

Heritage Services Business Plan 2018–2023

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Attachments:

A Financial Summary is attached to this Plan

Further details are available for Cabinet Members in confidential appendices upon request.

1. Summary.

This is the third update and revision of the Heritage Services Business Plan 2015-2020 ('The Plan') adopted by Cabinet in February 2015. The first update was approved by Cabinet in February 2016 and the second in April 2017.

The Plan aims to grow annual profit by £2.9 Million (36%) over the next five financial years, so that by 2022/23 annual profit will be £10.6 Million p.a.

The Plan will contribute to the corporate finances by increasing income, reducing the revenue cost base and reducing the staff establishment;

In order to achieve these challenging business targets the Plan continues the strategy adopted in 2015 and reaffirmed in 2016 and 2017. This will mean:

- Keeping Roman Baths visitor numbers at unprecedentedly high levels;
- Raising admission charges by above-inflation rates for the 11th successive year and keeping them amongst the highest in the country per hour of visit;
- Sustaining staffing and investment to support large price increases and improve visitor satisfaction.

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 continue to 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.

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.

Heritage Services is unique in the UK in operating at no cost to the local taxpayer. In 2018/19 the Service will return a net surplus of over £7.8 Million p.a. to the Council, measured on a full cost basis. Within the Council the Service is atypical in that it self-funds **all** cost increases, including increases in employer on-costs and other fixed costs.

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 cannot maximise income to the exclusion of other considerations. Its business philosophy 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.

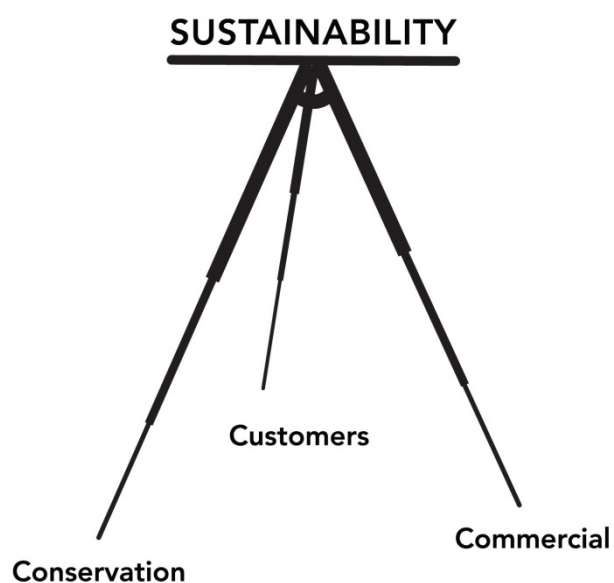


Figure 1. The Tripod of Sustainability; maintaining a balance across the three key areas of activity.

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.

The three areas of activity are interdependent: the better the state of our heritage's Conservation, the better the experience for the Customer. Better Customer experience leads to enhanced reputation encouraging more visitors, which in turn increases the Commercial return. Healthy returns enable more resource to be reinvested into Conservation, Customer services and Commercial development.

4. Review of performance.

Long-term performance (2007-2017)

Significant and sustained investment in the quality of interpretation and standard of presentation has enhanced the quality of the Roman Baths visitor experience. The ongoing Roman Baths Development programme has delivered conservation which has improved the condition of the monument as well as mitigate the impact of the, continually growing, visitor numbers. This approach has resulted in excellent visitor feedback, commercial success and a string of awards.

Over the last decade Heritage Services has seen enviable growth in key areas, notably:

- Visitor numbers up by 366,000 (+44%);
- Income (turnover) of £9.4 Million (+80%);
- A return of 33% on annual turnover compared to 27% in 2008/09;
- Increased annual profit by over 130% to a forecast £7.4 Million p.a.

The business philosophy and operating arrangements within the wider Authority have allowed Heritage Services to operate very successfully in the national visitor attractions market. Through benchmarking within the ALVA network (Association of Leading Visitor Attractions) we can see that our operation is in the top quartile for Profitability, Income per visitor* and Employee Costs in relation to turnover. However benchmarking also shows that we perform below average in Retail Sales per Visitor and overall Value for Money.

[* it is worth noting that some ALVA comparators (National Museums and Galleries) operate on a free-entry basis and only with charges for specific exhibitions.]

Visitor numbers 2007 to 2017:

The graph in Figure 2 below shows that Roman Baths’ visitor numbers have grown by over 40% over the last ten years. In that time the headline (‘adult single’) admission price has risen by over 50% from £11.25 to £17.00. Despite this coinciding with recession and wage stagnation within the UK, visitor numbers have also grown significantly.

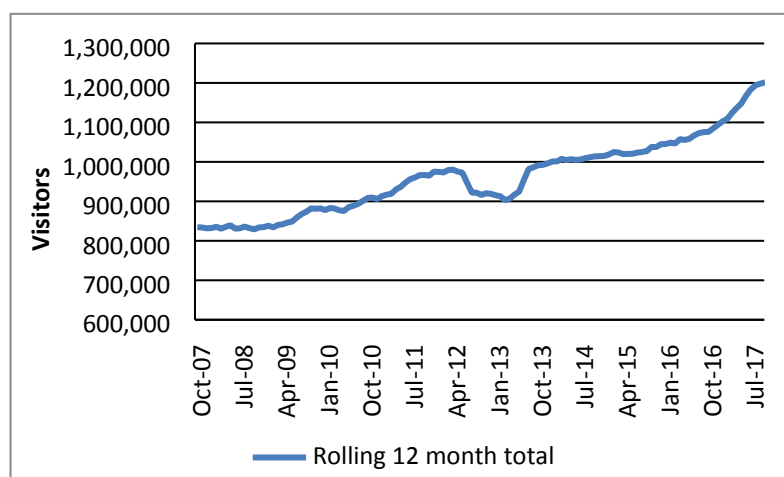


Figure 2. Roman Baths’ rolling 12-month visitor total. The dip in 2012 was due to the London Olympics and one of the wettest UK summers in recent times; with this exception growth has been constant over the last decade.

Performance in 2017/18:

2017/18 will be the fifth consecutive year that the Roman Baths has attracted over one million visitors. Our operating model and business plan going forward recognise this reality.

Visitor feedback through peak periods highlights the impact that high volumes have on experience, satisfaction and value-for-money scores. The summer marketing campaign and evening opening proved very successful although, rather than seeing visitors spread through the day, daytime visits remained at previous levels with additional visitors coming in the evenings.

Since May 2017 following terror attacks in Manchester and London, the Roman Baths has seen an uplift in visitors looking to avoid travel to “big” cities. Over the same period there has been a 17% year-on-year reduction in visitors to London Zone 1 attractions.

Active, direct marketing into China has seen continued double-digit growth in this market, with Chinese visitors now making up 11% of total visitors. Coupled with an affordable Pound, overseas tourism has continued to provide significant growth.

In March 2017 Heritage Services launched a web-sales platform; this was an area in which the Service lagged behind the industry and failed to meet visitor expectations. For some time this weakness had been addressed through allowing selected third parties to sell our tickets through their own websites for a commission, but these arrangements are now under review.

In the first six months of 2017/18 more than 18,000 customers bought over 41,000 tickets via the new website. As well as offering an opportunity to “skip the queue” it provides us with valuable data for marketing and an opportunity to upsell guidebooks. Moreover a digital transaction has a much lower cost to it than a face-to-face sale.

Roman Baths’ visitor numbers will reach another record high of 1.2 Million in 2017/18. The site was again close to capacity throughout the peak season. The corporately-set budget for 2017/18 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 Heritage Services stretch profit target for 2017/18 was set significantly beyond the corporate expectation. On current projections, it will exceed the corporate profit target for the year by £1.39m (6% of turnover).

The table at Figure 3 below shows the profit currently forecast for 2017/18.

	Corporately-set target			Heritage Services stretch target		
	Budget	Forecast	Increase	Budget	Forecast	Increase
	£000	£000	£000	£000	£000	£000

Net profit	6,075	7,470	1,395	6,735	7,470	735
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Figure 3: Heritage Services' financial performance in 2017/18.

Financial performance benchmarked through ALVA.

Profitability.

This has continued to be high and the Roman Baths remains significantly more profitable than most other top quartile visitor attractions. The average admission price is well above top 25% score and retail sales per m² are amongst the highest in the UK. Labour costs, as a percentage of turnover, are still amongst the lowest nationally.

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%.

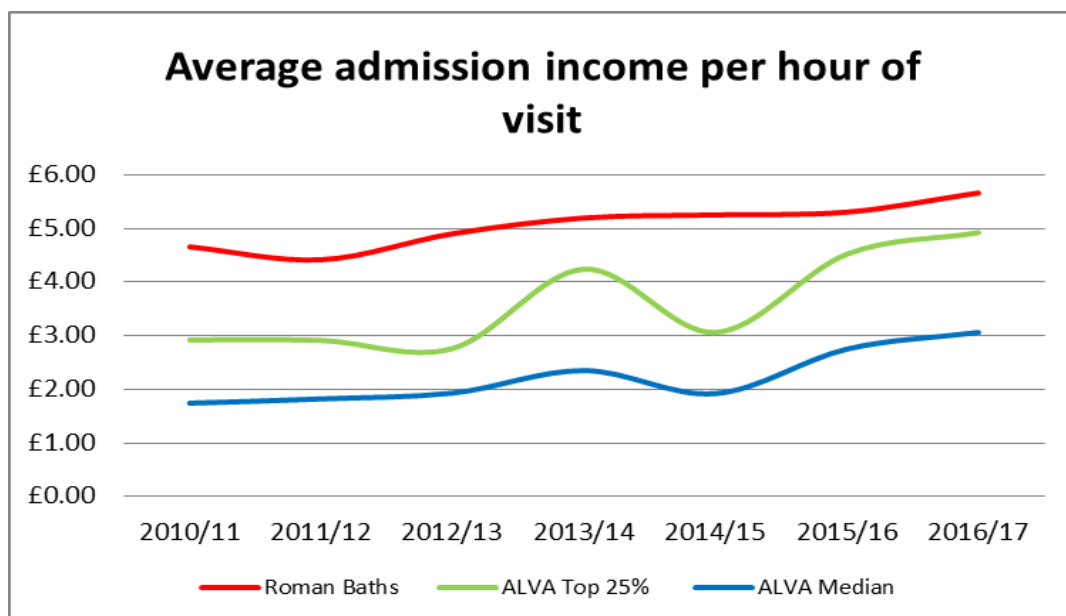


Figure 4: Roman Baths' average admission income per hour of visit.

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 m² 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. The variation between the two measures is driven by the number of "free to enter" attractions in ALVA, as referenced above. Despite the increased resource devoted to marketing, 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 budget proposed for 2018/19 and subsequent years assumes that these trends will be sustained and grow from these record levels over the next five years. Section 9 on Risk at p.25 below illustrates the financial impacts should these record short term trends not be sustained.

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 2016, Spring 2017 and Summer 2017.

Overall visitor experience:

	Enjoyment (mean out of 10)	Value-for-Money (mean out of 10)	Net promoter score (likelihood to recommend)
All Attractions	8.8	8.4	+ 62
Museums & Galleries	8.8	8.7	+ 62
Heritage Attractions	8.7	8.2	+ 62
Roman Baths	8.5	7.9	+ 56
Leisure Attractions	8.8	8.0	+ 64
Highest score	9.8	9.8	+ 100
Lowest score	8.3	7.4	+ 26

Figure 5: overall quality of the Roman Baths visitor experience, benchmarked with other ALVA attractions.

The Roman Baths is included in the Heritage Attractions 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 below the mean scores for All Attractions and Heritage Attractions.

In summer 2017 central London attractions received far fewer visitors than in 2016 due to fears over further terror attacks. By contrast the Roman Baths saw yet another increase, and visitor congestion, at peak times, in this much smaller site may have influenced visitors' 'Enjoyment' rating.

Visit compared with expectations:

The graph at Figure 6 below shows that, very unusually, the visit to the Roman Baths is better than people expected it to be. This is probably influenced by the fact that there is much more to see than envisaged, and also by the free inclusion of audioguides in the admission price, high quality and contemporary interpretation and a truly unique heritage site. This is in contrast to the experience at other benchmarked visitor attractions in the 'Museums & Galleries', 'Leisure' and 'Heritage' groups. The Roman Baths' score is included in the 'Heritage' group.

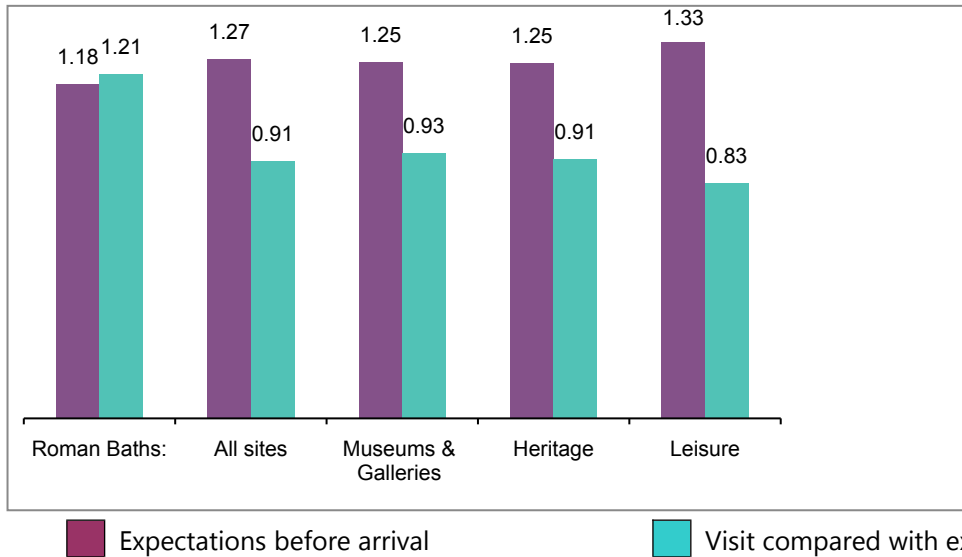


Figure 6: quality of the visit compared with prior expectations. The scoring formula is: 2 = much better; 1 = a little better; 0 = as expected; -1 = a little worse; and -2 = much worse than expected.

Communications – prompts to visit:

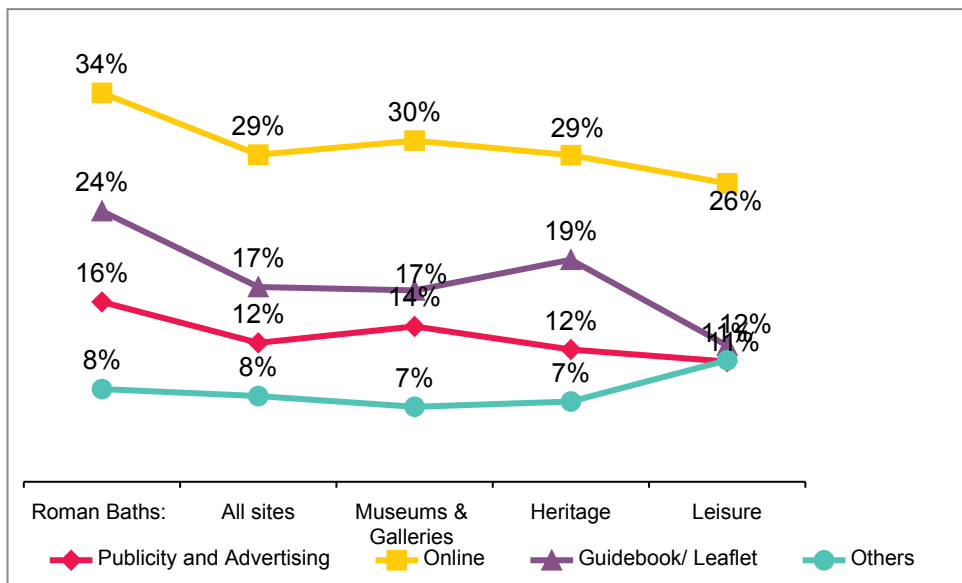


Figure 7: this graph shows the media that visitors used when planning their visit to the Roman Baths.

On-line 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. In 2017 our websites were adapted to favour a 'mobile first' approach as mobile and tablet overtook desktop as the most used devices to view our websites. Keeping ahead of this trend, the majority of the staff resource is now spent on online and social media marketing, especially to overseas markets.

Main motivation for visiting:

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 and as demonstrated in Figure 8 below.

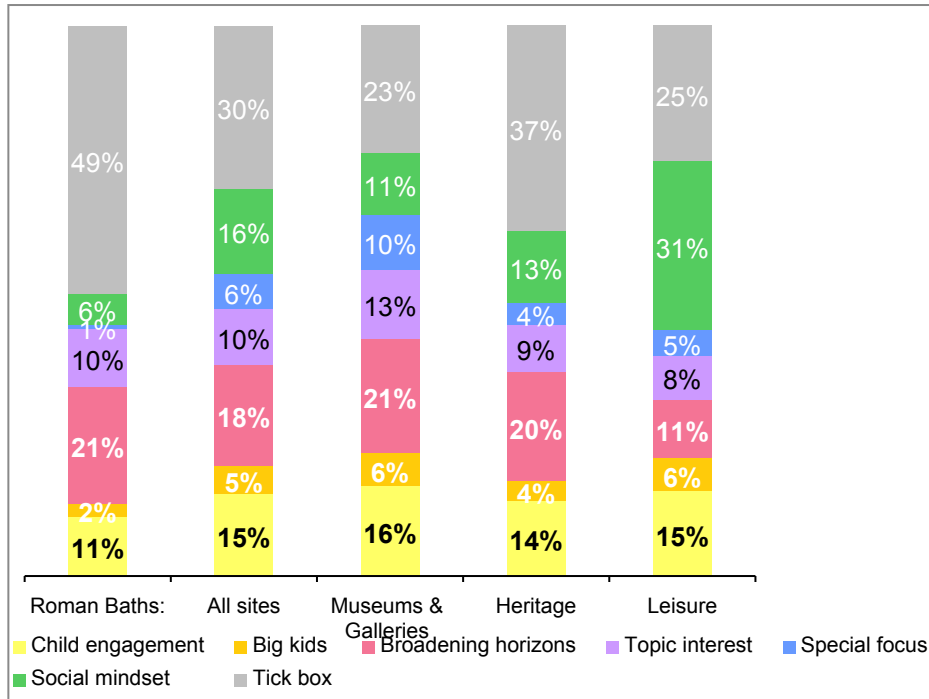


Figure 8: the very high ‘tick box’ response confirms the Roman Baths’ status as a ‘must see’ attraction.

Experience ratings: service delivery measures:

The experience ratings of all major visitor attractions is high and therefore this is a challenging benchmark. The Roman Baths’ scores across the majority of these benchmarks have dropped in 2017, which could indicate that congestion is having a negative impact on visitor experience. The particular strengths are in the site experience measures, namely the subject matter and how it is presented.

Site content measures	Roman Baths	Heritage Sites
Staff knowledge about the site / subject matter	9.10	9.09
Opportunities to actively participate in your visit	8.32	8.61
Opportunities to think or learn	8.70	8.75
Bringing the subject matter to life	8.76	8.77

What there is to do here	8.45	8.64
What there is to see	9.08	8.97
Information to explain features / exhibits	8.94	8.85

Figure 9a: Experience ratings – site content: the Roman Baths and its peer group of other Heritage sites.

Touching your emotions	Roman Baths	Heritage Sites
Touching your emotions	7.82	8.36
Opportunities to relax	7.73	8.43
Overall atmosphere here today	8.47	8.83
Making you feel this is a place where you belong	7.86	8.30
Offering something very different	8.60	8.64
Being lively and exciting	8.13	8.27
Helping you bond with those around you	7.65	8.37
Being family-friendly	8.79	8.84

Figure 9b: Experience ratings – touching your emotions: the Roman Baths and its Heritage peer group.

Retail usage:

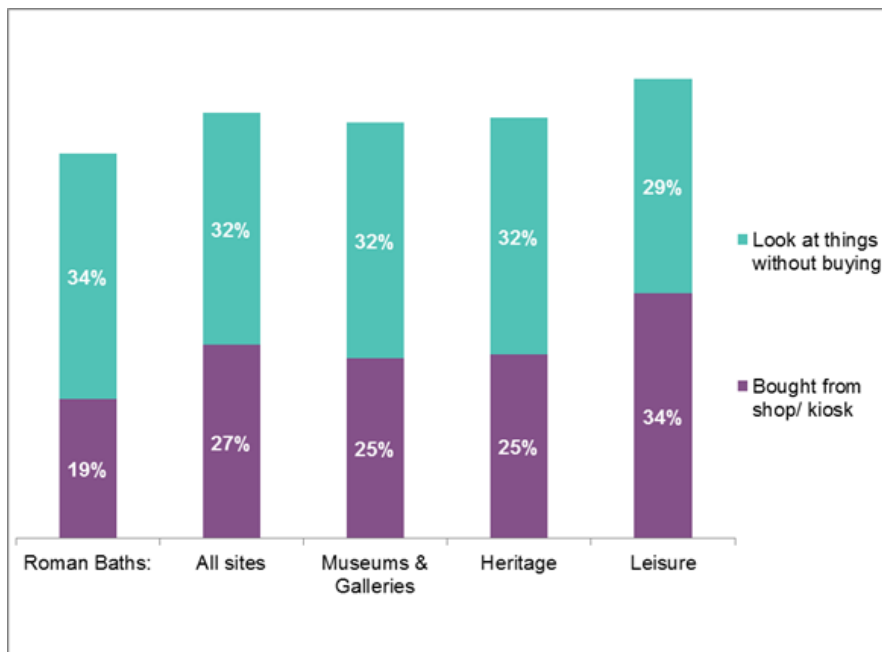


Figure10: use of the museum shops compared with that at other ALVA sites.

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. Future growth in retail sales is going to be targeted at converting more of the browsing customers into buying customers, rather than trying to fit more people into our retail space.

Visit history:

Figure 11 below shows that the Roman Baths has fewer repeat visits than most other attractions. The Plan must therefore attract c.900,000 *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 2017 as the Pound dropped, the Roman Baths became part of a once-in-a-lifetime trip for many long haul visitors to the UK which, in conjunction with being viewed by many as a “bucket-list” destination, explains the high level first time visitors.

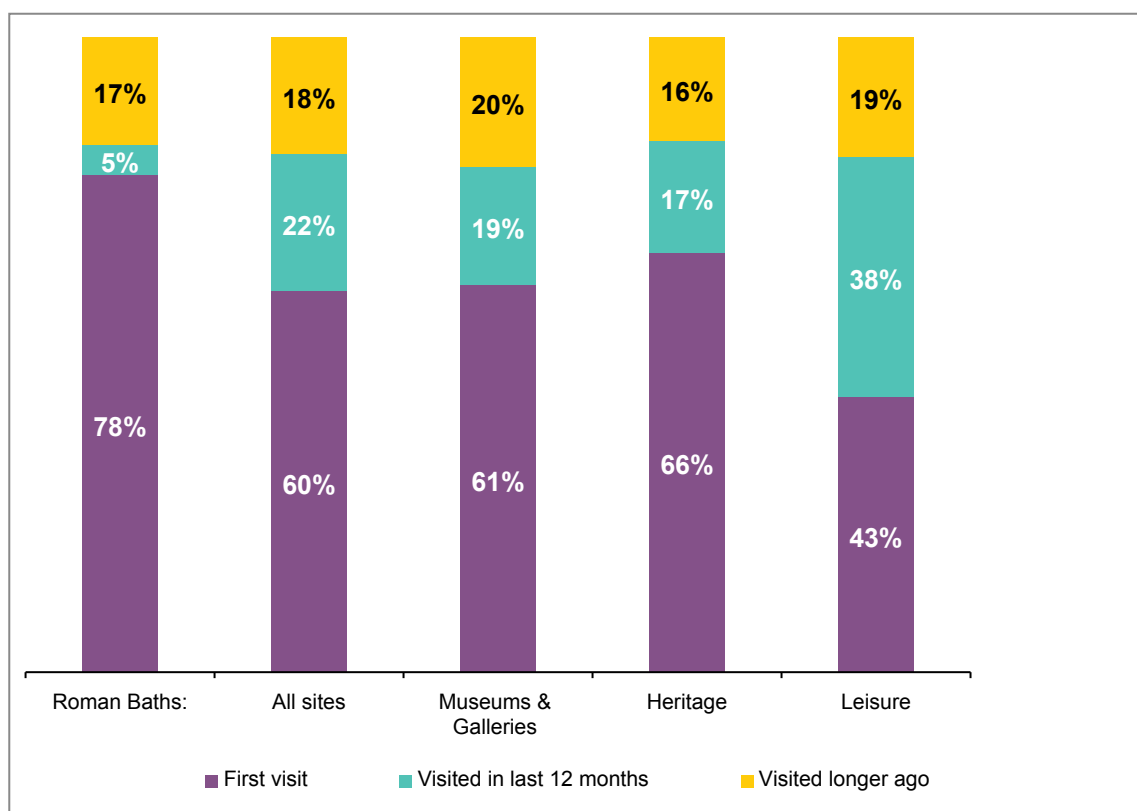


Figure 11: This graph shows that the Roman Baths has fewer repeat visitors than most other sites.

Dwell time:

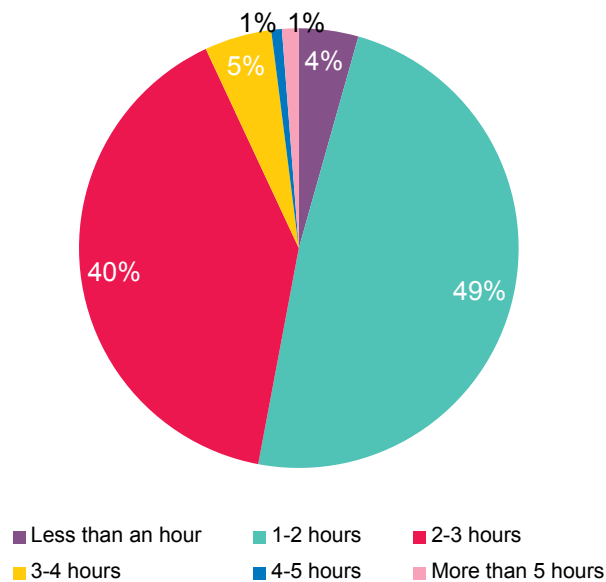


Figure 12: This graph shows that 89% of visitors spend between 1 and 3 hours in the Roman Baths.

The lower end of the dwell time spectrum is impacted by our group travel visitors; groups frequently have less than 90 minutes from arrival to departure from the city.

Age profile of visitors:

	Under 25 years	25-34 years	35-44 years	45-59 years	60+ years	Mean age
Roman Baths	14%	27%	19%	25%	15%	41
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 13: This table shows that the average age of Roman Baths’ visitors is slightly lower than the mean across the attractions sector.

Typically in this sector there is a reliance on the over 45 market. A more even split helps to manage the risk of an event / market conditions which adversely impact on one age demographic. 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 / student groups and individual children, as well as the work with ‘young social influencers’ that the Marketing team has undertaken. The overall age range has increased since the Roman Baths became fully accessible in 2015.

5. Business targets 2018-2023.

The Plan aims to grow annual profit by £2.9 Million (36%) over the next five financial years, so that by 2022/23 annual profit will be £10.6 Million p.a.

The table at Figure 14 below demonstrates planned performance in each year based on the updated, detailed financial model that underpins the Plan. This shows that the targets should be achieved across the 5 years of the Plan. All assumptions will be fully monitored and reviewed as usual over the coming year and will be reflected in future revisions of this Plan.

	2016/17 (actual)	2017/18 (forecast)	2018/19 (proposed)	2019/20 (proposed)	2020/21 (proposed)	2021/22 (proposed)	2022/23 (proposed)
	£000	£000	£000	£000	£000	£000	£000
External turnover (income excluding internal charges)	18,279	19,425	20,388	21,391	22,502	23,418	24,309
Net Profit	6,586	£7,470	7,790	8,390	8,731	9,516	10,650
Profit target	5,785	6,075	7,695	8,198	8,698	9,198	9,698
Surplus against target	521	1,395	95	192	33	318	952
<i>Profit as a % of income</i>	31%	34%	33%	34%	34%	36%	39%
Roman Baths visitors (000s)	1,124	1,200	1,210	1,234	1,253	1,272	1,291
Fashion Museum visitors (000s)	94	94	95	97	98	100	101
Victoria Art Gallery visitors (000s)	154	147	147	142	143	144	145
Roman Baths average income per visitor (£)*	14.20	14.55	15.24	15.76	16.31	16.72	17.11
<i>Net profit per Council Tax household (£)</i>	81	92	96	103	107	117	131
* (admission income plus gross retail sales & other sales) and café / restaurant commission)							

Figure 14: Heritage Services: key financial and visitor targets.

6. Business Strategy 2018-2023.

To achieve the business targets above, it will be necessary to continue the strategy outlined three years ago in the Heritage Services Business Plan 2015-2020 and in the subsequent annual updates. This will mean:

- Growing the Roman Baths visitor numbers from their current 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.

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 the following measures:

Roman Baths:

- Significantly increase admission charges in 2018, with further increases in the other four years; these increases follow other significant price increases in 2016 and 2017;
- Reduce the level of discount offered to groups (see detail below)
- Sustain visitor numbers at the current record levels of over 1.2 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 year pricing policy and Business Plan reviews.

Fashion Museum:

- Ticket prices held at 2017 levels to drive visitor volume.

- 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;
- Work with our Caterer to improve the "offer" at 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.

Group travel business.

The Plan marks the start of a long-term strategy to become less dependent upon group business. Groups currently make up 32% of all Roman Baths visitor numbers, one of the highest proportions of any leading visitor attraction. Visitors in groups spend less than individual visitors in the shop and the restaurant; the majority of group visitors visit for a few hours only and this limited dwell time also makes less of a contribution to the wider local economy.

As Roman Baths visitor numbers continue to rise, groups entering up to fifty at a time add to on-site congestion in peak periods with the consequent risk of reducing the quality of the visitor experience for higher-spending individuals and families.

Income from groups is forecast to total £3.5 Million in 2017/18 and so no hasty or extreme action will be taken to jeopardise this income stream. However from 2018 the Service will embark upon three-year strategy to reduce the discount given to group travel customers from the current 38% of the 'adult single' charge to 30% by 2020. This will bring the level of discount into line with that given at other leading visitor attractions.

This change of emphasis takes place against a background of reduced coach-parking in Bath, limited drop-off opportunities, ongoing problems with traffic congestion and growing environmental concerns about diesel. The Service aims to reduce the proportion of visitors in groups from 32% in 2017 to 25% in 2021,

replacing these group visitor with independent visitors (and their increased propensity for secondary spend).

Accessibility.

The Roman Baths is a very high price, high yield, high profitability operation in comparison to other major UK heritage attractions. Admissions income is consistently amongst the very highest in the country. By continuing to set a premium price strategy we know that, if it is not already, entry price will become a barrier to some. Whilst this might help to mitigate overcrowding, putting a premium on access to heritage is not something we're seeking to do.

Consequently we will continue to offer a wide range of concessions and, in 2018, we have introduced a 'single adult family ticket' to appeal to non-traditional family groups. The Residents' Discovery Card has been rebranded and will be used with other methods to promote our museums to all B&NES residents from a broad socio-economic demographic.

'Child group' prices will not be subject to the same re-basing as 'Adult groups'.

Feasibilities for future developments.

Fashion Museum: the Service will continue the search for suitable new premises before the current Assembly Rooms lease expires in 2028, or the National Trust enforces the break clause in 2023. The Museum remains one of the world's top ten fashion museums but its ability to attract visitors is inhibited by its distance from the Roman Baths, where 50% of its tickets are sold, and its almost total lack of an on-street profile.

Victoria Art Gallery: the business case undertaken in 2017 for extending the Gallery into the adjacent void to improve its financial sustainability will be reviewed and developed in 2018.

7. Investment.

Staffing and **investment** costs continue to be relatively low when compared with other visitor attractions. To sustain high visitor numbers, satisfaction ratings and income levels, the increased level of investment in the quality of the visitor experience and associated marketing will be sustained. At the same time we have reviewed our cyclical maintenance and investment. Where possible without significantly impacting on the measures above, we have extended the period over which we invest, to play our part in meeting the current financial pressures that the wider Authority is facing.

Revenue investment.

Revenue investment plan is undertaken under the priorities shown here:

Standards	Visitor Experience	Commercial	Future Offer
Monument conservation	Staff engagement	Market development	Feasibility studies
Site maintenance	Improved interpretation	Shop upgrades	- Fashion Museum - Victoria Art Gallery
Toilet refurbishment	Toilet refurbishment	Retail product development	History Centre
Equipment renewal	Changing exhibitions	Venue hire facilities	<i>Assembly Rooms exit costs?</i>

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, whilst the National Trust complete their options appraisal and the long-term future of the site remains uncertain.

Capital investment.

The main 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 2022/23.

Swallow Street / York Street Public Realm improvements.

The essential public realm improvements using the city centre pattern book will be needed during 2019/20 at the end of the Archway Project and prior to the opening of the World Heritage Centre and Clore Learning Centre. This will replace the capital item surrendered to assist with the unforeseen and unrelated structural works needed to York Street.

Victoria Art Gallery air conditioning.

This will complete the project to replace the largely defunct system installed when the Council refurbished the Gallery in 1991. Controlled environmental conditions will enable the Gallery to continue to put on high quality exhibitions that will contribute to the Gallery's ongoing healthy financial performance.

Spa water energy capture scheme.

This project has been scoped and designed in 2016/17 and 2017/18 and will be installed in the King's Bath during 2018/19. It will supplement the conventional energy usage at the Pump Room complex and will also serve the new World

Heritage Centre and Clore Learning Centre.

8. Marketing Plan.

The Roman Baths.

The marketing challenges for the Roman Baths remain the same; to improve the visitor experience by redistributing visitors away from the summer peak season to the shoulder months and encourage those who do visit during the summer to enjoy the late night opening. In order to do this the Roman Baths will extend its marketing over the next five years to include three new campaigns:

February Half Term: this campaign will target families using the creative developed for the Easter campaign. This campaign will consist of outdoor media placed in high footfall family areas (ie shopping malls) and radio advertising throughout the region. It will also include marketing through digital channels extending down into the South Coast (an area that has seen increased visits to our website).

Teachers: a campaign targeting teachers within a two hour drive time (London, East and West Midlands, South Wales and South Coast excluding Cornwall) one week before each term ends. We will use the Spas Ancient and Modern product to promote to teachers the relaxing nature of this product through digital creative. The product will be promoted through Google Pay Per Click and Display advertising, remarketing and social media advertising namely Facebook and Instagram. This campaign not only seeks to drive custom to the Roman Baths, Thermae Bath Spa and the Pump Room restaurant, it will also be used to encourage short breaks to Bath increasing the economic impact for the city.

Autumn / Winter: this campaign will target couples aged 50+ wanting to visit Bath off season. It will use our package products *Spas Ancient and Modern* and *Torchlit Visit and Dinner* to capitalise on the short break market and tie in with Visit Bath's *Great Bath Feast*.

In addition to these new campaigns we will continue to deliver the following highly successful campaigns for the Roman Baths:

Easter Campaign: building on the creative piloted in 2017 which was designed to appeal to both children and adults, we will continue to work with top local and regional design agencies to keep the message about the Roman Baths fresh and

engaging. We will use tag lines such as the accolade from the Daily Telegraph 'The most child-accessible site in the world' to motivate parents. We will promote the site through the following channels, Breeze and Heart Radio presenter read-outs, outdoor media on arterial routes out of the city and in high-footfall areas such as regional train stations and shopping areas. Each year we try to launch a new engagement product to coincide with Easter to give our messages a marketing 'hook'. In 2017 it was the launch of the East Baths and for 2018 it will be the launch of our online segmentation tool 'Which Roman God Are You' personality style quiz.

Summer Evening Campaign: for 2018 this campaign's reach will be downsized. Raising awareness of the Roman Baths during peak times contributes to the overcrowding of the site during July and August. In 2018 a more direct approach will be piloted using messages such as 'avoid the crowds' and 'beat the queues'. The campaign will be more digital-led with less spent on outdoor media. It will retain the geographical emphasis on London and the South East and the South Coast.

China: this remains an important market for the Roman Baths, Fashion Museum and Bath as a destination. The travel industry in China is changing through the rise of the FIT (Free Independent Traveller) market which in 2017 for the first time overtook the Group Travel market (COTRI research 2017). China is now one of the biggest growth areas for self-drive and as such will be a key market for products such as the Great West Way and Discover England Fund project. Chinese people are also more likely to travel in the quieter seasons to coincide with their holidays; Chinese New Year in February and Golden Week in October.

We will continue to actively market to Chinese people through our website behind the China firewall, through partnerships with the China Business Network, China Travel Outbound and Visit Britain, by working with Chinese social media channels and Chinese Visa Centres (VACs), and by advertising direct to Chinese people already in the UK.

The Northern US Market: this market has experienced significant growth in 2016 and 2017 following the decrease in value of the Pound against the Dollar. Visits to the UK are seen as once in a lifetime opportunity and many want to escape the present turbulent political environment. We will continue to actively encourage Americans to visit the Roman Baths, Fashion Museum and Victoria Art Gallery by coordinating an annual pay-per-click campaign in the top locations for visiting the UK (New York Tristate, California with a bias toward San Francisco and Texas), and

by advertising in US Lifestyle and Travel Magazines such as Wanderlust, AFAR and Conde Nast Traveller.

Victoria Art Gallery.

The Gallery has enjoyed growth in 2016 and 2017, driven by popular exhibitions such as *Grayson Perry* and *Here Be Dragons*. To build on this, we will promote each headline summer exhibition with a large marketing campaign targeting special interest groups and advertising through outdoor media in and around Bath to capture both residents and visitors. Each summer exhibition will be accompanied by a promotional video for use on social media and YouTube. The Gallery will also host a Visit Bath members' event to raise awareness of the exhibition amongst the hospitality industry.

Fashion Museum.

The Fashion Museum will have a dedicated marketing campaign annually in line with its temporary exhibition programme. Each exhibition will be marketed to a range of target audiences; for *Royal Women* in 2018 this will be women aged 35+ from London and South East, China, and the USA. An outdoor media campaign in January to March will target domestic audiences and we will also advertise through DAX radio streaming which will directly target audiences with a Royal interest. We will continue to promote the permanent exhibition *A History of Fashion in 100 Objects* using an 'always on' approach through social media marketing and Google Display advertising. To build advocacy for both exhibitions we will look to engage key social influencers through events at the Museum to encourage endorsements and social sharing.

Performance measurement.

All marketing is 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. A risk of £1m is recognised, this is assessed as low risk; the Plan recommends that the total net risk provision should be reviewed again in future years.

Maintaining Roman Baths' visitor numbers in excess of 1.2 million p.a. continues to carry a significant risk. Overcrowding at peak times of year is starting to impact on the overall visitor experience, as illustrated in the table at Figure 5 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 8.5, 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 budget proposed for 2018/19 and subsequent years assumes that the incremental trends of recent years will be sustained and grow from these record levels over the next five years. Figure 15 below illustrates the financial impacts should these record short term trends not be sustained.

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 15 gives 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. 19,000	c.£33k
Busy summer Saturday and Sunday	c. 13,500	c.£25k
Busy summer weekday	c. 5,500	c.£10k

Figure 15: Roman Baths’ visitor numbers: illustration of variations.

To enable the Service to deal with the impact of an unforeseen change in market conditions, unexpected expenditure requirement or unplanned opportunity for commercial investment, a contingency of £350k (2% of planned expenditure) has been provided within the plan. This is split as follows: £150k Revenue; £100k Maintenance and £100k Investment.

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. Some of the key issues from the last decade are shown in Figure 16 below.

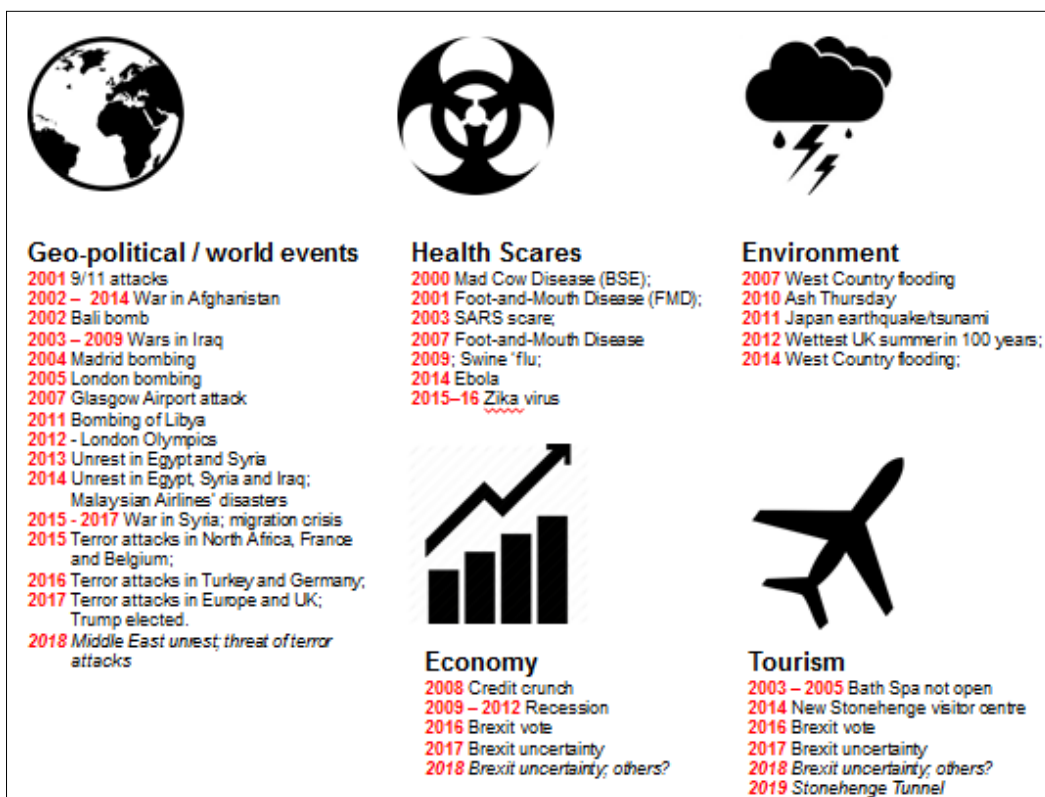


Figure 16: Issues which may have influenced people’s travel-making decisions since 2000.

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.

The potential disruption caused by major works to the A303 in the vicinity of Stonehenge may have a significant impact during the outer years of The Plan and in 2018 work will begin to investigate this in greater detail.

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 loss:

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 Winckworth Sherwood Options Review of 2014 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.