

Heritage Services Business Plan 2020–2025

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

1. Summary.

This is the annual update and revision of the Heritage Services Business Plan 2015-2020 ('The Plan') adopted by Cabinet in February 2015. The last annual update was adopted by Cabinet in February 2019.

The Roman Baths will continue to take part in financial and qualitative benchmarking with other leading visitor attractions. In 2018/19, the latest financial data available, the Roman Baths and Pump Room was the number one ALVA 'Heritage' site for:

- Admission income per paying visit;
- Contribution (profit) per visit.

Within the whole of the ALVA cohort (including Heritage, Museums / Galleries and Leisure sites), the Roman Baths and Pump Room was number one for:

- Income per employee;
- Labour costs as a % of income;
- Contribution per member of staff;
- Contribution as a % of income.

The site remains the only local authority-run attraction in ALVA.

The Plan aims to grow annual profit by £1.4 Million (15%) over the next five financial years, so that by 2024/25 profit returned to the Authority will be £11.1 Million p.a. It will contribute to the corporate finances by increasing income, reducing the revenue cost base after inflation and efficiently managing the staff establishment.

The Service will respond to the Council's declaration of a Climate Emergency by making some immediate changes to the way in which it operates, as well as undertaking some more detailed feasibility work to inform potential longer-term changes to its operation.

The Service will continue to invest to protect and conserve the Council's heritage assets, improve the visitor experience, enhance commercial performance and develop its staff to deliver the Plan's outcomes.

The Service will progress the Archway Project, seek to find a suitable site in which to relocate the Fashion Museum, bring forward proposals for a Collections Centre for the Fashion Museum and investigate options for the long-term future of 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 2019/20 the Service will return a net surplus of over £9.5 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 wages, 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, 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.

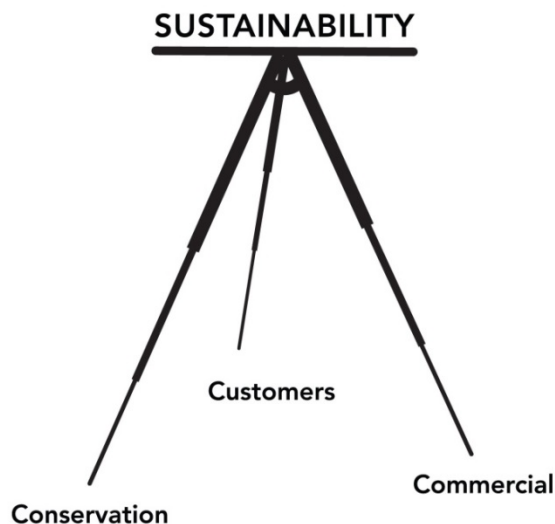


Figure 1. The Tripod of Sustainability; maintaining a balance across the three key areas of activity.

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.

4.1 Long-term performance (2008-2020).

Significant and sustained investment in the quality of interpretation, the standard of presentation and in staff training 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 increased visitor numbers. This approach has resulted in excellent visitor feedback, commercial success and several regular regional and national awards; a summary of these awards can be found as an attachment to the Plan.

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

- Visitor numbers up by 405,000 (39%);
- External income (turnover) growth of £9.4 Million (+105%);
- A return of 42% on annual turnover in 2018/19 compared to 29% in 2009/10;
- Increased annual profit by over 140% to a £8.5Million p.a. in 2018/19 and a forecast of £9.5 Million for 2019/20

The business philosophy and bespoke operating arrangements 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 charge for specific exhibitions.]

Roman Baths visitor numbers 2010 to 2020.

The graph in Figure 2 below shows that Roman Baths' visitor numbers have grown by 36% over the last ten years. In that time the headline ('adult single') admission price has risen by over 50% from £11.25 to £22.00. Despite this coinciding with recession and wage stagnation within the UK, visitor numbers have grown significantly. It is worth noting that that the headline price of £22.00 was only charged on 26 days per year in 2019 and the lead adult price varied from £16.00 to £22.00 as a result of the variable pricing; this is discussed in more detail in section 4.2 below.

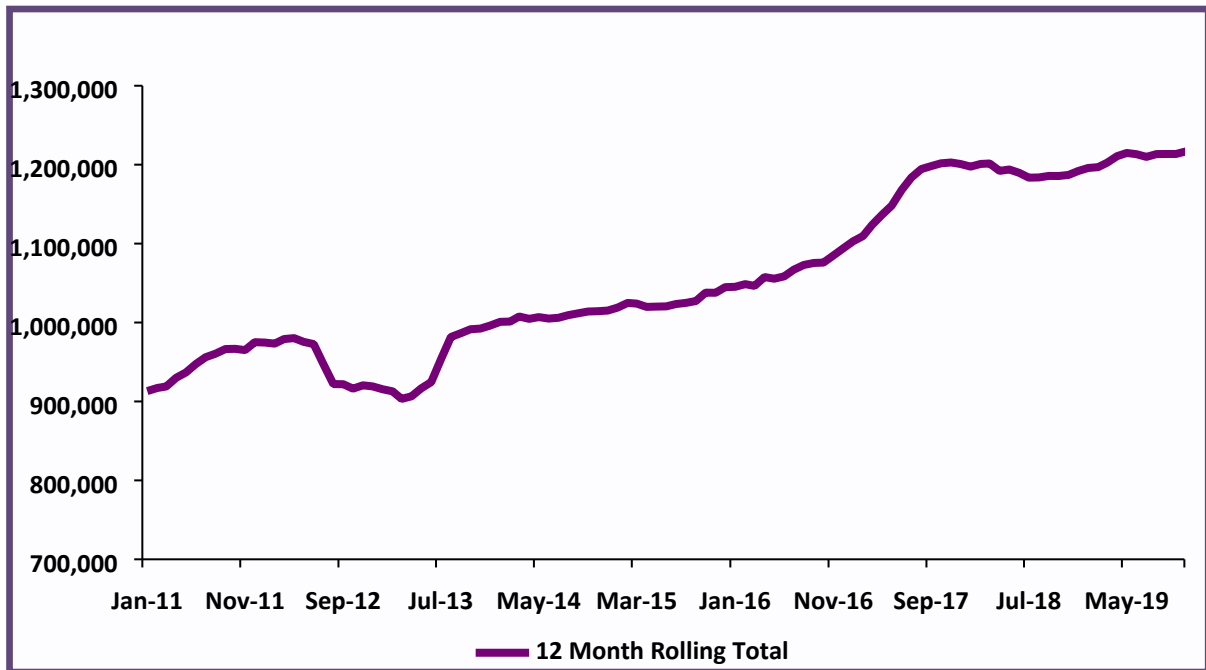


Figure 2. Roman Baths' rolling 12-month visitor total. The dip in 2012 was due to the London Olympics and one of the wettest UK summers in recent times.

4.2 Performance in 2019/20.

2019/20 will be the seventh consecutive year in which the Roman Baths has attracted over one million visitors and the third in which it has exceeded 1.2 million.

The total forecast for 2019/20 is c.1.21 Million visitors, which would be the Roman Bath's busiest financial year. Visitor performance this year has been influenced by the introduction of a new pricing strategy, continuation of the marketing strategy to promote the shoulder months and to encourage visitors outside the summer peaks. The variable pricing structure is set out in figure 3 below.

	Weekend (Sat-Sun)	Weekday (Mon-Fri)
January to March	Off-Peak	Super Off-Peak
April to May	Standard	Off-Peak
June to August	Peak	Standard
September to October	Standard	Off-Peak
November to December	Off-Peak	Super Off-Peak

Figure 3: Roman Baths ticket price schedule

An online discount of 10% was also introduced to encourage visitors to book in advance. As well as offering an opportunity to gain faster entry, it provides valuable data for rota-planning and for marketing; it also gives an increased opportunity to up-sell guidebooks on the website (these sales are forecast to be up 24% in 2019/20). Moreover a digital transaction costs much less than a face-to-face sale. This revised pricing strategy has led to a 70% increase in the take-up of web sales.

Growth in overall visitor numbers has come outside of the peak period of June to August (where visitors were 0.3% down on 2018). Outside this period, growth has averaged 4% per month on prior year levels. The objective to ‘smooth’ the peaks in the busiest period of the year has been successful; there has only been one day when the Roman Baths received over 6,500 visitors, compared to six in 2018, and the number of visitors arriving at the peak times of 1100 and 1400 also reduced through summer weekends. This was achieved through pricing and by restricting the number of bookable slots for group travel companies. Since its introduction in January 2019, this revised approach to pricing has yielded an additional £2.3 million of revenue. Because the changes to pricing result in minimal changes to operating expenditure, the majority of this additional revenue translates directly into profit.

It is also pleasing to see this change in approach reflected in the benchmarking scores collected through ALVA, where visitor enjoyment improved, reflecting the reduction in over-crowding at peak times. Surprisingly, the value for money score also improved compared to the 2018 scores and relative to our comparator attractions.

The Heritage Services profit target for 2019/20 was set ahead of the 2018/19 out-turn and included a contingency of £300,000. At the end of November 2019 the forecast was that it would exceed the corporate profit target for the year by £740,000 (3% of turnover). The predominant driver of this over-achievement has been admission income as a result of the new pricing strategy; the budget anticipated more resistance to the increased prices at peak times than actually occurred. Retail growth has exceeded visitor growth, as a result of new product ranges and an investment in staff upselling training. Corporate hire has also performed well, boosted by some significant filming income at the Assembly Rooms.

	Heritage Services budget		
	Budget (£000)	Forecast (£000)	Increase (£000)
Net profit	8,782	9,521	739

Figure 4: Heritage Services’ financial performance in 2019/20.

4.3 Financial performance benchmarked through ALVA.

Profitability.

This has continued to grow in each of the last six years. In 2013/14 profit returned to the Authority exceeded £5 Million for the first time, and it took three years of successive growth to pass £6 Million. The Service has since moved through £7 Million, £8 million and is forecasting to break £9 Million in each of the next three years.

When benchmarked against other ALVA attractions, the Roman Baths is the most effective site at converting income to profit, and generates the highest 'profit per employee' in the benchmarking group.

The average Roman Baths admission price per paying visit is the highest amount the Heritage sites within ALVA; labour costs as a % of income are the lowest of all ALVA attractions and retail sales per m² are amongst the highest in the UK.

Admissions income.

The Roman Baths performed within the ALVA top quartile and for average admissions spend per hour of visit. Over the last three years the average Roman Baths admission price has grown by 18%, while the ALVA top quartile average admission price grew by 11% over the same period. NOTE: the benchmarking results are for the 2018/19 financial year and therefore do not include the full impact of the changes to pricing strategy.

In 2018/19 admissions decreased by 0.5% year-on-year, whilst the ALVA mean visitor numbers grew by 2%. The ALVA growth was in part driven by a recovery in central London destinations, following terror attacks in 2017 which adversely affected some destinations.

Retail.

The retail sales per visitor benchmark was stable on 2017/18, contribution (profit) margin fell by 1% year on year as a result of increased staff costs, through the pay award. Retail sales per m² remained broadly static and are ranked third in the UK.

Marketing.

The marketing cost per paying visitors remained in the lowest quartile, indicating the effectiveness of our marketing function. Marketing cost per visitor was 37% lower than the ALVA mean. Section 8 below discusses the future plans for marketing.

4.4 Quality of Visit performance benchmarked through ALVA.

The visitors' perception of the experience offered is crucial to sustaining excellent visitor and business performance, as it will determine the future popularity of the site. This section shows the results of 'quality of visit' benchmarking of the Roman Baths against other ALVA members. It summarises the aggregated findings of exit surveys conducted in Autumn 2018, Spring 2019 and Summer 2019.

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	8.5	+ 58
Museums & Galleries	8.8	8.8	+ 59
Heritage Attractions	8.8	8.4	+ 56
Roman Baths	8.7	8.1	+ 59
Leisure Attractions	8.9	8.4	+ +58
Highest score	9.4	9.4	+ 79
Lowest score	8.2	7.6	+ 21

Figure 5: overall quality of the Roman Baths visitor experience, benchmarked against other ALVA attractions Autumn 2018 - Summer 2019.

The Roman Baths sits in ALVA's Heritage Attractions grouping, whose results are compared here to ALVA's 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. However the scores in all three measures improved in 2018/19 relative to both the prior year and the overall benchmarks.

In summer 2019 the Roman Baths remained very busy again averaging 5,500 visitors per day, however there was only one day in excess of 6,500. Whilst we have seen an increase in the number of comments relating to price, there has been a reduction in the number regarding overcrowding. The comments on price have not translated through to the value-for-money score, which actually improved despite the significant increase in price at peak times (June – August weekends were 25% more expensive than in 2018).

Visit compared with expectations.

The graph at Figure 5 below shows that a visit to the Roman Baths broadly meets visitors' expectations prior to visiting. This is in contrast to the experience at other benchmarked visitor attractions where the visit is significantly lower than people's expectations.

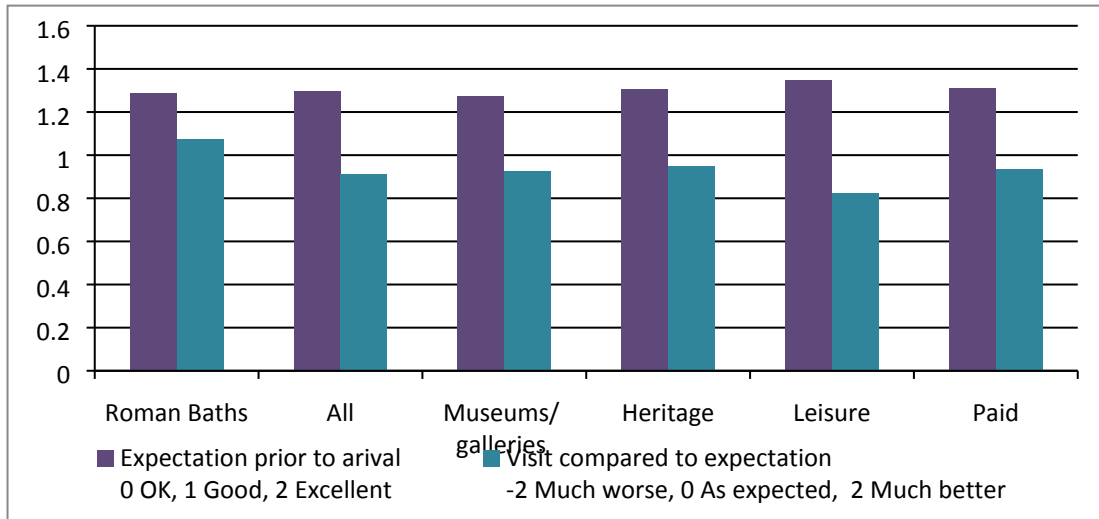


Figure 6: quality of the visit compared with prior expectations Autumn 2018 - Summer 2019.

Main motivation for visiting.

Heritage sites are the most popular “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 7 below.

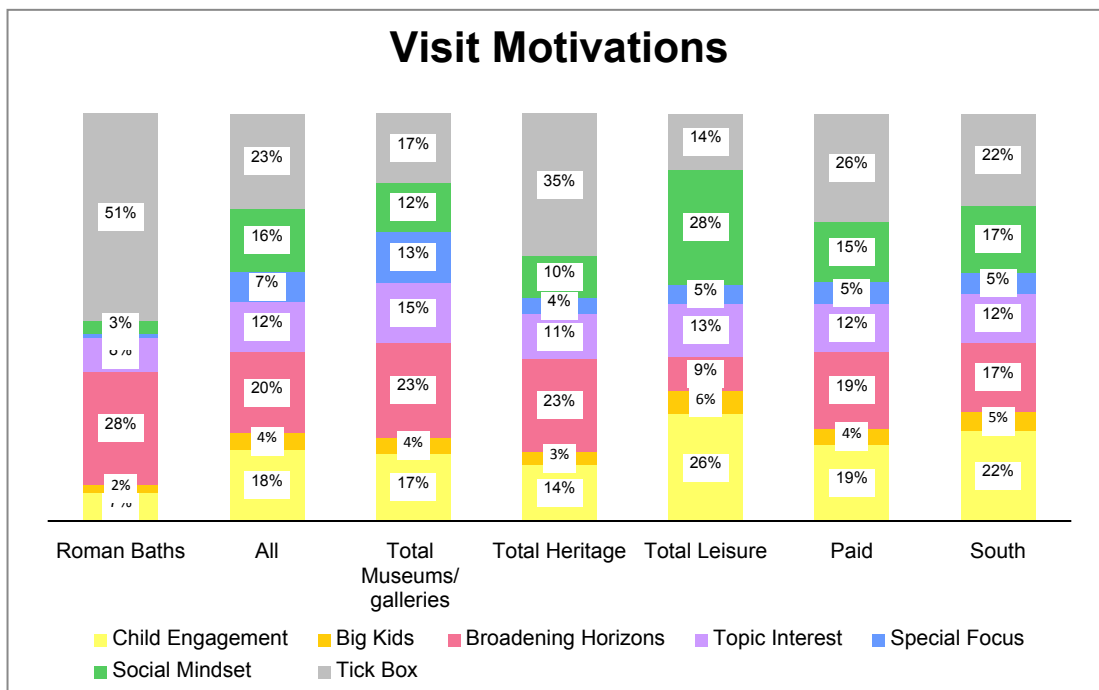


Figure 7: the very high 'tick box' response confirms the Roman Baths' status as a 'must see' attraction Autumn 2018 - Summer 2019.

Experience ratings: service delivery measures.

The experience ratings of all major visitor attractions included in the ALVA Benchmarking Survey are high and therefore this is a challenging benchmark. The Roman Baths' scores across the some of these benchmarks increased in 2018, whilst the mean scores for Heritage Sites overall declined. This suggests that the investment in interpretation through the redevelopment of East Baths and the new digital display table in the West Baths is having a positive effect on visitors' enjoyment. The particular strengths are in the site experience measures, ie, the subject matter and how it is presented.

Site content measures	Roman Baths	Heritage Sites
Staff knowledge about the site / subject matter	9.1	9.1
Opportunities to actively participate in your visit	8.1	8.5
Opportunities to think or learn	8.9	8.7
Bringing the subject matter to life	8.9	8.6
What there is to do here	8.7	8.6
What there is to see	9.2	9.0
Information to explain features / exhibits	9.3	8.8

Figure 8a: Experience ratings – site content: the Roman Baths and its peer group of other Heritage sites Autumn 2017 - Summer 2018.

Touching your emotions	Roman Baths	Heritage Sites
Touching your emotions	7.9	8.2
Opportunities to relax	7.6	8.3
Overall atmosphere here today	8.5	8.7
Making you feel this is a place where you belong	8.1	8.3
Offering something very different	8.7	8.5
Being lively and exciting	8.2	8.2
Helping you bond with those around you	7.6	8.2
Being family-friendly	8.8	8.8

Figure 8b: Experience ratings – touching your emotions: the Roman Baths and its Heritage peer group Autumn 2018 - Summer 2019.

We recognise that the Roman Baths scores lower than the 'Heritage Sites' average with regards to 'touching your emotions', although our scores in this area have improved this year. The congestion in the peak summer will play a part in some of the scores in figure 8b; we will seek to continue to improve these scores through investment in contemporary interpretation and an emotionally-engaging events programme.

Retail usage.

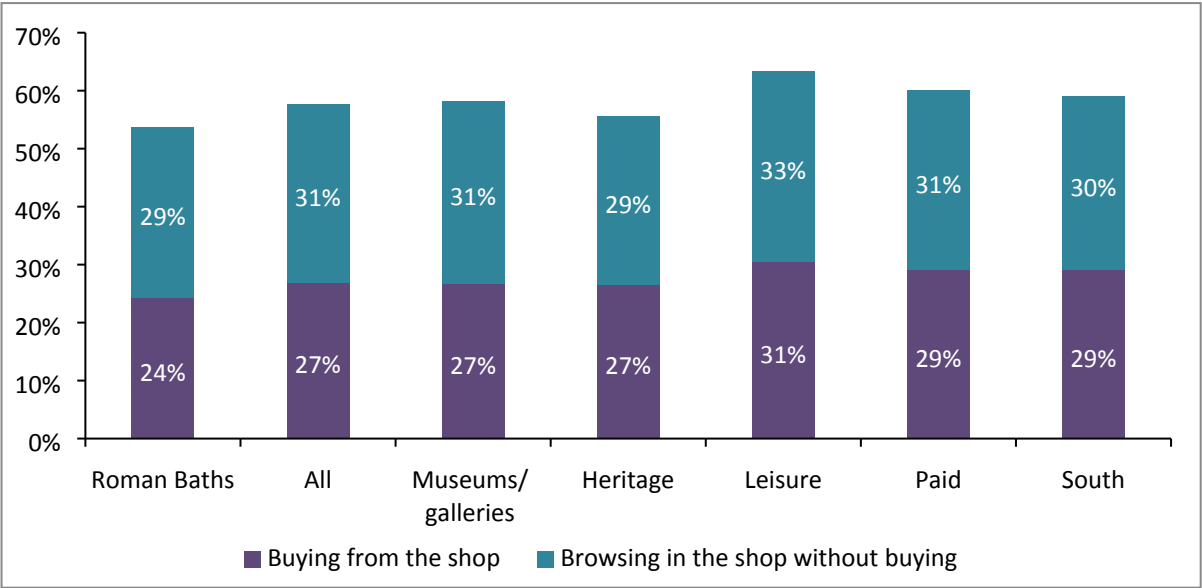


Figure 9: use of the museum shops compared with that at other ALVA sites Autumn 2017 - Summer 2018.

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 due to its small footprint. Through investment in bespoke product ranges and specific staff training on “upselling” we have improved the number of people buying in the shop.

Visit history.

Figure 11 below shows that the Roman Baths attracts fewer repeat visits than most other attractions. With only 2% of visitors returning within twelve months, the Marketing Plan must attract c1.1 million visitors each year who did not visit in the previous year. 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 of first time visitors. As uncertainty around Brexit remains we can assume the Pound will stay low and may even fall further which will be an opportunity to continue to attract visitors from China and the US, the prospects for inbound tourism are discussed further in section 8 below.

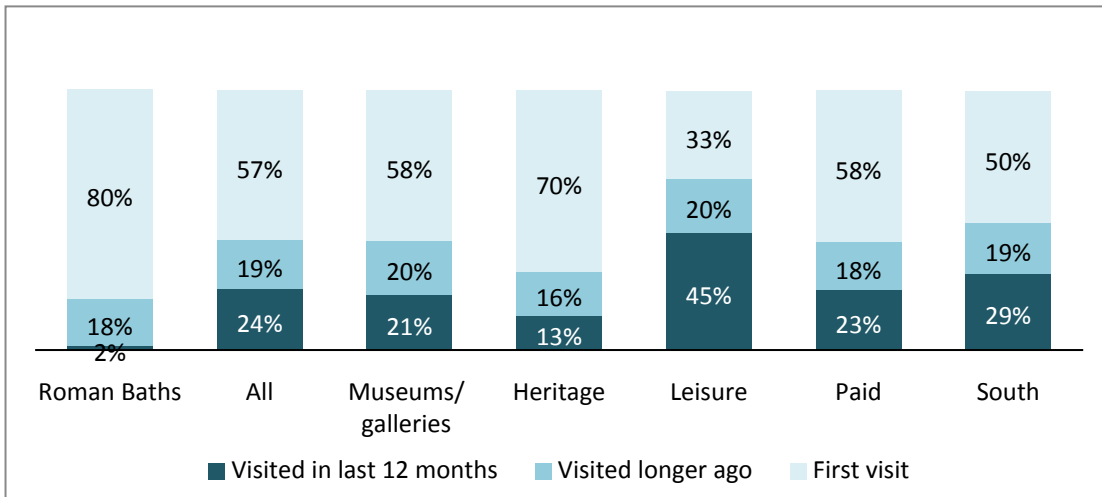


Figure 10: This graph shows that the Roman Baths has fewer repeat visitors than other sites Autumn 2018 - Summer 2019.

Dwell time.

Figure 11a shows that 86% of visitors spend between 1 and 3 hours in the Roman Baths. The lower end of this spectrum is impacted by Group Travel visitors. Groups frequently have less than 90 minutes from arrival to departure from the city. During 2018 2-3 hours overtook 1-2 hours as the most common dwell time. While this reflects the additional components added to the visit in recent years; it is also a contributing factor to congestion at busy times. It is also interesting to note that, whilst the length of a visit to the Roman Baths has increased over recent years it is still shorter than the average ALVA site visit. The comparatively high admission price means that the Roman Baths is at the top end of the upper quartile when admission price per hour is calculated.

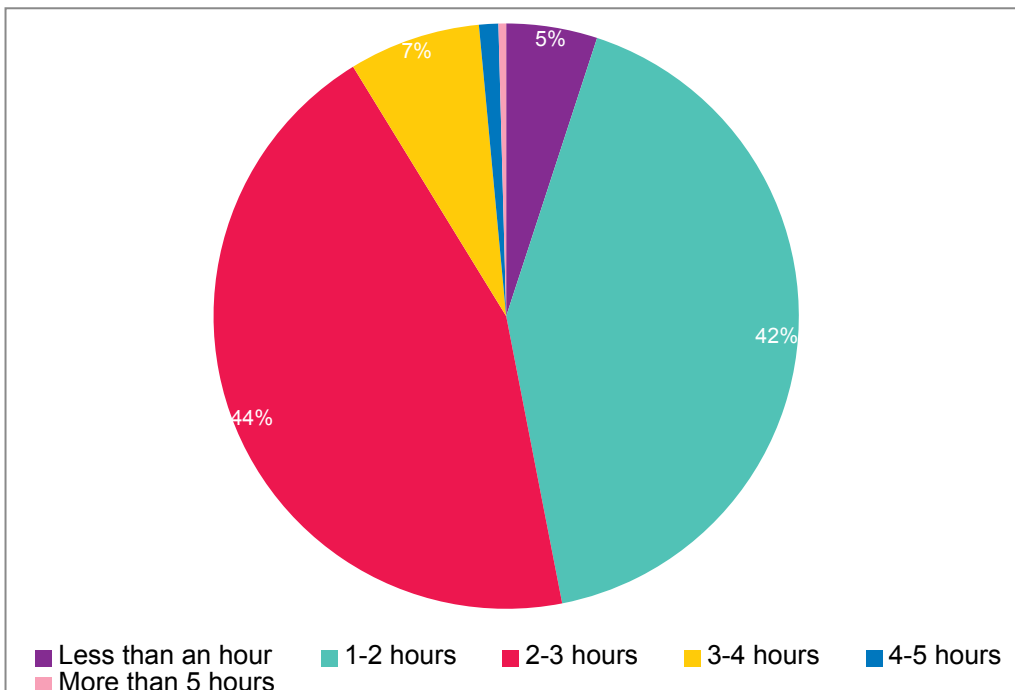


Figure 11a: Autumn 2018 - Summer 2019.

MEAN DWELL TIME	Roman Baths	All	Museums/galleries	Heritage	Leisure	Paid	South
	2 hrs	2.7 hrs	2.4 hrs	2.7 hrs	3.3 hrs	2.9 hrs	3.2 hrs

Figure 11b: Average visitor dwell time

Age profile of visitors.

Typically in the Heritage sector there is a reliance on the over-45s market. A more even split helps to manage the risk of a change in market conditions which adversely impact on one age demographic. The Roman Baths average age is lower than other ALVA attractions; it's worth noting that paid attractions typically attract an older visitor and that the Roman Baths bucks the trend in that regard.

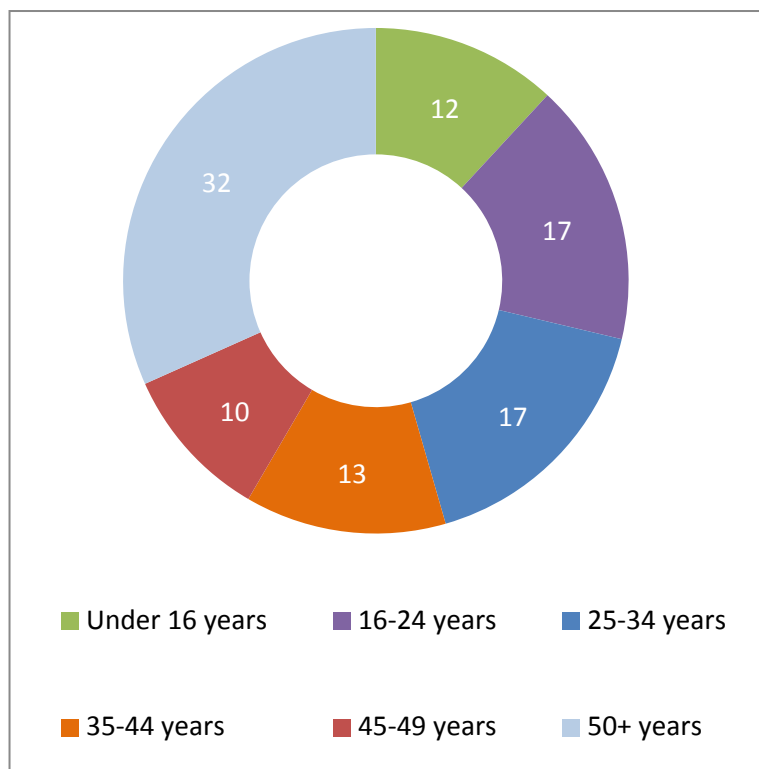


Figure 12a: This table shows an even spread of Roman Baths' visitors across various age groups, Autumn 2018 - Summer 2019.

	Roman Baths	All	Museums/galleries	Heritage	Leisure	Paid	South
Mean age	38.6	40.4	39.9	40.4	41.1	41.1	40.5

Figure 12b: This table shows that the average age of Roman Baths' visitors is lower than the mean across the attractions sector Autumn 2018 - Summer 2019.

Fashion Museum and Victoria Art Gallery Performance.

The Fashion Museum exceeded the last five years' visitor figures in 2018/19. The *Royal Women* exhibition proved very popular, particularly with international visitors. Since the National Trust's decision to exercise their break clause in the Council's lease on the Assembly Rooms was announced in May 2019, visitor numbers to the Fashion Museum have risen dramatically. 2019/20 numbers are up 7% on last year's excellent figures. The announcement has provided an opportunity to talk about the significance and raise awareness of the world-class nature of the permanent collection. The significance of the collection is further highlighted through the fact that over 1 million people saw items from the collection on loan in other exhibitions, around the world, during 2019; this included a number of pieces in the V&A's *Christian Dior: Designer of Dreams* exhibition which was their most popular exhibition. The future of the Fashion Museum is discussed further in section 6.

2018/19 was a record year for the Victoria Art Gallery, primarily due to the outstanding success of the summer exhibition, *A Celebration of Flowers* by Kaffe Fassett. Shown alongside works by Candace Bahouth, this exhibition enjoyed both commercial and popular success. 2019/20 is forecast to be a strong year, exceeding the budgeted visitor figures but just falling short of last year's record breaking figures.

5. Business targets 2019-2024.

The Plan aims to grow annual profit by £1.5 Million (15%) over the next five financial years, so that by 2023/24 profit returned to the Authority will be £11.2 Million p.a. The increase is delivered through income growth and robust management of the cost base.

	2018/19 (actual)	2019/20 (forecast)	2020/21 (proposed)	2021/22 (proposed)	2022/23 (proposed)	2023/24 (proposed)	2024/25 (proposed)
External turnover (£000)	20,403	22,372	22,872	23,629	24,019	24,076	24,951
Net Profit (£000)	8,538	9,552	9,682	9,815	10,384	10,601	11,119
Profit target (£000)	7,695	8,782	9,682				
Surplus against target (£000)	843	740					
<i>Profit as a % of income</i>	37%	37%	37%	37%	38%	39%	39%
Roman Baths visitors (000s)	1,135	1,210	1,200	1,202	1,217	1,240	1,257
Fashion Museum visitors (000s)	98	104	105	105	79	0	0
Victoria Art Gallery visitors (000s)	187	185	180	180	180	193	193
Roman Baths income per visitor (£)*	16.32	17.51	18.31	18.90	19.35	19.84	20.29
Net profit per Council Tax household (£)	103	115	117	118	125	127	134
* (admission income plus retail sales & other sales) and café / restaurant commission)							

Figure 13: Heritage Services' key financial and visitor targets.

The Plan projects growth in visitor numbers and visitor-driven income. It also absorbs the anticipated pay award to be agreed by the Council. Through the lifetime of the Plan, pay is expected to be the biggest cost pressure facing the Service.

The Plan also assumes that the Fashion Museum will close during Q3 2022/23 and that a new Fashion Museum will not be open within the life of this Plan (although it is hoped that fit-out work would be underway on a new premises). This explains why the income flattens between 2022/23 and 2023/24.

The table at Figure 13 above demonstrates planned performance in each year based on the updated financial model that underpins the Plan. Performance will be monitored and reflected in future revisions of this Plan.

6. Business Strategy 2019-2024.

To achieve the business targets above, we will continue to implement the broad strategy outlined in previous iterations of the Plan.

This will mean:

- Continuing a tiered pricing structure to influence visitor behaviour and encourage visitation at times when the Roman Baths has greater capacity.
- Maximising revenue through admission income.
- Sustaining staffing and investment to support ongoing price increases and improve visitor satisfaction.

Following the declaration of a Climate Emergency by Bath and North East Somerset Council, the Plan includes measures to support the reduction in carbon required to deliver the Council's objectives in this regard; this is further discussed in section 6.4.

The detailed proposals in The Plan include the following measures:

6.1 Roman Baths.

- Continue the tiered pricing structure introduced in 2019, and continue to offer online discounts for visitors who pre-book their ticket (see detail below);
- Manage a reduction in the proportion of visitors arriving in groups;
- Consider further adjustments to the pricing strategy to consider discounting for admissions at quieter periods during the day;
- 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.

6.2 Fashion Museum.

- Maintain visitor numbers and increase awareness whilst a new permanent location for the museum is secured.
- Ticket prices held in 2020 in order to support visitor number growth.
- Increased, sustained visitor volumes achieved via the promotion of the expanded 'saver' ticket and improvements in the core visitor offer;

- Expected closure of the museum in its current location in Q3 2022/23, with associated reductions in revenue.

6.3 Victoria Art Gallery.

- Prices increase to reflect quality of exhibitions and consistent growth in recent years, as well as the major Toulouse-Lautrec "*Masters of Montmartre*" exhibition.
- Sustained visitor numbers and admission income via the expanded 'saver' ticket introduced in 2016.
- Opening hours extended to include New Year's Day in 2021, to be consistent with Roman Baths and Fashion Museum.

6.4 Climate Emergency.

Following the Council's declaration of a Climate Emergency in 2019, Heritage Services is considering ways in which changes need to be made to its service delivery mechanisms and marketing strategies. Some immediate changes have been made and further work is planned during 2020; a summary of the current position and planned work during 2020 is given below.

Current Position

- We advertise in railway stations and always list the travel time on posters to encourage rail travel;
- Our events and venues team works closely with Great Western Railway to offer discount packages to delegates to encourage rail travel;
- Our "How to get here" section of the website has been updated to put car travel at the bottom of the list and more heavily promote walking, cycling and mass transit as travel options.
- We work closely with our Travel Trade partners to advise them of the Council's proposed clean air zone and to encourage them to adapt their vehicle fleets where necessary to respect its requirements and objectives.
- We promote ourselves as part of a wider trip Bath to encourage a longer stay in the city.
- With our catering provider Searcys we are working to minimise food miles and use local suppliers. Searcys have eliminated the use of plastic straws and disposable plastic cutlery.

- We do not use plastic cups at our sites. We use paper cups that are compostable and biodegradable for spa water tasting at the Roman Baths.
- We regularly audit the lighting used on site to ensure reduced energy consumption. Flood-lighting installed in the Great Bath in 2007 reduced energy consumption by 60%.
- We will neither seek nor accept funding from an individual or organisation if it is profiting as a result of environmental destruction.

Planned Activity

- Explore the feasibility of introducing green-travel discounts from admission prices and establishing partnerships with mass-transit providers such as First Great Western.
- Replace the obsolete heat exchange system at the Roman Baths with an updated version. The heat exchange system uses energy from the thermal spring water to heat the building. This new scheme will be extended to provide heating for the new Clore Learning Centre and the World Heritage Centre.
- Work to establish a base-line environmental impact assessment of our operations so that future changes can be measured.
- Include an environmental impact assessment as part of the criteria for agreeing touring exhibitions, and loans in/out, including the transport associated with them.
- Purchase an electric or hybrid van for use in transporting stock and goods to our sites.
- Conduct a researched study on the role that visitor attractors should play in shaping consumer approaches to sustainable tourism.

6.5 Group travel business.

Groups currently make up just over 30% of all Roman Baths visitors. It is important to consider groups in three distinct categories:

- Education;
- Credit customers;
- Other group customers.

Education visitors represent around 1.5% of total visitors to the Roman Baths. This is an audience that will grow with the opening of the Clore Learning Centre in 2020/21 financial year. We offer the greatest level of discount to education visitors to ensure that,

as far as is practicable, price does not become a barrier to school groups visiting the Roman Baths.

Credit customers represent approximately 22% of total visitors to the Roman Baths. Whilst they are an important part of our customer base, they visit during a small window of the day and bring us the biggest numbers on our busiest days, contributing significantly to overcrowding. The Group Management Strategy was created in 2018 and seeks to manage down the numbers of visitors arriving in groups, whilst sustaining the revenue generated through these groups. In 2019 we

- Reduced the capacity for group entry during our peak times.
- Extended variable rate pricing to all group visitors making it cheaper to visit in the off-peak months compared to the busiest Summer months.

Further work is needed on the Group Management Strategy, in light of the Climate Emergency declaration. Many of these groups arrive by coach; mass transit has a lower carbon impact than individual private transit, although a high number of coaches can contribute to congestion and pollution issues in the city centre.

6.6 Future developments.

Fashion Museum: the Service will continue the search for suitable new premises following the National Trust's decision to enforce the break clause in the Assembly Rooms lease in 2023. The Museum remains one of the world's top ten fashion museums and the Service has set the following criteria for its new premises:

- An on-street profile;
- A central location in the city;
- Dedicated learning space;
- Flexible exhibition space in which to display the permanent collection and temporary exhibitions.

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 2019.

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 level of investment in the quality of the visitor experience will be sustained, both through investment in interpretation but also through ongoing development and upskilling of staff. 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.

7.1 Revenue investment.

Revenue investment plan is undertaken under the priorities shown here:

Standards	Visitor Experience	Commercial	Future Offer
Monument conservation	Staff engagement	Market development	Fashion Museum
Site maintenance	Improved interpretation	Shop upgrades	Environmental impact study
Toilet refurbishment	Toilet refurbishment	Retail product development	Pricing strategy review
Equipment renewal	Changing exhibitions	Venue hire facilities	

Figure 14: Heritage Services revenue investment priorities

7.2 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 is corporately funded and £250k funded by the Service. The project is refurbishing some run-down former spa buildings and giving 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.

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.

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 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 2020/21. 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. Work will begin in 2019/20 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.

Spa water energy capture scheme.

This project has been currently being tendered. It will replace the equipment installed in 1993, supplement the conventional energy usage at the Pump Room complex and will also serve the new World Heritage Centre and Clore Learning Centre.

Roman Baths Shop Refurbishment

The main Roman Baths shop was last refurbished 2010, when it was extended to its current size. The shop is scheduled for a refit in 2022/23 in order to sustain and grow the £1.8m of turnover generated through the shop. Feasibility money is planned for 2021/22 to design a scheme and evaluate the return on investment to be generated through the re-fit.

The Fashion Museum Relocation

As discussed in section 6.6 above, a new location is required for the Fashion Museum. Once suitable premises have been found there will be a capital project to fit these out as a museum. This project is anticipated to be attractive to funding bodies and for philanthropy. During 2020/21 work will be completed on the business case and funding plan for this project.

Collections Resource Centre

It will be essential to create a Collections Centre to house the Museum's 'Designated' collection when it is removed from the Assembly Rooms in March 2023. The Centre will allow public access to the collection for study and learning to continue, and will enable objects in the collection to be prepared for loan to prestigious exhibitions elsewhere. It would provide secure accommodation and improved specialist study access, enabling the successful partnership with Bath Spa University fashion design courses to be maintained and developed.

A development like this would be on much lower value land than the new Fashion Museum and could be located outside Bath.

The Service will also explore the feasibility of whether an expanded Collections Centre could incorporate Bath Record Office, whose archive collections also enjoy Designated status. A combined Collections Centre would provide opportunities for shared building and staffing costs and shared study facilities and work areas.

Business cases for both options will be prepared during the course of the year.

8. Marketing plan.

The key objectives for the Marketing Team in 2020 are to deliver marketing campaigns that foster strong brand saliency nationally and internationally and to achieve the targets set out in section 5 above.

We will develop our online presence to continue to increase the number of visitors that pre-book their visit online from 7.8% in 2018 and 12% in 2019 to 17% in 2020 through increased promotion of the online discount across all marketing campaigns marketing.

The Marketing Team will also:

- Continue to cultivate and grow the important Chinese and US inbound visitor markets. We will increase US visitors from 13% to 15% of our total visitor and sustain our Chinese visitors at over 100,000 in 2020.
- Review print and digital spend and look to a revised print and digital strategy in 2021 to support sustainability and changing trends.
- Review our brand and communications and build upon our strong reputation as on one of the UK's top attractions for both domestic and international visitors.
- Strengthen audience development and community engagement initiatives to diversify current domestic audiences and address brand perceptual barriers.
- Continue to raise awareness of the Archway Project and build anticipation for the opening of the Roman Baths Clore Learning Centre and the World Heritage Centre.
- Consider opportunities increase the take-up of the Discovery Card from all areas of Bath and North East Somerset.

8.1 Marketing campaigns.

The planned campaigns for 2020 are set out below. All campaigns are evaluated against Key Performance Indicators, including using tracking URLs, targets for increasing visitors, click-through rates and social media engagement statistics.

February half-term.

We will deliver a regional marketing campaign aimed at families and grandparents using the creative developed for the Easter campaign. This campaign will consist of outdoors media placed in high footfall family areas (ie shopping malls) and radio advertising throughout the region. It will also include digital marketing through digital channels extending down into the South Coast.

Easter.

A regional marketing campaign aimed at families and grandparents will use the same creative as February 2020 Half Term. The creative will focus on highlighting all the aspects of the museums in a fun way to engage with kids and develop a closer connection with history. We will promote this across Heart FM Radio presenter read-outs, outdoors media in high-footfall areas such as regional railway stations and shopping areas, and bus rears in Gloucestershire and Cheltenham to capture parents and children on the school run.

Easter evenings.

Following the success of the Easter Lates in 2019 with an impressive 2,088 visitors over the weekend after-hours and £32,875 in income, we will run a similar campaign in 2020. This will promote the extended opening hours over the Easter weekend and have a 'Museum Lates' feel, encouraging visitors without children to visit after 5pm over the Easter Weekend to help ease congestion during the day. The evenings will include programming of live music, performances and a pop-up bar and will target a younger audience of 18-35 year-olds. Campaign activity will include outdoors media across high footfall areas and key regional cities such as Bristol, Reading and Oxford. This year, we have also expanded our targeting to include other key regional hubs such as Exeter and Cardiff.

Summer evenings.

Our summer campaign will be similar to 2019 but with revised and targeted creative based on location. Media will be placed on the London Underground and in London publications, at railway stations along the M4 corridor, and in high footfall areas in Bristol such as Cabot Circus, alongside Facebook campaigns. In addition we will work with Sky Adsmart to show a 30-second advert to Sky TV subscribers in Birmingham and Bristol following increasing website traffic from the Birmingham region. This will allow us to carefully target audiences with higher levels of disposable income and who have an interest in the arts and history. Following a huge spike in web activity in Cardiff, we've added this area to our audience target. We will also focus on advertising locally in Bath and surrounding areas.

Spas Ancient and Modern.

We will refresh the campaign creative and run a campaign from October through to Christmas which highlights the *Spas Ancient and Modern* package as the perfect break in Bath and also the perfect gift at Christmas.

Roman Rescue

New throughout this year, we will offer an escape-room type experience aimed at attracting families and friends, and companies for corporate team building events. We are particularly focused on appealing to local audiences with a unique and fun offer beyond the everyday experience. This new package will predominantly be promoted online through social media and our email newsletters.

8.2 China.

China remains an important market for the Roman Baths (roughly 10% of the Roman Baths' total audience), Fashion Museum and Bath as a destination. Official figures from Visit Britain show that the UK ranks as the 9th most popular destination in terms of outbound visits from China: there were 391,380 Chinese visitors to Britain in 2018, a 16.9% increase on the previous year.

2017 saw the Chinese FIT (Free Independent Travellers) market overtake the Chinese Group Travel market. FITs now make up 60% of China's outbound market. China has been a growth market for the Roman Baths for many years due, in part, to the early introduction of Mandarin on the audio guides. The Roman Baths was a founding partner of VisitBritain's 'Welcome China' campaign.

8.3 The US market.

The US Market remains an attractive market for growth with many Americans using the weak Pound as an opportunity to make a once-in-a-lifetime trip to the UK. America is the largest market for inbound visits to the UK and the first in terms of spend. In 2018 the average US visitor spend on leisure in the UK was £904. They are also a market which is more likely to travel off-peak. The US market has not been affected by Brexit.

8.4 Victoria Art Gallery.

In 2020, there are two blockbuster exhibitions for the first time at Victoria Art Gallery. In February 2020, *Toulouse-Lautrec and the Masters of Montmartre* comes to the Gallery. The exhibition will revisit the 'street art' of the era showcasing big names from this period with over 80 works by Toulouse-Lautrec, Mucha, Steinlen and more. Due to the exhibition subject matter, the 'popular culture' element and the headline names, we're aiming to attract a broader audience outside our more 'traditional' arts-engaged visitors and strong local following. Alongside our exhibition programming of free events, we will run two special one-off ticketed late-night events. This marketing campaign will include outdoors media in key railway stations along the M4 corridor and regional high footfall hubs, print advertising in leading regional and national arts publications such as V&A magazine, as well as online advertising targeted at South West audiences with a focus on London over bank holiday weekends.

In July 2020, *Myths and Monsters*, a sequel to the popular *Here be Dragons* in 2017, comes to the Gallery. This will be a more regional-focused campaign aimed at families. Social Media marketing will continue to be an important part of the Gallery's marketing plan as it has a high rate of repeat visitation and is therefore perfect for relationship marketing tactics.

8.5 Fashion Museum.

2020 is an important year for the Fashion Museum. As we prepare for the Museum's closure in 2022, we will continue to capitalise on its ongoing success and increasing visitor numbers, building its profile and brand awareness nationally and internationally. *Dress of the Year* will remain an important feature of this activity.

Having moved away from delivering large scale temporary exhibitions in favour of smaller more frequently changing displays, we will focus on highlighting the Museum's outstanding collection here in Bath and our loans overseas, as well as the added value 'products' we offer. New this year, we will promote the Museum's Study Facilities as an 'up close and personal' exclusive offering. This concept will be packaged in various ways throughout the year, including as part of the Jane Austen Festival in September. *Shoephoria!* is our new display feature from 28th March celebrating 100+ pairs of fabulous shoes. We will highlight the display change through PR support, advertising in targeted publications such as *Selvedge* magazine and a regional outdoors media campaign. 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.

9. Risk.

The risk inherent in the Service’s business activities has grown with its success. Small variations in visitor numbers and have a relatively large effect upon both income and profit in any year.

This is reflected in the Council’s General Reserves via the Robustness of Estimates calculation. A risk of £1m is recognised, this is assessed as low / medium risk; the Plan recommends that the total net risk provision should be reviewed again in future years.

Maintaining Roman Baths’ visitor numbers at current levels 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 8.7, the Roman Baths is slightly below the mean Enjoyment rating for Heritage sites of 8.8 and, at 8.1, also 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. The work done on the pricing strategy to disperse visitors from peak times into times of year where there is greater capacity has seen both the Visitor Enjoyment and Values for Money benchmarks improve in 2019.

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 (as was seen during 2018 with snow, a heatwave and a World Cup all having significant impacts on visitor behaviour). 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 2020/21
Easter weekend	c. 22,000	c. £36,000
Busy summer Saturday and Sunday	c. 12,500	c. £22,000
Busy summer weekday	c. 5,500	c. £10,000

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 £327k (2.0% of planned expenditure) has been provided within the Plan. This is split as follows: £150k Revenue; £77k Maintenance and £100k Investment. This has been increased by £50k from 2019/20 levels due to the uncertainty posed by Brexit and the weakening in demand seen from key European markets during 2019.

9.1 Threats to the business.

External events.

Every year geo-political, economic, public health, environmental and meteorological events cause uncertainty, deter people from travelling or influence 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.

<p>Geo-political / world events</p> <p>2011 bombing of Libya 2012 London Olympics 2013 unrest in Egypt and Syria 2014 unrest in Egypt, Syria and Iraq 2014 Malaysian Airlines' disasters 2015 terror attacks in North Africa, France and Belgium 2015-17 war in Syria; migration crisis 2016 terror attacks in Turkey and Germany 2016 President Trump elected 2017 terror attacks in Europe and UK</p> <p>2018 Middle East unrest; threat of terror attacks 2018 Novichok incidents, Salisbury</p> <p>Health scares</p> <p>2007 Foot-and-Mouth Disease 2009 Swine 'Flu 2014 Ebola 2015-16 Zika virus</p>	<p>Environment</p> <p>2010 Ash Thursday 2011 Japan earthquake / tsunami 2012 wettest UK summer in 100 years 2014 West Country flooding 2018 closure due to snow 2018 UK heatwave 2019 Australian wildfires</p> <p>Economy</p> <p>2008 credit crunch 2009-12 recession 2016 Brexit vote 2017-20 Brexit uncertainty 2019-22 Stonehenge tunnel</p>
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Figure 16: Issues which may have influenced people's travel-making decisions.

The 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 on our group travel operators during the outer years of The Plan. We will continue to investigate the potential impact of this as detail about the timing of the works becomes clearer.

Customer price resistance.

The new pricing strategy is designed to mitigate the risk of customer resistance following a number of years of above-inflation price rises. Variations in price between time of week and time of year, coupled with discounts for online ticket purchases give customers the choice to visit at a time and price combination that best meets their needs.

Reputation loss.

Continued high visitor numbers may detract from the quality of the visitor experience. Falling visitor satisfaction and significant price at our busiest times rises could 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 contracts. This may pose an increasing risk to the Council's 'partial exemption' VAT position that could incur an additional VAT cost if the 5% threshold is breached.

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.

Financial summary.

Business Plan Summary								
	Prior Year Actuals		Current Year	Proposed	Plan Years			
	16/17 Act £'000	17/18 Act £'000	Budget £'000	20/21 Bud £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000
Admissions	(15,303)	(16,258)	(17,500)	(18,830)	(19,444)	(20,044)	(20,438)	(21,245)
Retail Sales	(2,350)	(2,421)	(2,399)	(2,512)	(2,638)	(2,657)	(2,599)	(2,638)
Room Hire	(557)	(542)	(574)	(599)	(611)	(467)	(318)	(324)
Catering Commission	(750)	(705)	(701)	(625)	(640)	(572)	(498)	(513)
Other Income	(332)	(340)	(423)	(193)	(196)	(222)	(208)	(215)
Internal Income	(2,783)	(2,903)	(2,992)	(3,179)	(3,209)	(3,271)	(3,336)	(3,446)
Grants/Contributions	(151)	(139)	(169)	(112)	(100)	(57)	(15)	(15)
Total Income	(22,226)	(23,306)	(24,757)	(26,051)	(26,838)	(27,290)	(27,413)	(28,397)
Employee Costs	4,272	4,701	5,118	5,322	5,435	5,556	5,366	5,580
Premises Costs	1,114	1,293	1,294	1,195	1,250	1,437	1,499	1,563
Transport Costs	25	31	32	33	33	34	34	34
Supplies & Services	3,156	3,027	3,288	3,165	3,266	3,305	3,273	3,319
Recharge codes	4,550	4,381	4,734	4,874	4,954	4,995	5,056	5,183
Other Costs	5	5	6	6	6	6	6	6
Unallocated Budgets	0	0	0	0	0	0	0	0
Investment	1,368	1,330	1,503	1,773	2,078	1,574	1,577	1,592
Total Expenditure	14,491	14,768	15,975	16,368	17,023	16,906	16,812	17,278
(Surplus) / Deficit	(7,735)	(8,538)	(8,782)	(9,682)	(9,815)	(10,384)	(10,601)	(11,119)
Operating Margin	34.8%	36.6%	35.5%	37.2%	36.6%	38.1%	38.7%	39.2%
Operating Margin (pre investment)	41.0%	42.3%	41.5%	44.0%	44.3%	43.8%	44.4%	44.8%
Wage %	19.2%	20.2%	20.7%	20.4%	20.3%	20.4%	19.6%	19.7%

Figure 17: Heritage Services Business Plan financial summary.

Heritage Services Awards 2006-2018

Bath & North East
Somerset Council



Roman Baths Awards 2006 – 2019

- 2019** Visit England South West Tourism Excellence Awards (regional)
International Visitor Experience – GOLD
Large Visitor Attraction – GOLD
Business Tourism Venue – SILVER
-
- 2018** Visit England Tourism Excellence Awards (national)
'Inclusive Tourism' award – GOLD
'Inbound Tourism' award – SILVER
- 2018** Visit England South West Tourism Excellence Awards (regional)
Best International Visitor Experience – GOLD
Access & Inclusivity – GOLD
Business Tourism Venue – BRONZE
- 2018** The National Autistic Society (national)
Autism-Friendly Award – WINNER
- 2018** TripAdvisor Travellers' Choice Award (international)
"7th best rated landmark in the UK"
- 2018** 2018 CIE Tours Ireland (international)
Best Heritage Site in UK – GOLD
-
- 2017** Bristol, Bath & Somerset Tourism Excellence Awards (sub-regional)
Best International Visitor Experience – GOLD
Access & Inclusivity – GOLD
Large Visitor Attraction of the Year – BRONZE
- 2017** Visit England Tourism Excellence Awards (national)
Large Visitor Attraction of the Year – RUNNER UP
- 2017** UK Wedding Awards (national)
Best Historic Venue – GOLD
- 2017** Visit England South West Tourism Excellence Awards (regional)
Large Visitor Attraction of the Year – GOLD
Best International Visitor Experience – SILVER
-
- 2016** Bristol, Bath & Somerset Tourism Excellence Awards (sub-regional)
Best International Visitor Experience – GOLD
Large Visitor Attraction of the Year – GOLD
- 2016** CIE Tours Ireland (international)
'Award of Excellence' – SILVER
- 2016** Visit England Tourism Excellence Awards (national)
'Access for All' category – SILVER
- 2016** Visit England South West Tourism Excellence Awards (regional)
'Access & Inclusivity' category – GOLD
WINNER OF WINNERS

2016	The National Autistic Society (national) Autism-Friendly Award – WINNER
2015	Visit England Tourism Excellence Awards (national) Large Visitor Attraction of the Year – HIGHLY COMMENDED
2015	CIE Tours Ireland (international) 'Award of Excellence' – SILVER
2015	South West Tourism Excellence Awards (regional) Large Visitor Attraction of the Year – GOLD
2014	CIE Tours Ireland (international) 'Award of Excellence' – SILVER
2013	Trip Advisor (international) Travellers' Choice 'visitor attractions' category – WINNER
2013	Visit England Tourism Excellence Awards (national) Large Visitor Attraction of the Year – SILVER
2013	CIE Tours Ireland (international) 'Award of Excellence' – SILVER
2013	South West Tourism Excellence Awards (regional) Large Visitor Attraction of the Year – GOLD
2012	European Museum of the Year Awards (international) FINALIST
2012	CIE Tours Ireland (international) 'Award of Excellence' – SILVER
2012	South West Tourism Excellence Awards (regional) 'Access for All' category – HIGHLY COMMENDED
2011	The Art Fund Museum Prize (national) Museum of the Year – FINALIST
2011	Royal Institute of Chartered Surveyors Awards (regional) South West 'Community Benefit' award – WINNER
2011	Meeting & Incentive Travel Industry Awards (national) 'Access Excellence' – BRONZE
2010	Museums & Heritage Awards for Excellence (national) 'Classic Award' for continuous improvement – WINNER
2010	China Outbound Travel and Tourism Market (international) 'China Welcoming Tourists' Marketing award – SILVER
2010	Able Radio (national) Online radio station for the special needs community – GOLD
2009	Learning Outside The Classroom (national) H.M. Government's quality badge
2009	Sandford Award for Heritage Education (national) Awarded by the Heritage Education Trust
2008	National Training Awards (regional) Best Medium-Sized South West Business – WINNER
2006	Museums & Heritage Awards for Excellence (national) 'Marketing' category – WINNER (for the introduction of Mandarin audio guides)