delegations seeking advice on visitor information provision (viewing the Centre as a model of best practice) since it opened its current building in 2006 and has served over 4.5m visitors. It delivers over £3.6m in economic benefit for the UK’s tourism industry annually – £10 for every £1 of subsidy from the City Corporation towards total running costs – and is viewed by local and London tourism (SME) stakeholders as a vital and valuable resource in the promotion of their businesses.
6. In the calendar year 2019, the Centre achieved its highest (gross) sales revenues yet surpassing the previous year’s record total by just under 9%. Spend per head rose from £1.62 to £1.80 (11%) for the 370,000 visitors the Centre welcomed across the year, while income from commercial partnerships (such as leaflet rack rentals) remained approximately the same (at £56,000).

7. Staff at the Centre speak 13 languages between them. Correspondingly, its 2019 Visitor Survey identified that 79% of its users came from overseas. More surprisingly, the survey also revealed that 47% of the Centre's UK visitors had been to the Centre before, with 24% having been there four or more times suggesting a loyal local worker or residential user base.

8. Pre-Covid the Centre was open 7-days-a-week, from 9.30am to 5.30pm Monday to Saturday and 10am to 4pm on Sundays. It closed its doors to the public on 18 March 2020, aligning with lockdown regulations, reopening again on a 5-day-a-week basis from 11am to 3pm only (Tuesday to Saturday). This was increased to a six-day-a-week operation (Monday to Saturday) with extended hours from 10am to 6pm from 10 October. Aligned with lockdown guidance, the Centre shut again on Thursday 5 November and – it is hoped – will open as a six-day-a-week operation from 2 December. Installation of social distancing mitigations, sanitiser stations and counter guards, and attainment of the VisitEngland "We're Good to Go" Covid safety accreditation, were achieved before the doors reopened in July.

9. Performance reporting to your Committee for the City of London Information Centre ordinarily takes place annually in November. The report usually incorporates data relating to footfall and revenues for the previous financial year and includes the results of visitor surveys and mystery shopping which take place in the summer of the current financial year.

10. This year, the report focusses on a October 2019 to September 2020 year which allows comparative figures that help measure the significant negative impact on operations that the Covid-19 crisis has had on the Centre (focusing on the previous financial year would not allow this) and in which no surveys or mystery shopping has taken place (the last of these exercises having been reported to your Committee in November last year for summer 2019).

Current Position

11. For the period discussed, sales revenues (gross) have dropped as per the table below. These sales are derived from theatre, coach tour, transport and attractions tickets which the Centre sells for third parties (and from which it earns commission) as well as merchandise (from which it achieves standard mark-ups of up to 50%). Nearly all suppliers selling tickets through the Centre have suspended sales since the pandemic began because their tickets can only be sold direct (by the supplier) in order to capture track and trace data and/or because precise timed slots have to be offered to ensure safe capacities at venues; for coach and other tours and walks, operators have closed or significantly reduced services following "rule of six" legislation (and reduced demand). Significantly diminished footfall at the Centre has also impacted merchandise sales – with fewer people visiting the Centre, fewer sales are made.

Period	Gross sales (£)	Reduction on sales (£) year-on-year	Reduction on sales as % (year-on-year)	Footfall	Reduction on footfall year-on- year	Reduction on footfall year-on- year as %	Spend per head
October 2019 to March 2020 inclusive	208,092	-31,880	-13%	148,489	-39,790	-21%	1.40
April to June inclusive 2020 (lockdown)	0	-184,183	-100%	0	-93,206	-100%	0
July to September 2020	3,492	-232,632	-99%	1,920	-91,460	-98%	1.82
Totals	**211,584**	**-448,695**	**-68%**	**150,409**	**-224,456**	**-60%**	**-**

12. In addition to sales revenue losses, the Foreign Exchange provider which earned the Centre essential income of £40,000 per annum, broke contract during lockdown in April and has indicated that it will not return. A leaflet rack and screens rental agreement is still in place with the supplier but, given the low footfall, reduced hours, and closure of so many venues across London, this is generating very little income, leaving a further £16,000 deficit in the budget.
13. As a result of the losses described, it is anticipated that the Centre will make an overall loss of around £150,000 in the current financial year which will largely be balanced by other local risk budgets within CVDT portfolio.
14. While the total projected loss amount has been reduced by placing the Centre’s casuals on furlough (and at the end of furlough, using these staff only in periods of extreme staff shortages), by not undertaking research (such as visitor surveys) and by suspending other activities and services, as well as by moving the Centre’s Deputy Manager to cover maternity in another part of the team, meeting the shortfall is severely limiting the capacity of the wider Team including its ability to buy into larger London and national campaigns to win back visitors to central London to the benefit of the City’s tourism stakeholders.
15. In April of this year, your CVDT commissioned a report by Carmel Dennis and Keith Blundell Tourism Consultants to examine ways in which the Centre may better commercialise itself in the wake of Covid. The report focussed on opportunities that would target domestic visitors and local worker and resident communities noting the absence of overseas markets for the foreseeable future and, at 79% of all users, the reliance of current commercial operations on international visitors. Options for a post office service, the sale of ice creams and secondary evening uses of the building (as a bar for example) amongst other ideas were all considered with some positive interest shown. Aligned with this interest, the hours of the Centre were extended to a six-day a week operation from 10 October (see item 8) in a bid to drive footfall and thus make the Centre more attractive to investors.

16. As yet, those crowds have not materialised, with the Centre, on average, serving around 200 visitors a week. With the City's workforce absent, the area around St Paul's particularly hard hit by retail and hospitality closures, and the potential of further restrictions for visitors over the coming months, it is unlikely that any of the options considered would attract interest from the commercial sector currently.

17. Similarly, the appointment of the Commercial Business Manager (cited in item 2) has been postponed. To appoint at this time would be foolhardy, given the environment in which the successful incumbent would operate and noting that while the salary has been granted and added to the CVDT's local risk budget as part of Fundamental Review agreements, if the salary is spent (£84,000), this too would need to be generated along with the income target (which increases year-on-year going forward).

18. Given the above, the future viability of the Centre is being assessed and plans around how to lessen the considerable burden of the shortfall in local risk budgets created by the losses described (which impact all CVDT budgets) will be brought to a future meeting of your committee as part of the annual budget setting process.

Corporate & Strategic Implications

19. **Strategic implications** include alignment with the Corporate Plan at outcomes 3, 4, 7, 9 and 10 in that the Centre helps to provide access to tourism facilities by driving footfall at a time of greatest need; that it seeks to preserve and promote the City's tourism businesses so retaining the City's attraction as a compelling destination; that it seeks to champion ease of access within, into and out of the City and London; and that it promotes City heritage assets, cultural experiences and events.

20. **Financial implications** are discussed in the report. Currently, with losses, the Centre is looking at a £150,0000 deficit within the current budget year. This is being met largely from other local risk budgets within the CVDT portfolio.

21. **Risk implications** include the potential for London to move to a higher risk level (tier 3). Should this happen, the Centre will likely need to close again.

Conclusion

22. The City Information Centre is struggling. It will likely accrue a £150,000 deficit through loss of revenues in the current financial year. This is, in turn, impacting other CVDT operations which are committed to making up the shortfall from their local risk budgets.

23. It is not anticipated that pre-Covid footfall and spend levels will be reached again in London until at least 2024. With 79% of its visitors from overseas, it is unlikely that the Centre will be able to achieve sufficient revenues to peg it at its current level of subsidy until that time (potentially a year earlier). Without footfall, the Centre is not attractive to commercial operators and/or investors.

24. What is clear is that the Centre has a pivotal role to play in London's recovery, as and when overseas visitors return, noting the City Corporation's recent London Recharged report which describes the aspiration to deliver a 50% rise in visitors at weekends and in the evening by 2025. It is not expected that recovery

in international markets will begin in any real way until 2022/23, with numbers only returning to pre-Covid levels in 2024 at the earliest.

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