

## Heritage Services Business Plan 2017–2022

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### Attachments:

Further details are provided for Cabinet  
Members in the confidential attachments.

# I. Summary.

This is the second update and revision of the Heritage Services Business Plan 2015-2020 ('The Plan') adopted by the Cabinet in February 2015. The first update was approved by Cabinet in February 2016.

The Plan aims to grow annual profit by £1.6 Million (32%) over the next five financial years, so that by 2021/22 annual profit will be £7.9 Million p.a.

In order to achieve these challenging business targets the Plan continues the strategy adopted in 2015 and reaffirmed in 2016. This will mean:

- Keeping Roman Baths visitor numbers at unprecedentedly high levels;
- Keeping admission charges amongst the highest in the country;
- Sustaining staffing and investment to support large price increases and improve visitor satisfaction.

The Plan also includes measures to meet the extra Strategic Review targets of £250,000 and £90,000, with cost base savings of £50,000 in 2017/18 and 2018/19 as a result of the Ernst & Young report 2016.

The Service will continue to invest to protect and conserve the Council's heritage assets, improve the visitor experience and develop commercial performance.

The Service will deliver the Archway Project and investigate options for the long-term future of the Fashion Museum and Bath Record Office and for the development of the Victoria Art Gallery to improve its long-term financial sustainability.

The Plan continues to address the key issues identified by the high-level options review of Heritage Services' governance arrangements and development opportunities led by Winckworth Sherwood (WS) in 2013/14.

## 2. The business unit.

The Council established Heritage Services as an internal business unit in 2005. It approved bespoke financial arrangements to give the Service the freedom and agility to plan and to implement investment, pricing and marketing decisions and to deliver in return an agreed surplus for the Council.

The Service is unique in the UK in operating at no cost to the local taxpayer. It returns a net surplus of over £5.5 Million p.a. to the Council, measured on a full cost basis. Within the Council it is unusual in self-funding **all** cost increases, including increases in employer on-costs and other fixed costs.

In 2017/18 the Service will return an agreed corporate net surplus of £6 million with a Heritage Services stretch target of £6.7 million.

Through its rolling 5-year business plan, the Service maximises the commercial opportunities offered by the Council's world class heritage assets. Using planned re-investment of a proportion of its earned income, the Service conserves and develops these assets, maintains and extends the audiences who enjoy them and protects and enhances the income streams earned through them.

Performance, business planning and investment strategy are reviewed by the Heritage Services Advisory Board of external specialists in governance, finance, museums and visitor attractions, who advise Cabinet Members and the Scrutiny Panel Chair on the soundness of the Service's business plan.

### 3. Business philosophy.

The Service does not seek to maximise income to the exclusion of other considerations. The business strategy is to maintain the sustainability of three interdependent areas of activity:

- Conservation – preserving our unique heritage
- Customer care – improving the visitor experience
- Commercial development – remaining competitive and maximising income-earning opportunities

This business philosophy is characterised as the ‘tripod of sustainability’ in Figure 1 below.



Figure 1. The Tripod of Sustainability.

This model argues that, to ensure the long-term sustainability of the Council's irreplaceable heritage assets, equal attention must be paid to each of the three key areas of activity. It demonstrates that the more one disturbs this balance by unduly extending or contracting any one of the tripod legs, the less sustainable the Service becomes.

## 4. Long-term performance 2006 to 2016.

Significant investment through the Roman Baths Development programme since 2006 has improved the state of conservation of the ancient monument and enhanced the quality of the visitor experience. This has led to excellent visitor feedback, higher visitor numbers, increased income and a string of awards.

Since 2006 Heritage Services has:

- earned income (turnover) of £124 Million;
- made a total net profit of £40 Million – a return of 32% on annual turnover;
- increased annual profit by over 80% to over £5 Million p.a.

Financial benchmarking against other leading UK visitor attractions has shown Heritage Services as a whole, and the Roman Baths in particular, to operate successfully in the competitive national and international attractions market. The current operation:

- is consistently in the top quartile for profitability;
- is consistently top quartile for income;
- has employee costs that are the lowest in the country.

Investment in conservation, the visitor experience and commercial development has increased over the last ten years, but is still at a relatively low level when compared with other national visitor attractions.

Admission charges across this period have risen by well above the rate of inflation. One would expect this to reduce demand, but visitor numbers have still increased significantly due to improvements in the visitor experience and consequent reputational gain.

The continuous black line on the graph at Figure 2 below demonstrates how the Roman Baths' headline adult admission charge has increased from 2006 to 2016, and particularly in the last two years. The dotted line shows the flattening of the Retail Prices Index (RPI) over the same period.

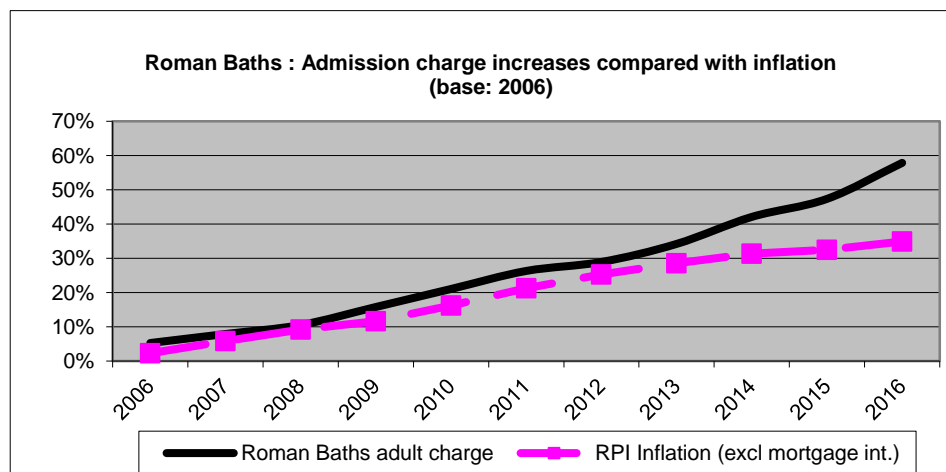


Figure 2: Roman Baths' admission charge increases compared with inflation (2006-2016).

In Figure 3 below the continuous line on the graph shows the growth in Roman Baths' total visitor numbers from 2006 to 2016. The broken line illustrates the 5-year trend which currently stands at nearly one million visitors p.a.

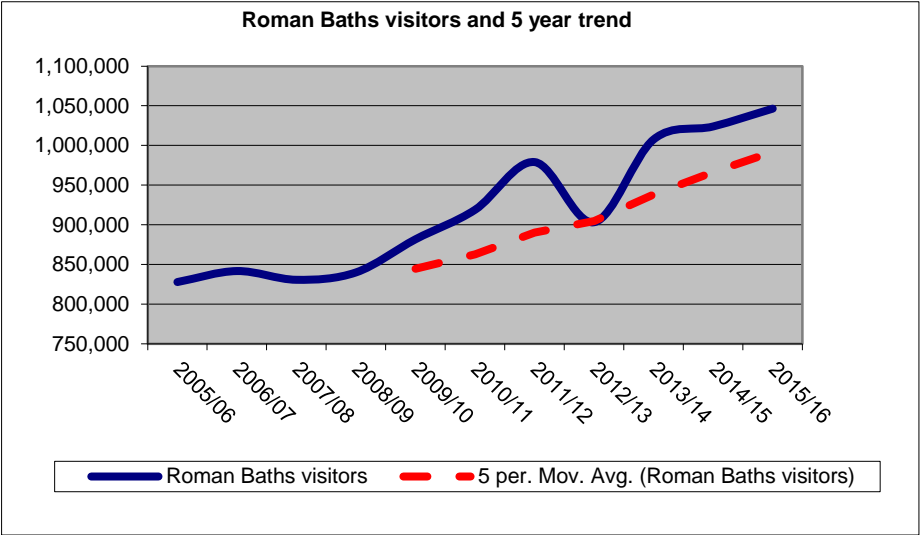


Figure 3: Roman Baths' visitors 2006-2016 showing the 5-year trend line.

## 5. Performance in 2015/16 and 2016/17.

The Winckworth Sherwood Options Review recognised the high performance of Heritage Services' commercial activities, but advocated better and bolder marketing campaigns to national and international markets. In response, the already successful summer evening marketing campaign undertaken was bolstered in 2016 by spring and autumn Roman Baths campaigns to encourage adult visitors at off-peak times. The Service also identified long-haul overseas visitors as a growing market with the potential to visit in the winter and as a result it increased its marketing to China and Korea in particular.

Visitor numbers at the Roman Baths hit record levels in 2014/15 (1,023,000) and 2015/16 (1,046,000), and will reach over 1,110,000 in 2016/17. The site was again close to capacity throughout the peak season.

The budgets for 2015/16 and 2016/17 assumed overall visitor numbers that were:

- at the upper end of the range consistent with providing a high quality visitor experience;
- consistent with the highest levels of visitor numbers ever achieved by the site.

The profit target was increased significantly for 2016/17, when performance has still been slightly above budget. On current projections profit will exceed the annual target by c.£667,000 (3.7% of turnover).

The table at Figure 4 below shows the total income and profit generated in 2015/16 and currently forecast for the financial year 2016/17.

	2015/16 Actual	2015/16 Budget	Increase / (Decrease)	2016/17 Forecast	2016/17 Budget	Increase / (Decrease)
	£000	£000	£000	£000	£000	£000
External turnover (income excluding internal charges)	15,970	15,477	493	18,051	16,468	1,583
<b>Net profit</b>	<b>5,516</b>	<b>4,995</b>	<b>521</b>	<b>6,350</b>	<b>5,685</b>	<b>667</b>
Roman Baths visitors	1,046,000	1,010,000	+36,000	1,114,000	1,035,000	+79,000
Roman Baths average spend (income) per visitor*	£12.28	£12.23	+£0.05	£13.14	£12.97	+£0.17
* (admission income plus gross retail (& other sales) profit and café / restaurant commission)						

Figure 4: Heritage Services financial performance: 2015/16 and 2016/17

## Financial performance benchmarked through the Association of Leading Visitor Attractions (ALVA)

**Profitability:** this has continued to be high and the Roman Baths remain significantly more profitable than most other top quartile attractions. The average admission price is well above top 25% score and retail sales per square metre are amongst the highest in the UK. Labour costs are still amongst the lowest nationally.

The Roman Baths was in the top quartile for:

- All 5 measures of profitability (again);
- Labour costs as a percentage of turnover;
- Admission income per paying visit (average ticket price);
- Total attendance;
- Income per employee.
- Net contribution per visit (up by 3% year-on-year).

**Admissions:** The Roman Baths performed well above the ALVA top quartile and ALVA median scores for average admissions spend per hour of visit. Over the last five years the average Roman Baths admission price has grown by 23%, while the ALVA top quartile average admission price grew by 22% over the same period. In 2015/16 admissions increased by 8% year on year, whilst the ALVA top quartile score grew by 6%.

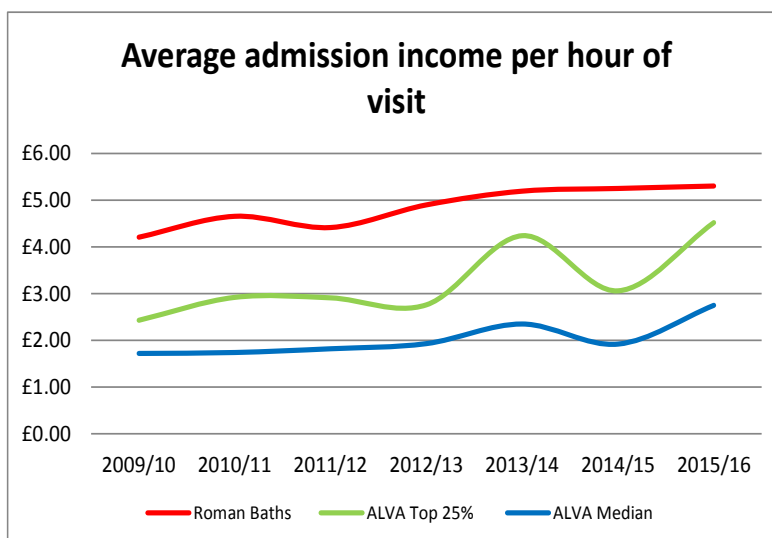


Figure 5: Roman Baths' average admission income per hour of visit.

**Retail:** the contribution (profit) improved by 1% year-on-year and was marginally below the ALVA median score, which did not grow on the previous year. Retail sales per square metre improved on 2015 by 2%, but transactions per visit (conversion rate) at the Roman Baths score again reduced year-on-year, due to the shops reaching saturation point during another year of record attendances. The Service has already expanded the Roman Baths shops to the maximum size that the building layout will allow.

**Marketing:** the marketing cost per visit was marginally above the median ALVA score for all attractions but was in the lowest quartile per paying visitor. Despite the increased



resource devoted to marketing (mentioned above), marketing spend is still less than half of the top quartile spend by all attractions.

## Trend analysis.

The increase in income achieved from 2005/06 to 2013/14 was mainly due to increases in prices and average visitor spend.

The increases in income and profit since 2013/14 have been driven almost entirely by record increases in Roman Baths' visitor volumes. Budgets have been adjusted upwards to assume the continuance of these record visitor numbers. The resultant convergence of actual and budgeted performance is illustrated in the graph at Figure 6 below, which charts the 1-year trend in average monthly visitor volumes and day-visitor-related income.

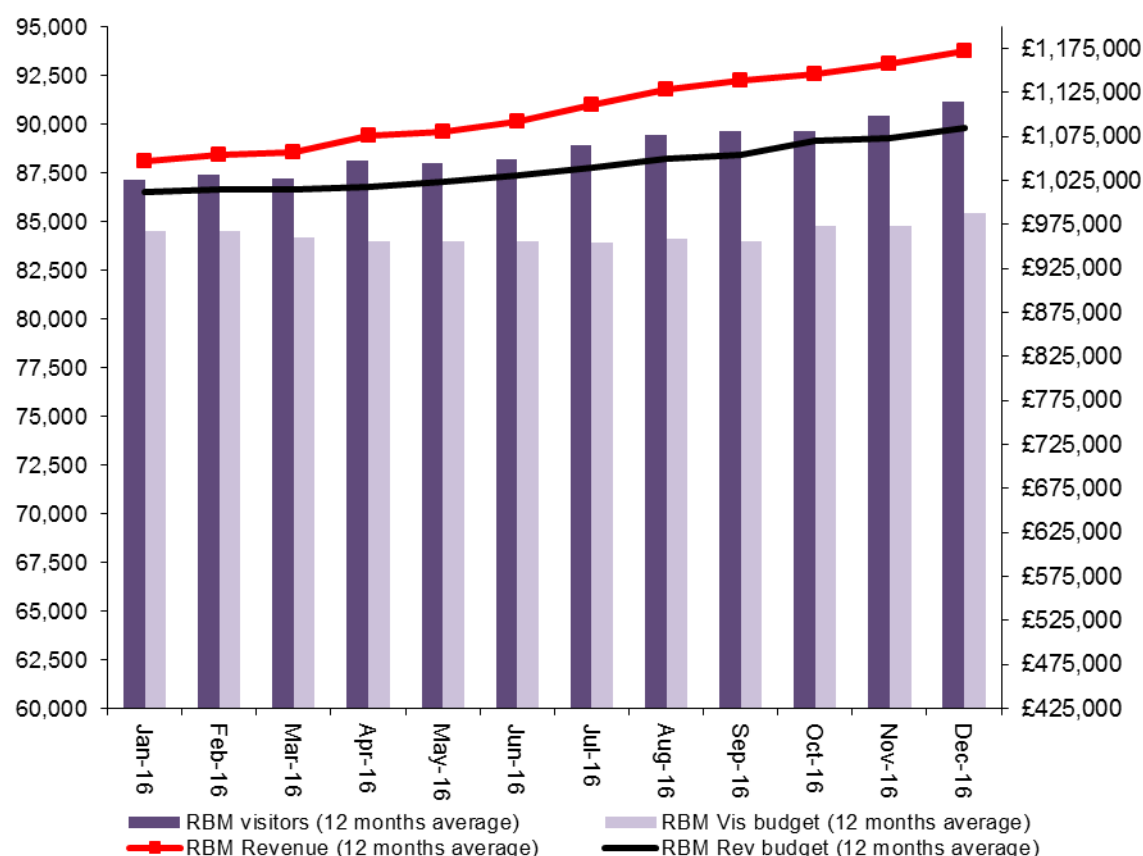


Figure 6: 12 month trend in average monthly Roman Baths' visitor volumes (left axis) and day-visitor-related income (right axis).

The short term trends illustrated in Figure 6 are reliant upon sustaining visitor numbers at the current unprecedentedly high levels. The budget proposed for 2017/18 and subsequent years assumes that these trends will be sustained at these record levels over the next five

years. Section 10 on Risk at p.21 below illustrates the financial impacts should these record short term trends not be sustained.

The Roman Baths is a very high price, high yield, high profitability operation in comparison to other major national heritage attractions. Admissions income is consistently amongst the very highest in the country, although further increases in secondary spend (retail and catering) are limited by the restricted space available.

### **Quality of Visit performance benchmarked through ALVA.**

The visitors' perception of the experience offered is crucial to sustaining excellent performance, as it will determine the future popularity of the sites. This section shows the results of 'quality of visit' benchmarking of the Roman Baths against other ALVA members. It summarises the findings of exit surveys conducted in Autumn 2015, Spring 2016 and Summer 2016.

#### **Overall visitor experience:**

	<b>Enjoyment</b> (mean out of 10)	<b>Value-for-Money</b> (mean out of 10)	<b>Net promoter score</b> (likelihood to recommend)
All Attractions	8.7	8.3	+ 60
Museums & Galleries	8.7	8.7	+ 60
Heritage attractions	8.7	8.2	+ 61
<b>Roman Baths</b>	<b>8.6</b>	<b>7.9</b>	<b>+ 62</b>
Leisure attractions	8.6	8.0	+ 57
Highest score	9.5	9.4	+ 87
Lowest score	8.2	7.7	+ 32

Figure 7: overall quality of the visitor experience.

The Roman Baths is included in the 'Heritage' grouping, whose results are compared here to those of Museums & Galleries and Leisure Attractions. The results show that the Enjoyment and Value-for-Money ratings for the Roman Baths are slightly below the mean scores for All Attractions and the Heritage group. However the likelihood to recommend (net promoter score), a combination of all the quality-of-visit scores, is marginally higher.

#### **Visit compared with expectations:**

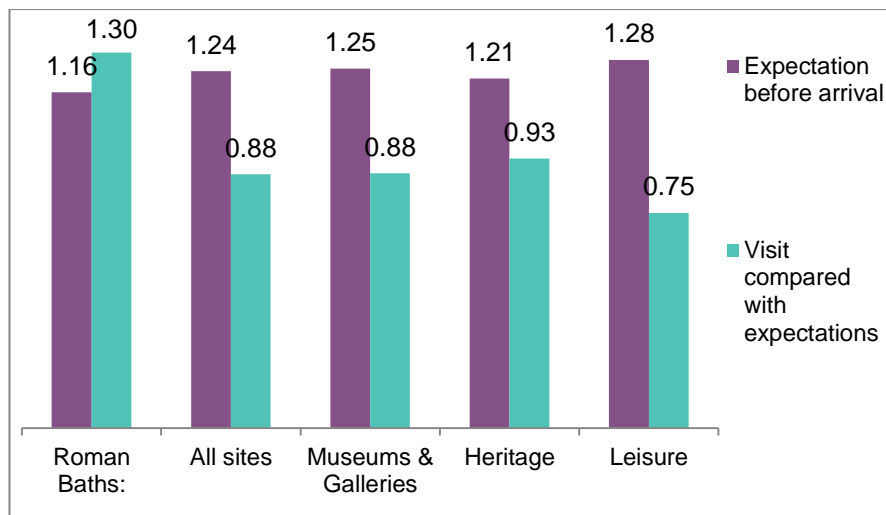


Figure 8: quality of the visit compared with prior expectations. The scoring formula is: 2 = much better; 1 = a little better; 0 = as expected; -1 = a little worse; and -2 = much worse than expected.

These results show that, very unusually, the visit to the Roman Baths is better than people expected it to be. This is probably because the site has little on-street visibility and the underground footprint – and consequent length of stay – are greater than people expected them to be.

### **Communications – prompts to visit:**

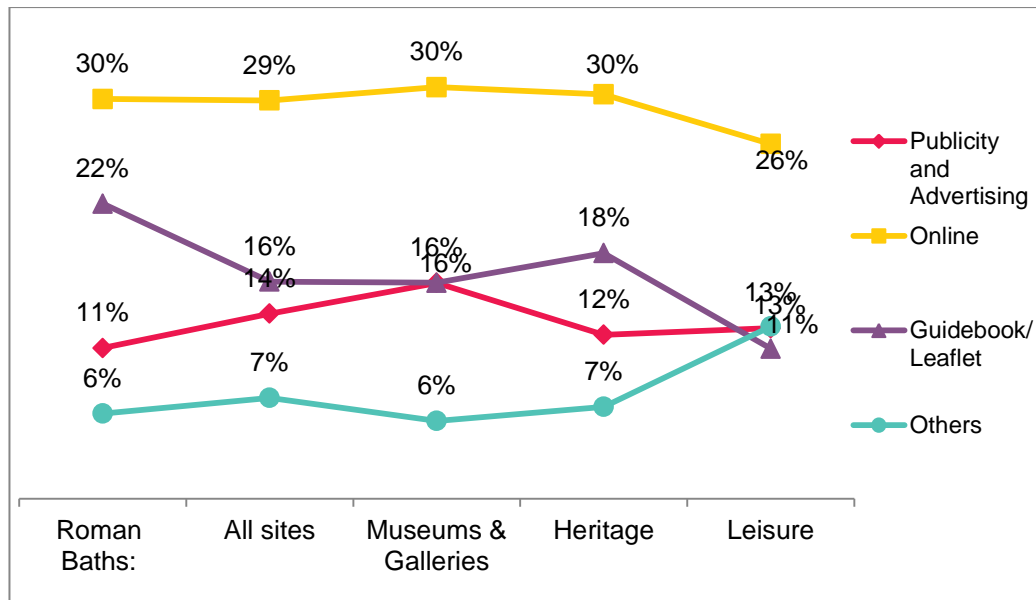


Figure 9: this graph shows the media that visitors used when planning their visit to the Roman Baths.

Online marketing became dominant in 2011/12 during the mobile ‘phone revolution, and the value of printed materials such as leaflets and guidebooks continues to decline. The marketing channels used by the Service continue to adapt each year, keeping ahead of this trend, and the majority of the resource is now spent on online and social media marketing, especially to overseas markets.

### **Main motivation for visiting:**

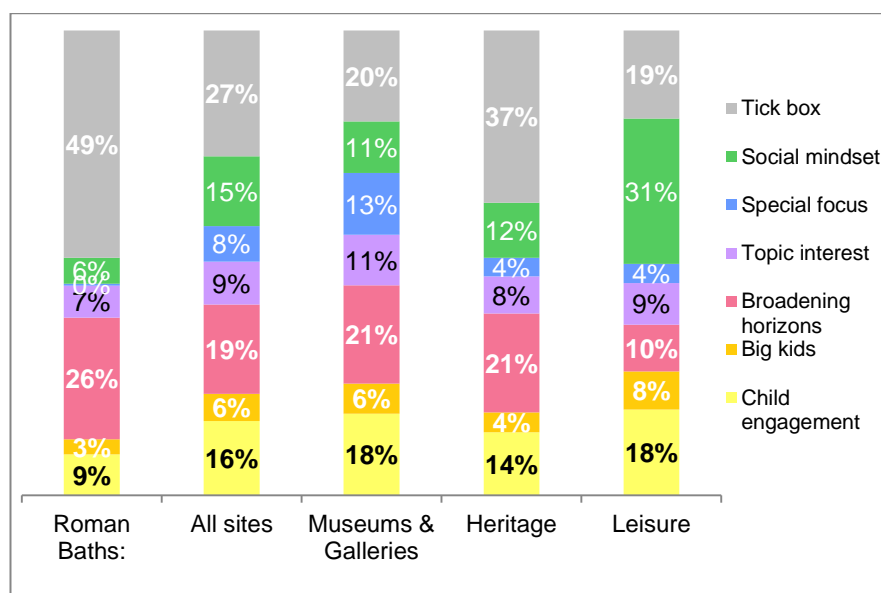


Figure 10: the very high 'tick box' response confirms the Roman Baths' status as a 'must see' attraction.

Heritage sites are the biggest “must see” attractions in the UK, but the Roman Baths is outstanding even in this category, reflecting worldwide awareness of the site.

### **Experience ratings: service delivery measures:**

Site content measures	Roman Baths	Heritage Sites
Staff knowledge about the site / subject matter	8.81	8.95
Opportunities to actively participate in your visit	8.26	8.43
Opportunities to think or learn	8.76	8.63
Bringing the subject matter to life	8.72	8.61
What there is to do here	8.47	8.53
What there is to see	9.06	8.90
Information to explain features / exhibits	9.11	8.75

Touching your emotions	Roman Baths	Heritage Sites
Touching your emotions	7.80	8.20
Opportunities to relax	7.66	8.32
Overall atmosphere here today	8.65	8.73
Making you feel this is a place where you belong	7.98	8.30
Offering something very different	8.65	8.48
Being lively and exciting	8.24	8.15
Helping you bond with those around you	7.75	8.20
Being family friendly	8.56	8.75

Figure 11: the Roman Baths and its peer group of other Heritage sites.

The experience ratings of all major visitor attractions is high and therefore this is a challenging benchmark. The Roman Baths' particular strengths are in the site experience measures, namely the subject matter and how it is presented.

### **Retail usage:**



Figure 12: use of the museum shops compared with that at other ALVA sites.

The performance of the Roman Baths' shops continues to be broadly similar to that of shops in other ALVA attractions, despite the constraints of the main Roman Baths shop at peak times in 2016.

### **Visit history:**

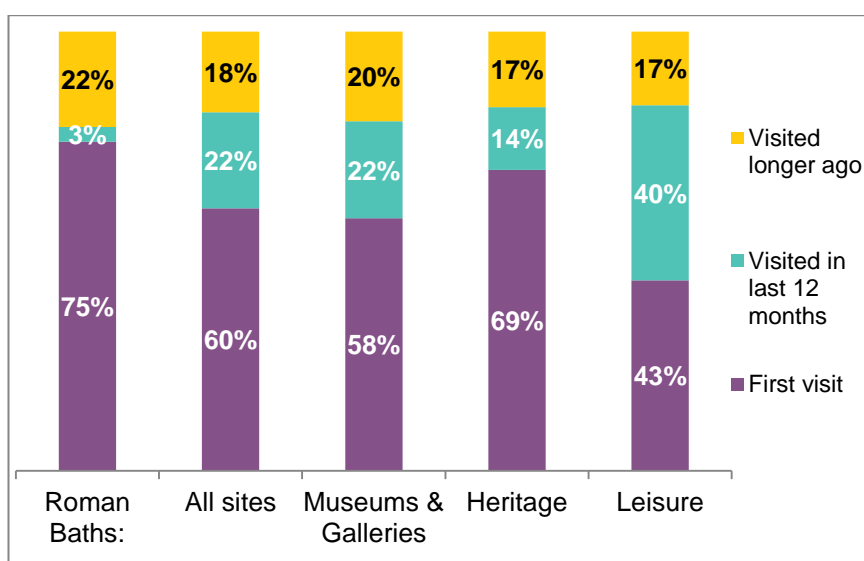


Figure 13: This graph shows that the Roman Baths has fewer repeat visitors than most other sites.

In addition to reaching c 750,000 new and different visitors each year, the Service also works hard to encourage repeat visitation by local and regional visitors, with new developments, stories and a special events programme. In the last five years, the repeat visitation figure has increased from 20% to 25% in total.

### **Dwell time:**

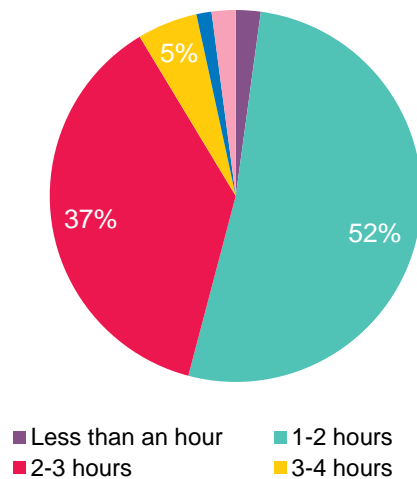


Figure 14: This graph shows that 89% of visitors spend between 1 and 3 hours in the Roman Baths.

The average dwell time in Spring / Summer 2016 was 112 minutes, up from 109 minutes the year before. This supports the strong Visit v. Expectation scores at Figure 8 above.

#### **Age profile of visitors:**

	Under 25 years	25-34 years	35-44 years	45-59 years	60+ years	Mean age
<b>Roman Baths</b>	<b>17%</b>	<b>23%</b>	<b>19%</b>	<b>24%</b>	<b>17%</b>	<b>41</b>
All Sites	11%	19%	21%	25%	24%	45
Museums & Galleries	13%	19%	21%	24%	23%	44
Heritage Sites	9%	19%	21%	27%	24%	46
Leisure Sites	12%	19%	23%	22%	24%	45

Figure 15: This table shows that the average age of Roman Baths' visitors is slightly lower than the mean across the attractions sector.

Although the Heritage sector scores lowest for visitors under the age of 25, the Roman Baths (whose score is subsumed within the 'Heritage' score) has a higher than average number of under-25s. This reflects the site's popularity with school and student groups as well as individual children. The overall age range has increased since the Roman Baths became fully accessible in 2015.

## 6. Business targets 2017-2022.

The targets in this Plan aim to grow annual profit by £1.6 Million (32%) over the next five financial years, so that by 2021/22 annual profit will be £7.9 Million p.a.

The Plan proposes measures that will achieve the increase in the first year (2017/18). The increase required over the cumulative five-year period will be achieved by using the Heritage Services hypothecated profit reserve to carry forward cumulative surpluses or deficits, illustrated at Figure 16 below.

The table at Figure 16 below demonstrates likely performance in each year based on the updated, detailed financial model that underpins this Business Plan. This shows that the targets should be achieved across the 5 years of the Plan. The over and under-achievements each year are well within the margin for error on such a model. All assumptions will be fully monitored and reviewed as usual over the coming year and will be reflected in future revisions of this Plan.

	2015/16 (actual)	2016/17 (forecast)	2017/18 (proposed)	2018/19 (proposed)	2019/20 (proposed)	2020/21 (proposed)	2021/22 (proposed)
	000	000	000	000	000	000	000
External turnover (income excluding internal charges)	£15,970	£17,554	£18,001	£18,842	£19,393	£20,015	£20,577
<b>Net Profit</b>	<b>£5,516</b>	<b>£6,227</b>	<b>£6,075</b>	<b>£7,210</b>	<b>£7,367</b>	<b>£7,657</b>	<b>£7,921</b>
Profit target	£4,995	£5,685	£6,075	£7,210	£7,367	£7,657	£7,921
Surplus against target	£521	£542					
Net profit per Council Tax payer	£70	£80	£77	£90	£93	£97	£100
Profit as a % of external turnover	35%	36%	34%	38%	38%	38%	38%
Roman Baths visitors	1,046	1,088	1,090	1,090	1,090	1,090	1,090
Fashion Museum visitors	90	91	100	100	100	100	100
Victoria Art Gallery visitors	158	147	141	141	141	141	141
Roman Baths average income per visitor*	£12.28	£13.00	£13.62	£14.38	£14.79	£15.27	£15.69
* (admission income plus gross retail (& other sales) profit and café / restaurant commission)							

Figure 16: Heritage Services: key financial and visitor targets.

## 7. Business Strategy 2017-2022.

To achieve the business targets above, it will be necessary to continue the strategy outlined two years ago in the Heritage Services Business Plan 2015-2020 and in the business plan update for 2016-2021. This will mean:

- Keeping Roman Baths visitor numbers at unprecedentedly high levels;
- Keeping admission charges amongst the highest in the country;
- Sustaining staffing and investment to support large price increases and improve visitor satisfaction;
- Generating an extra profit of £950k in 2017/18, with further increases in subsequent years.

This may be summarised as ‘the five highs’:

- **High volume**
- **High price**
- **High yield**
- **High investment**
- **High risk**

The detailed proposals in the Plan include:

### **Roman Baths:**

- Significantly increase admission charges in 2018, with further large increases in the other four years; these increases follow significant price increases in 2016 and 2017;
- Sustain visitor numbers at the current record levels of over 1 million in each year of the Plan;
- All price increases will be monitored and reviewed in detail to assess possible impacts on price resistance and yield and inform future Business Plans.

### **Fashion Museum:**

- Similar increases in prices as for the Roman Baths;
- Increased, sustained visitor volumes achieved via the promotion of the expanded ‘saver’ ticket and improvements in the core visitor offer;
- A focus on improving levels of secondary spend, supported by recent improvements to the presentation and ‘offer’ of the Assembly Rooms café.

### **Victoria Art Gallery:**



- Sustained visitor numbers and admission income via the expanded 'saver' ticket introduced in 2016 and increased opening hours to be consistent with the Roman Baths and Fashion Museum.

**Feasibilities for future developments:**

- Suitable premises are still needed for a one-stop-shop History Centre for the Council's 'Designated' archives collections and the local studies collection;
- A feasibility study has examined the business case for developing the Victoria Art Gallery into the adjacent void to improve its financial sustainability; the findings will be reviewed over the coming year;
- A further feasibility study has examined options for the re-location of the Fashion Museum when the current Assembly Rooms lease expires in 2023; potential sites for re-location have been identified and these will be reviewed further in 2017/18.

## 8. Investment.

Staffing and investment costs continue to be relatively low when compared with other visitor attractions. To sustain and grow visitor numbers, satisfaction levels and income, the increased level of investment in the quality of the visitor experience and associated marketing will be sustained.

### **Revenue investment.**

Proposed increases in on-going investment include:

- Marketing activity: a small (£20k) further increase in the enhanced level of investment established in 2016/17, to deliver continued record visitor numbers and attract new off-peak markets;
- Improvements in the visitor experience and facilities, and continued increased levels of security – an additional £50k p.a. in 2017/18 and a further £60k p.a. from 2018/19.

### **The Assembly Rooms site.**

This site, which incorporates the Fashion Museum, has seen increased fixed costs, in particular the dilapidations programme and a downturn in all income streams. In order to reverse this trend investment on the site will focus on:

- enhancing the visitor experience to achieve the visitor numbers planned for 2017/18 onwards; and
- preparing the Fashion Museum for relocation in 2023 upon the likely enforcement by the National Trust of the lease's break-clause.

Investment in exhibitions and displays at the Fashion Museum will be reviewed alongside planned dilapidation works at the Assembly Rooms site to ensure the efficient use of resources and to contain costs within the overall level included in the Business Plan 2015-20.

### **Capital investment.**

The two major projects during the life-time of the Plan will be:

#### **The Archway Centre.**

This £5m project includes a capital contribution by the Council of £1 Million, of which £750k will be corporately funded and £250k funded by the Service. The project, now fully-funded, will refurbish some run-down former spa buildings and give them a new lease of life by creating in them a World Heritage Centre and Roman Baths 'Clore' Learning Centre. While the Clore Learning Centre will protect existing income streams, its principal benefit will be as a long-term investment in inspiring the audiences of tomorrow. This project is on target for 2017/18 and 18/19.

For the first time there will be one city-centre base where residents and visitors will be able to learn why Bath is a World Heritage Site and then go out and explore it for themselves. The Clore Learning Centre will bring the site's educational offer up to the standard now expected of a major visitor attraction, with state-of-the-art facilities and four times the present capacity. It will be used not just by schools but by learning and community groups of all ages.

The construction process will offer skills development opportunities for apprentices and engagement opportunities for volunteers; and, once it is up and running, the Service will work with partner bodies to deliver programmes for a range of new audiences. The project will also open up to public view an area of the Roman Baths that has never before been seen by daytime visitors.

The World Heritage Centre and Clore Learning Centre are planned to open during 2019/20. The Plan provides for net operating costs of between £150k and £200k p.a. from this year onwards, representing an investment of c.1% of annual turnover to sustain future audiences and income streams.

### **Roman Baths development.**

The earliest parts of the last development programme are now ten years old, and the site requires another cyclical programme of works phased over several years. This cycle will both allow the attraction to remain open and avoid the adverse VAT impacts that will be suffered if significant investment takes place in any one year. Work will begin in 2017/18 to prepare proposals for a new development programme from 2021/22 onwards.

### **Roman Baths infrastructure.**

The core programme of investment in infrastructure and conservation at the Roman Baths complex will continue at a level of £100-£200k p.a. Individual projects will continue to be reviewed annually by the Heritage Services Advisory Board and via the corporate capital approvals process.

### **Visitor Management System (VMS).**

Capital investment of £100k in the second phase of the VMS to develop the retail and Discovery Card modules has been postponed. This phase of the project will require at least one year to plan and implement, and will therefore be deferred to 2018/19.

## 9. Marketing Plan.

### **Digital, on-line and social media.**

Mobile-optimisation has transformed the visibility of our websites. They are now being enhanced to make the most of video streaming, supported by social media messaging and active digital engagement as part of larger marketing campaigns. We have increased our capacity to create, manage and monitor good press and public relations stories, both on-line and in traditional media.

Recent trends in social media have shown the power of having social media ambassadors and social followers acting as influencers. When we launch new visitor experiences we will offer social influencers incentives such as exclusive opportunities and previews. To optimise our websites on search engines, new updates including video capability, blogging, quizzes and games have been introduced. All online activity will be included in a digital engagement strategy which will outline current online channels and identify opportunities for new platforms such as Snapchat.

2017 will see the introduction of on-line ticket sales for individuals, following the integration of credit card sales with the Council's other financial systems. On-line ticket purchase is already in place for some of our agents and resellers. Prices will be the same as those for walk-up sales and the three-way saver ticket will be prominent on the website.

### **Marketing campaigns.**

A strategic approach to marketing campaigns and an increased number of marketing activities will continue to be used in 2017 and 2018 to maintain and increase the current visitor levels to the Council's three museums and, in particular, to achieve and sustain c.1million visitors p.a. to the Roman Baths. The attraction has relatively low repeat visitation and the marketing strategy must therefore attract more than 750,000 *different* people to the site each year.

The Baths will continue to be promoted through two large scale marketing campaigns each year, targeting families at Easter and couples without children during the summer. These campaigns will consist of a range of marketing channels including print, online and radio. Outdoor media will engage commuters at regional railway stations, London Paddington and selected London Underground stations.

These two large marketing campaigns will be supplemented by a family campaign in October 2017 and a "well-being" campaign in January 2018. Recent accessibility improvements at the Roman Baths have created opportunities to reach the increasing number of people taking holidays with family members of different generations. The family campaign will promote the Saver Ticket during October half-term Museums Week to non-traditional family units including single parents and grandparents visiting with grandchildren.

Marketing campaigns will also continue to encourage summer evening and shoulder season visits, in order to disperse visitors from the very busy day periods in July and August.

During the quietest season (January and February) the Roman Baths will be promoted as a destination for wellbeing, through the Spas Ancient and Modern Package partnership with Thermae Bath Spa and Bath Tourism Plus. This will reach older couples through outdoor media and radio advertising.

## **Growth markets.**

Following Britain's decision to leave the EU, Visit Britain has recommended focusing marketing efforts on the growth markets of the USA and China. Work to encourage visitors from the US has included a partnership with Visit Britain to reach young American travellers on-line.

The Roman Baths and Fashion Museum have already benefitted from increased marketing through dedicated Chinese websites on servers located in China, and the Roman Baths has comprehensive social media presence on Weibo and WeChat.

To supplement this presence, a range of online marketing will continue to target Chinese people in the UK through websites and social media sites such as Nee Hao, Red Scarf and HereInUk. Attendance at the Destination Britain China Event in Shanghai and Seoul by the Marketing Manager in November 2016 and similar initiatives will assist in attracting independent travellers to Bath from China and Korea.

## **Museum development.**

Marketing will support new developments in the Roman Baths including the redisplay of the East Baths in 2017 and opening up of never-before seen Roman remains in 2019.

The building of the Clore Learning Centre will be supported by a communications plan for the new schools' programme and life-long learning opportunities, running from 2017 to a major launch in spring 2019 and beyond.

The World Heritage Centre will be a new free visitor attraction in Bath designed to encourage people to explore the whole World Heritage Site of Bath that will need its own profile-raising and marketing plan from 2019 onwards.

The Fashion Museum's new temporary exhibitions will form the focus of a dedicated promotion and PR campaign each February; the PR campaign for 2017 is forecast to reach more than 10 million people. Campaigns promoting the main exhibition will be undertaken each spring/summer.

Victoria Art Gallery promotion will be increased through the placement of advertising at the end of the year to highlight the whole season of exhibitions through the relevant specialist press. In addition to this, headline exhibitions will be supported by specific marketing campaigns.

## **Performance measurement.**

All marketing campaigns will be evaluated against Key Performance Indicators, including using tracking URLs, targets for increasing visitors, click-through rates and social media engagement statistics.

## 10. Risk.

The risk inherent in the Service's business activities has grown exponentially with its success. Relatively small variations in visitor numbers and business activity now have a relatively large effect upon both income and profit in any year, as almost all costs are fixed in the short term.

This is reflected in the Council's General Reserves via the Robustness of Estimates calculation for the Place Directorate and the Heritage Services profit reserve. In view of the increase in risk over the next 5 years, the total net risk provision was increased to £1.2 Million (which remains c.7% of income). This Plan recommends that the total net risk provision should be reviewed again in future years.

Maintaining Roman Baths' visitor numbers at around 1 million p.a. continues to carry a significant risk. The attraction will face severe congestion on a more sustained basis than in previous years. In 2016 the attraction received more visitors than the maximum capacity (5,000) on 28 days, as against 20 days in 2015 and 18 days in 2014. The summer evening opening hours are being extended by two weeks' from 2017 to help mitigate this.

Overcrowding at peak times of year is starting to impact on the overall visitor experience, as illustrated in the table at figure 7 on page 9 above. This shows visitors' ratings of Enjoyment and Value for Money performance when benchmarked against the ALVA mean. With a score of 8.6, the Roman Baths is slightly below the mean Enjoyment rating for Heritage sites of 8.7 and, at 7.9, significantly below the mean Value for Money rating of 8.2.

The Roman Baths currently enjoys exceptionally high TripAdvisor ratings and this is likely to have played a major part in the attraction's growth in popularity. However there is a risk that the resultant congestion will reduce visitor satisfaction and provoke an adverse reaction on TripAdvisor and other forms of social media.

Visitor numbers in any year can also be influenced by common factors such as the weather, the timing of major sporting and political events, and transport issues. The table at Figure 17 below illustrates a small number of scenarios and the impact on income and profit that could result from even very small variations.

Factor	Visitor numbers	Value of 10% variation in 2017/18
Easter weekend	c. 17,000	c.£22k
Busy summer Saturday and Sunday	c. 11,000	c.£14k
Busy summer weekday	c. 5,000	c. £7k

Figure 17: Roman Baths' visitor numbers: illustration of variations.

### Threats to the business.

Every year since 2000 there have been geo-political, economic, public health, environmental and meteorological events that have caused uncertainty, deterred people from travelling or influenced their decisions about where, and whether, to take a holiday. The effects of these have been felt across the visitor attractions sector. Issues in the last ten years have included:

**2016** War in Syria; terror attacks in France, Germany and Turkey; migration crisis; Brexit vote; Trump;  
**2015** War in Syria; terror attacks in North Africa, France and Belgium; migration crisis;  
**2014** War in Afghanistan; unrest in Egypt, Syria and Iraq; Stonehenge; West Country flooding; ebola; Malaysian Airlines' disasters;  
**2013** War in Afghanistan; unrest in Egypt and Syria;  
**2012** War in Afghanistan; recession; London Olympics; wettest UK summer in 100 years;  
**2011** War in Afghanistan; recession; bombing of Libya; Japan earthquake/tsunami;  
**2010** War in Afghanistan; recession; Ash Thursday;  
**2009** Wars in Iraq and Afghanistan; recession; Swine 'flu;  
**2008** Wars in Iraq and Afghanistan; credit crunch;  
**2007** Wars in Iraq and Afghanistan; FMD; Glasgow Airport attack; West Country flooding.

Key issues to note are:

### **External events:**

The Business Plan assumes that there will be no significant geo-political, security, economic, environmental or meteorological events in the next five years that will inhibit people's willingness to travel or visit UK attractions.

### **Customer resistance:**

Continued above-inflation price rises increase the risk of customer resistance. Long queues at the entrance will increase the likelihood of walkaways by dis-satisfied or time-restricted tourists. Online ticketing time slots for individuals will be designed to help to manage this. These factors are estimated, but the effect can be somewhat different in practice.

### **Reputation:**

Record visitor numbers are highly likely to detract from the quality of the visitor experience. Falling visitor satisfaction and above-inflation price rises will lead to a loss of reputation with negative publicity by word-of-mouth and social media.

### **Financial:**

Expenditure to support the Service's successful growth of income will be an increasing proportion of overall Council expenditure, particularly as the Council's finances shrink. This will pose an increasing risk to the Council's 'partial exemption' VAT position that could incur an additional VAT cost of around £1m p.a. if the 5% threshold is breached. The Plan assumes that rates of interest and inflation will continue at their recent, historically low levels.



**Systems and processes:**

Financial pressures on the Council have led to increasing standardisation of process and systems. These changes focus on supporting shrinking local authority services aimed at a local client base, but are often not appropriate for a business that the Council expects to grow and sell its services commercially to a national and international customer base.

The WS Options Review highlighted the imperative for the Service to be able to use industry standard, fit-for-purpose commercial systems and procedures if it is to remain competitive. In order to successfully deliver the continued increases in income and profit required by this Plan it is essential that the Service is empowered to employ appropriate systems and processes to achieve the commercial objectives that the Council has set. This includes the ability to specify and control investment projects to ensure that they are fully aligned with commercial and marketing objectives.