



Cabinet report

Date	9 SEPTEMBER 2021
Title	SUPPORT TO VISIT IOW IN PROGRESSING DESTINATION BUSINESS IMPROVEMENT DISTRICT (D-BID) 2
Report of	CABINET MEMBER FOR REGENERATION, BUSINESS DEVELOPMENT AND TOURISM

EXECUTIVE SUMMARY

1. This paper seeks to establish the IWC's support for a new D-BID which would provide for the funding and delivery of a range of tourism activities in support of the visitor economy of the Island. It also seeks to agree for the council to run and manage the D BID process (ballot and levy collection) and as a levy payer for some of its facilities, such as leisure centres, agree to cast its vote for those premises in favour of a new D BID being established.
2. The council supported the original D BID which was agreed in 2016 and has been delivered over the past 5 years by Visit Isle of Wight, the Islands Destination Management Organisation (DMO) of which the council is a board member. The legislation covering BIDs requires that the current D BID arrangements must conclude in September 2021 and that any new proposition must be voted on by those tourism businesses identified to pay an annual levy based on a percentage of the business rates of their premises to the BID organisation (VIOW).
3. Over the past few months VIOW have been undertaking a wide-ranging consultation and engagement exercise with the tourism industry on the Island in order to ascertain the likely support for a new D BID. A document called the "Wight BID - the story so far" setting out the benefits delivered to tourism businesses and the wider economy over the past 5 years has been widely circulated on the Island by VIOW. (appendix 1)
4. Following this initial engagement, VIOW concluded that there is sufficient support for a new D BID and have now produced a prospectus and business plan for the delivery of the new B DID over the next 5 years (appendix 2). They

are seeking formal confirmation from the council that it is prepared to run and manage the ballot of businesses (hereditaments) required by the regulations and subsequently collect the levy, if there is a successful outcome from the vote in support of the prospectus and business plan.

5. To be successful the D BID would require the support of the majority of tourism businesses (in both number and total rateable value) who would, as a result, pay an additional levy on top of their business rates.

BACKGROUND

6. BIDs (Business Improvement Districts) originated in “downtown areas” of the USA as a way of local businesses joining together to undertake specific activities in support of their local economy. This was a response to the dominance of large shopping malls and other out of town development.
7. In this country the BID proposition firstly focused on specific town centres or areas of large cities (i.e. the West End of London) to improve the retail offer and attract more shoppers and businesses to the area creating more jobs, improved viability and a higher quality retail experience. In recent years other tourism destinations have used BIDs to support the tourism economy although the IOW D BID is the only to cover an entire local authority area.
8. The regulations to create a Destination BIDS (D-BID) require that any proposition to raise a levy is supported by a 51 per cent of the sector by both rateable value and those voting businesses being asked to pay the levy. This ensures both small and larger operations are engaged in the proposal and process for which their support is being sought.
9. Visit Isle of Wight (VIOW) is the Island’s destination management organisation (DMO) set up between the public and private sector to lead on growing the visitor economy. VIOW leads on the tourism marketing campaign and a range of other tourism activities through the levy payments whilst the IWC has a wider input into the tourism product through its investment in regeneration, infrastructure and areas such as beaches, parks and the wider public realm. VIOW also receives funding from other private companies such as the larger tourism attractions, ferry companies etc in support of this joined up approach.
10. Since 2016, VIOW have been delivering the original D BID proposition supported by the tourism levy payers at that time. The range of activities undertaken over the past 5 years are summarised in the recent prospectus circulated by VIOW across the Island which sets out the benefits (appendix...) to both businesses and the wider economy.
11. The pandemic has created real challenges for most businesses over the past 18 months not least those in the tourism sector. Whilst there has been significant financial support through the council dispensing COVID business grants totalling some £100m alongside furlough support and other funds and loans, the recovery of the local economy is still fragile with the Institute of Fiscal Studies (IFS) warning that the IOW, alongside Torbay, are the two areas of the

country least resilient to responding to the impacts of COVID. Torbay have recently completed their D BID process which found support with the majority of tourism businesses in the area and has provided significant funding for a range of marketing and other activities in support of the local economy.

12. VIOW have been engaging with tourism businesses over the summer via a prospectus which sets out the achievements of the past 5 years of the D BID, and seeks views on what could have been done better and what businesses would want to see in any future D BID. This consultation and engagement has helped frame the current proposition and business plan (appendix ..) which will now form the basis of a wider consultation with the tourism industry before being finalised as the proposal to be put to a formal ballot.
13. Under the BID regulations the council also has specific responsibilities in the following areas:.
14. **Veto of BID proposals** (*regulation 12*) - the council should satisfy itself that the BID proposal does not conflict with any existing formal council policies nor propose a disproportionate burden on particular businesses by way of an unfair levy charge on a certain 'class' of levy payers.
15. The current proposal does not conflict with key existing council policies and does not place a disproportionate burden on any one group of businesses either through a disproportionately higher rate that is not reflected in the scope of the BID proposals or a disproportionately lower rate for certain businesses leading to unfair subsidisation.
16. **Submission of the BID proposals** (*regulation 4*) - the council should be satisfied that the submission from VIOW includes:
 - a copy of the summary BID proposals;
 - a consultation report detailing the extent of the consultation;
 - a summary of the business plan, particularly finances and financial management of the BID; and
 - a demonstration that finances are available to cover the cost of the ballot in the event that it fails and if the number of persons voting in favour was less than 20 per cent of the number of persons entitled to vote.
17. **Content of the BID proposals** (*schedule 1*) - the council needs to check that the final BID proposals include all of the details stated within schedule 1 to the BID regulations.
18. As a result of the timescales involved in finalising the new D BID proposal for ballot, if further modification and changes are made (provided these are not substantive) they may need to be agreed in consultation with the relevant Cabinet member. This approach may also enable the timely sign-off of the BID proposal in accordance with schedule 1 of the BID regulations and an Operating Agreement. The Operating Agreement largely relates to the process of levy collection on behalf of VIOW by the council.

19. Once these statutory obligations have been fulfilled and only if all of the elements, described above, have been included in the BID proposal can the ballot process be instigated. Finally, the D BID proposer (VIOW) needs to formally notify the billing authority (Isle of Wight Council) to instruct the local authority's returning officer to hold the ballot.

STRATEGIC CONTEXT

20. The council is currently reviewing its Corporate Plan to reflect the key objectives.
 - Supporting growth in the economy
 - Ensuring that all resources are used in the most effective way
21. Tourism is a key component of the island's economy and any proposition seeking to sustain and grow the visitor economy would support the councils objectives.

CONSULTATION

22. The consultation exercise undertaken by VIOW has been critical to the development of the new BID proposal and in enabling the council to fulfil its duties under the BID regulations.
23. A business on-line survey closed on 30th July 2021 which asks a number of questions, but primarily about the direction of focus for the BID renewal if it is voted in by the Island's business community.
24. Once the responses are collated, then this will form the basis of the draft business plan that will then be consulted on during August and early September both at in-person and on-line meetings with a view to finalising the plan, to be sent to the potential BID levy payers in Mid-September.
25. This finalised business plan will be the plan that will be voted on by all businesses during October 2021, with the ballot closing on 28th October 2021 and the result being declared the following day.
26. The importance given by VIOW to consultation feedback is critical in shaping the proposal that will require the support of a majority of tourism related businesses at ballot in order for it to succeed.
27. The current timetable envisaged by VIOW for the formal ballot process is as follows:

Notice to Ballot Holder to Conduct Ballot At least 70 days before Day of Ballot -19 August 2021

Ballot List & Wording for Documents to Ballot Holder At least 56 days before Day of Ballot-2 September2021

Notice of Ballot Sent At least 42 days before Day of Ballot-16 September 2021

Despatch of Ballot Papers At least 28 days before Day of Ballot- 30 September 2021

Appointment of Proxy At least 10 days before Day of Ballot- 18 October 2021

Cancellation of Proxy At least 5 days before Day of Ballot- 23 October 2021

Issue of Replacement Ballot Papers 4 days before Day of Ballot- 24 October 2021

Close of Ballot This is the 'Day of Ballot' - 28 October 2021

Declaration of Result At least 1 day after Close of Ballot 29 October 2021

FINANCIAL / BUDGET IMPLICATIONS

28. Costs to the council in supporting the BID can be broken down as follows:
29. Firstly, the postal ballot will be met from the council from the economic development budget with the cost estimated at no more than £8,000 (printing ballot papers, postage, notification to voters etc.) and is non-recoverable.
30. Secondly, any costs associated with the Operating Agreement, largely relating to levy collection. The council will be responsible for levy collection on behalf of VIOW and all of the associated costs will be initially paid by the council but will be reclaimed in full from the D BID levies collected before any payment of such to the BID company (VIOW).
31. Thirdly, if the D BID is successful a number of council premises will be liable to pay a levy contribution to the D BID. In 2016 37 properties (including leisure centres) would contribute £13,241 per annum. The levy payments are already allocated in existing budgets as they have been paid to the previous D BID over the last 5 years.

LEGAL IMPLICATIONS

32. The power to undertake the BID process is included in Business Improvements Districts (England) Regulations 2004 and the key elements of the council's responsibilities are set out above.

EQUALITY AND DIVERSITY

33. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

OPTIONS

34. The options available are as follows:

Option A To support the D BID proposition, agree to run and manage the legal processes necessary to undertake the ballot of potential levy paying businesses, agree to cast its votes in favour of the D BID proposition and set aside the funds required to pay the levy if successful.

Option B To not support the D BID proposal.

RISK MANAGEMENT

35. If the council chooses not to support the D BID it might still proceed (unless the council chooses to veto the BID proposal, given the regulatory power available) but there is a significant risk that the D BID proposal would fail and the resources available to VIOW in order to promote and develop a high quality tourism offer on the Island in support of the broader local economy would be greatly diminished. Less resource to promote the Island as a destination will lead to reduced visitor numbers and as a consequence impact on jobs and economic growth.
36. Even if the council agrees to support the D BID proposition, the proposal developed by VIOW may still fail to win support from the majority of businesses who would be required to vote in support of it. VIOW has undertaken a robust and inclusive business engagement campaign as part of the D BID process to set out the benefits that the original D BID achieved and to ensure the final proposition is best placed to achieve majority support.
37. If the D BID fails it is likely that marketing of the tourism product will fall back to individual business who do not operate at a scale that can compete with other major resorts and the budget they have at their disposal. Any joined up marketing that might take place will be dictated by those contributing the resources which would leave smaller businesses without a voice in the nature of campaigns being delivered and alignment with other key objectives (including sustainable travel, green energy, etc.)
38. There is currently no viable alternative route to resource and deliver the activities undertaken by VIOW under the sorts of activities delivered via the previous D BID arrangements. Whilst opportunities to explore other options for funding, such as a landing tax, could be progressed this would take considerable time and effort and may ultimately be more unpalatable than a levy and unachievable in that it would require primary legislation through parliament.

EVALUATION

39. The new D BID proposition provides the opportunity to secure and sustain the activities of VIOW in promoting the visitor economy and underpin the existing levels of private sector investment currently supporting the growth of the

tourism sector. VIOW has proved to be an effective public/private sector partnership that has helped promote the Island as a leading destination over recent years in competition with other major UK resorts. The impact of not supporting the D BID could lead to the fragmentation of the Islands joined up approach to tourism and significantly reduce the resources available to compete with other resorts at a time when the islands economy is at its most fragile, post COVID.

40. While there is always a risk that a majority of business will not support the new D BID levy, VIOW have used this opportunity to campaign for the continuation of their activities in support of the tourism sector which is a vital component of the local economy in terms of both value and jobs. Securing £2.5m to invest in improving the visitor economy through a new D BID proposition over the next 5 years via a well-established partnership of the public and private sector is the only realistic option to help secure the Islands economic recovery and compete against other destinations.

RECOMMENDATION

Option A. To support the D BID proposition, agree to run and manage the legal processes necessary to undertake the ballot of potential levy paying businesses, agree to cast its votes in favour of the D BID proposition and set aside the funds required to pay the levy if successful.

APPENDICES

Appendix 1- Visit Isle of Wight BID story so far

Appendix 2 -Wight BID proposed business plan

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D BID VIOW narrative

Isle of Wight D-Bid

Fundamentally, Visit Isle of Wight's job is to promote the Island as a destination off the Island, however with "lockdowns" a plenty in this past 16 months it has meant that the way VIOW have gone about their business had to change virtually overnight, gone were the major marketing campaigns. Looking more inwards to guide and assist the businesses that needed help, assistance, and guidance during uncertain times, being that signposting organisation that everyone needed at the time. VIOW's lobbying work of local and national government alongside national tourism bodies became a key part of what was required to ensure that government grants, assistance went to the correct places, and when there were loopholes, that these were addressed.

Creation of the "one-island" messaging to ensure that tourism, travel, and local authorities all spoke as one, continues even today as the latest version of "Travel the Wight Way" is launched in line with the "Step-4 Roadmap" changes, to ensure that visitors, businesses, and the Island's local population all work as one for the benefit of the Island.

Visitors to the Isle of Wight, in a normal year number 2.4 million people to the Island, who are a mixture of staying and day visitors, along with people "Visiting Friends & Relatives" or VFR, they spend £330 million each year with the overall economic impact being £470.4 million, which supports over 8,000 jobs both directly and indirectly in the tourism, travel and hospitality sector.

For the past 5 years, the off-island marketing activities that Visit Isle of Wight create and distribute have primarily been funded through a tourism focused D-BID (Business Improvement District) which equated to around £500,000 each year, this current BID period concludes on 31st August 2021 – so what happens then for the Island's tourism marketing presence on arguably the most highly competitive market where all of the UK's holiday and city break destinations are fighting for their share of the finite visitor spend.

Do we just sit back as Island businesses and say, "We are the Isle of Wight – they will come"? Absolutely not, as the Island and its businesses we must fight for its "share of voice!" in this highly competitive marketplace, to do that funding is the key issue that is staring us in the face, and right here – right now the potential answer is to renew the current BID period for another period, whilst longer term options and solutions are considered, both locally, regionally, and nationally.

Wight BID renewal is the route to potentially securing just over £2.9 million over 5 years to market and promote this amazing and beautiful Island in line with the wishes of the potential BID levy payers, that is why VIOW have instigated an on-line business survey for BID levy payers asking some key question about what has gone well and not so well in the past 5 years alongside asking what potential BID levy payers would like to see as the focus / key messages and targets of what the BID monies would be spent on. There will also be consultation sessions to debate what the focus should be. This will form the basis of an overall business plan that the potential BID levy payers will be asked to vote on in October 2021.

The value of tourism on the Island and the numerous activities that Visit Isle of Wight deliver to sustain and build that visitor profile is wide and varied and whilst the Isle of Wight may be small in size in comparison to some of the perceived tourism "big-hitters" such as Cornwall, The Lake District, Yorkshire, Kent, and Manchester to name but a few, the Isle of Wight certainly packs a punch.

Will Myles, Managing Director of Visit Isle of Wight said "I doesn't go un-noticed by myself and my team, that the marketing activity that we produce and promote the Island with is often seen in a slightly different format being used by other destinations nationally – I take that as a bit of a back-handed compliment, as my team and I are highly professional and are very good at what we do, our focus is always what can we develop and create to market this Island in such a way that people want to visit for the day, 2 or 3 days, a week or three and some find it so amazing that they make life decisions and stay."

Will went onto say "The renewal of the D-BID is critical to the promotion of this island, the tourism, businesses of all shapes and sizes that operate here deserve that higher level marketing activity to be carried out, the work continues, and I want Visit Isle of Wight to do their best for all businesses and that is exactly what we will do, this is a team effort!"

The overall process of developing the BID Renewal has already commenced, current BID levy payers have already had delivered to them a brochure that shows the impact that VIOW has delivered in Marketing, Press and PR terms for existing BID Levy payers and ultimately the Island.

As previously stated, there is currently a business on-line survey taking place that closes on 30th July 2021 which asks a number of questions, but primarily about the direction of focus for the BID renewal if it is voted in by the Island's business community.

Once the responses are collated, then this will form the basis of the draft business plan that will then be consulted on during August and early September both at in-person and on-line meetings with a view to finalising the plan, to be sent to the potential BID levy payers in Mid-September.

This finalised business plan will be the plan that will be voted on by all businesses during October 2021, with the ballot closing on 28th October 2021 and the result being declared the following day.

