



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Culture and Leisure Overview and Scrutiny Committee


26 March 2024

Report of Councillor Ashley Baxter,
Leader of the Council and Cabinet
Member for Finance and Economic
Development

Update on the Hello SK App

Report Author

Jade Newby, Tourism and Visitor Economy Officer

 Jade.newby@southkesteven.gov.uk

Purpose of Report

Provide an update regarding the Hello SK app and future options.

Recommendations

The Committee is asked to recommend to Cabinet:

- 1. The cessation of use of the Hello SK app.**
- 2. Instruct Officers to initiate partnership activities with Destination Lincolnshire to offset the features of the Hello SK app.**

Decision Information

Does the report contain any exempt or confidential information not for publication?

No

What are the relevant corporate priorities?

- Enabling economic opportunities
- Effective council

Which wards are impacted?

All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 Any costs associated with the development and continuation of the HelloSK app have not been included in the approved general budget for 2024/2025 so savings would need to be identified if the Council opted to continue to use the app.

Completed by: Alison Hall-Wright, Deputy Director (Finance & ICT) and Deputy S151 Officer

Legal and Governance

- 1.2 The contract is from 7 March to 31 March 2022 unless terminated earlier or extended and if not extended, the Agreement automatically expires. In the circumstances the Agreement has expired, and no legal implications are identified in cessation of the use of the App.
- 1.3 The other option open to the Council is set out in section 2 of this report and this would require a new contract in accordance with the Council's contract procedure rules and financial regulations.

Completed by: Mandy Braithwaite, Legal Executive

2. Background to the Report

- 2.1 A key priority within South Kesteven District Council's Corporate Plan (2024-2027) is enabling economic opportunity. The Council is committed to continuing to promote and develop South Kesteven as an attractive visitor destination, focusing on the areas cultural and heritage strengths.
- 2.2 This report begins with an update on the Hello SK app, followed by an introduction to the work of the Destination Management Organisations. The latter is explored in more detail in a report entitled 'Update on the Discover South Kesteven and the Tourism and Visitor Economy Strategy' which features later on the Committee's meeting agenda.

Hello SK App

- 2.3 The Hello SK app was acquired for a one-off payment of £50,000 via the Government's Welcome Back Fund. This payment included the development, management and maintenance of the app on the basis it would become self-sustaining through revenue derived from e-commerce sales. These sales were based on the developer's forecast usage of the app across South Kesteven, based on their experiences in other locations across the United Kingdom.
- 2.4 The app belongs to a third-party partner, Bubltown, who are responsible for its development, day-to-day management and business and customer engagement.
- 2.5 The Hello SK app was launched in August 2022, via a joint promotion campaign with the Council. This sought to promote the app to local businesses who were encouraged to upload offers for residents and visitors. This campaign was coupled with an increased advertising presence, including banners and engagement at events across South Kesteven. The campaign period saw an uptake in consumer downloads and offers uploaded by businesses. Similar campaigns were replicated for events such as Valentine's Day and Christmas in 2023. These resulted in a further downloads and usage.
- 2.6 On 5 September 2023, the Culture and Leisure Overview and Scrutiny Committee received a report which provided information on the progress and future promotional plans for the Hello SK app (see **Background papers**). Members agreed three actions:
- To make any suggestions of additions or amendments which should be reflected in the Hello SK app
 - Endorse the proposal to release a survey over the coming months to encourage feedback from businesses and consumers who use the Hello SK app
 - To receive a quarterly update on the Hello SK app.
- 2.7 In seeking user feedback, one Member had conducted a mini consultation on Facebook and shared the results with the Economic Development Team.
- 2.8 As of January 2024), the Hello SK app has been downloaded by 1,436 consumers and contains 211 business profiles from across South Kesteven.

Destination Management Organisations

- 2.9 Destination Management Organisations (DMO) contribute to the management and marketing of destinations, maintaining close contacts with tourism businesses. A Local Visitor Economy Partnership (LVEP) is the name of a DMO. VisitEngland are the British Tourist Authority (BTA) operating under the brand names VisitBritain and VisitEngland (VE). VE is responsible for marketing England to domestic and established overseas markets and for improving England's tourism product.

- 2.10 Destination Lincolnshire has recently been awarded LVEP accreditation by VE. Destination Lincolnshire are currently writing the Destination Management Plan (DMP) for Lincolnshire to include the planning, development and marketing of Lincolnshire as a destination, as well as how it is managed physically, financially, operationally and in other ways.
- 2.11 The VE website (<https://www.visitbritain.org/resources-destination-partners/developing-destination-management-plan-or-tourism-growth-plan>) confirms the DMP should cover all the fundamental aspects of destination management, including:
- Tourism, performance and impacts
 - Working structures and communication
 - Overall appeal and appearance, access, infrastructure and visitor services
 - Destination image, branding and promotion (marketing)
 - Product mix – development needs and opportunities.
- 2.12 The DMP typically sets a strategic direction for the destination over a period of up to five years and contains prioritised actions within an annual rolling programme and identification of stakeholders responsible for their delivery.

3. Key Considerations

- 3.1 Whilst the app provided a focus of activity and a boost to the local economy in the immediate aftermath of the pandemic, Bubltown have been unable to meet forecast projections made in their initial business case and by consequence have insufficient revenue to maintain their activity. Bubltown are now seeking to end their commitment to the Council, unless further funding is provided.

Bubltown has recently offered two options for future provision and development of the app:

- a) Continuation of the existing business plan, where revenue is generated from e-commerce sales
 - b) A revised approach where the emphasis is shifted away from e-commerce activity towards driving footfall and changing spending habits on the high street
- 3.2 Both of these options would require a similar approach including further financial commitment from South Kesteven District Council and a period of intense marketing. Bubltown would then manage and promote the app for up to six months free of charge, after which the Council would be required to commit to a monthly retainer of between £2,000 and £4,000 (excluding VAT) to continue the services. This would enable:
- Hosting on App and Play Stores
 - A business joining page, hosting and maintenance.

- Technical assistance for businesses and users.
- Rollout of planned upgrades and advancements to the technology.
- Business onboarding and assistance.
- Extra resource allocation for the creation and provision of new promotional templates (and amendments to existing materials).
- Direct communication with businesses and active promotional campaign support for the Council.
- Uncapped businesses licenses.

Bubltown has recently offered two options for future provision and development of the app:

- c) Continuation of the existing business plan, where revenue is generated from e-commerce sales
- d) A revised approach where the emphasis is shifted away from e-commerce activity towards driving footfall and changing spending habits on the high street

3.3 Both of these options would require a similar approach including further financial commitment from South Kesteven District Council and a period of intense marketing. Bubltown would then manage and promote the app for up to six months free of charge, after which the Council would be required to commit to a monthly retainer of between £2,000 and £4,000 (excluding VAT) to continue the services. This would enable:

- Hosting on App and Play Stores
- A business joining page, hosting and maintenance.
- Technical assistance for businesses and users.
- Rollout of planned upgrades and advancements to the technology.
- Business onboarding and assistance.
- Extra resource allocation for the creation and provision of new promotional templates (and amendments to existing materials).
- Direct communication with businesses and active promotional campaign support for the Council.
- Uncapped businesses licenses.

3.4 Officers have considered Bubltown's proposals and concluded there is not a sustainable business case to generate sufficient users, sales and revenue to ensure the app can operate without further subsidy by the Council in the years to come. This conclusion is based upon the relatively low uptake of the app and a lack of tangible demand from businesses and residents across South Kesteven.

4. Other Options Considered

4.1 The initial set up of the Hello SK app was fully-funded through the Government's 'Welcome Back Fund' to support the re-opening of the high street in the aftermath

of the pandemic, however has proven to not be self-sustaining. Therefore the 'do nothing' option has been discontinued,

- 4.2 The DMO will have an impact upon the Council's planned Tourism and Visitor Economy Strategy. Members may wish to consider supporting Officers in developing areas to replace some of the Hello SK app activity.

5. Reasons for the Recommendations

- 5.1 Despite the initial opportunities offered in the aftermath of the pandemic, it is difficult to justify the continued use of, or further investment in, the Hello SK app because it no longer provides an appropriate Benefit-Cost Ratio (BCR).
- 5.2 If the Council ceases the use of Hello SK app, a strategy to replace this activity should be developed through the creation of a Tourism and Visitor Economy Strategy in the context of the newly formed Destination Lincolnshire LVEP.

As indicated in the second recommendation, such an approach would require Officers to initiate partnership activities with Destination Lincolnshire to offset the features of the Hello SK app.

6. Background papers

- 6.1 *Review of the HelloSK app and draft Discover South Kesteven website* – Report to Culture and Leisure Overview and Scrutiny Committee, published 5 September 2023 and available online at:
<https://moderngov.southkesteven.gov.uk/documents/s38879/Report.pdf>