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**REPORT TO: POLICY AND RESOURCES COMMITTEE ON 29 OCTOBER 2019**

**SUBJECT: TOURISM BUSINESS IMPROVEMENT DISTRICT – BALLOT**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)**

**1. REASON FOR REPORT**

- 1.1 To inform Committee on the ballot for the Tourism Business Improvement District (BID) and to seek the Committee's approval to support the proposals.
- 1.2 This report is submitted to Committee in terms of Section III (B) (7) of the Council's Scheme of Administration relating to dealing with the administration of the levy, collection and payments.

**2. RECOMMENDATION**

**2.1 It is recommended that the Committee agrees:-**

- (i) **to approve the Tourism Business Improvement District (BID) proposal and business plan for 2020 – 2025; and**
- (ii) **at the ballot stage to vote in favour of the minimum annual levy cost of £365.**

**3. BACKGROUND**

- 3.1 As reported to the Economic Development & Infrastructure Services Committee on 16 April 2019 (paragraph 7 of the minute refers), Moray Speyside Tourism (MST) was established in 2014 and operates under the auspices of Moray Chamber of Commerce. MST is the Destination Marketing Organisation (DMO) for Moray and Speyside. The organisation's purpose is to bring more visitors to our region, positioning Moray Speyside as a world-class destination for visitors from across the globe. It has been supported by Highlands and Islands Enterprise (HIE) and the Council with the funding package coming to an end this year.
- 3.2 To ensure a sustainable future for tourism development, Moray Speyside Tourism is leading the development of a Tourism BID. A steering group has been formed with 14 representatives from the sector. A wide range of consultation has been undertaken since the launch of the Tourism BID campaign at the 2018 Moray Speyside Annual Conference in the presence of

more than 150 individuals from local tourism businesses and stakeholder organisations. It included:

- Initial survey of tourism businesses conducted across the region in November 2018 to January 2019 to establish sufficient support for the Tourism BID to progress and identify key priorities for tourism businesses. The survey had 138 respondents followed by 4 focus groups (44 participants) and 12 in-depth interviews key industry leaders.
- 11 business engagement events throughout Moray.
- A Business Breakfast event, in partnership with VisitScotland and a joint event with the Association of Scotland's Self-Caterers.
- Briefings and updates to politicians, Community Councils and a wide range of partnerships.
- Personalised letters with outline business plan being posted to over 340 eligible voters.

3.3 The outcome of these consultations have informed the details in the business plan and proposal included as **APPENDIX I** and **APPENDIX II** (excluding any details which would disclose personal details of individuals) with key points outlined below.

3.4 Following a successful ballot, the Tourism BID will focus its activities on three priority areas, each informing a detailed, measurable and fully costed annual work stream

- Marketing Moray Speyside nationally and internationally
- Improving the visitor experience - from inspiration to arrival and beyond
- Supporting Businesses – protecting our tourism industry

3.5 The Tourism BID will operate within the geographical area covered by Moray Council excluding the area already part of the existing City of Elgin BID. Tourism businesses have been defined as those businesses falling within the classifications outlined by VisitScotland's Quality Assurance Scheme (whether or not the business has signed up to that programme) and includes a range of accommodation providers, visitor centres and attractions, museums, historic buildings, golf courses, breweries and distilleries with visitor centres, tourist shops, activity and outdoor centres.

3.6 378 businesses with a non-domestic rateable value of £2,000 or above have been identified within the proposed Tourism BID area. Excluded are tourism businesses operated solely by volunteers i.e. that have no paid staff, whether or not they charge an entrance or service fee and will not be included in the Tourism BID. However they, alongside with businesses which are either below the rateable value threshold or have no premises such as activities and tour operators can opt-in to participate in the Tourism BID if they wish to do so at a fee of no less than the minimum levy rate.

3.7 The levy has been calculated in bandings and will be linked to the Retail Price Index (RPI) in order to take account of any inflation. The levy payments by eligible tourism businesses in the Moray Speyside Tourism BID area will generate approximately £151,000 per annum and an estimated total of £785,000 over 5 years.

<b>Band</b>	<b>Rateable Value</b>	<b>Annual Levy</b>
1	£2,000 - £4,999	£273.75
2	£5,000 - £14,999	£365
3	£15,000 - £99,999	£730
4	£100,000 and above	£1460

The Moray Speyside Tourism BID will seek to secure additional funding through investments, sponsorship and trading income to increase the amount available to spend on projects as they develop. It is estimated that an additional income of over £200,000 will be generated over 5 years.

- 3.8 Following a successful ballot, the Moray Speyside Tourism BID Company Ltd will be responsible for the management and delivery of the Tourism BID and will commence from 1 April 2020 until 31 March 2025. The not for profit and not having a Share Capital company will be administered by a Board of Directors who will be elected from those who are liable to pay the levy. From a maximum of 12 members of the Board of Directors, a Chair and Vice Chair will be elected.
- 3.9 The Board of Directors will recruit 1 Chief Executive, 1 Operations & Marketing Manager and an administrative assistant, to ensure the efficient delivery of the projects and effective communications with the levy payers.
- 3.10 It will be the responsibility of Moray Council, as billing agent, to administer the billing process and the collection of the levy. It will deal with all enquiries concerning the payment of these demand-notices. All other enquiries concerning the demand-notices will require to be answered by a representative of the BID Company.
- 3.11 The Tourism Bid will be liable to pay for the cost of the administration, collection and recovery cost of the levy. It consists of £5,763.66 annual cost for administration and £5,657.20 of annual cost for additional software, subject to confirmation by the supplier
- 3.12 The Taxation Team has previously made use of the council's corporate invoicing software to raise and administer the City of Elgin BID's invoices. There have been a number of limitations in working in this way, which created inefficiencies and required a number of time consuming work arounds. The requirement to administer a second BID if the Tourism BID is successful would have made it unsustainable to continue to work in this way.
- 3.13 The Taxation Team's software supplier now provides a module, which works in conjunction with the existing Non-Domestic Rates software suite. The use of this module would simplify administration of a single BID, and would make it possible to administer two BIDs within the staffing resources available to the Taxation Team.
- 3.14 The total annual cost to the Tourism BID is £11,420.86, however if the proposed Elgin BID is also successful with their ballot, the software charge would be shared and the cost will be reduced to £8,592.26

- 3.15 **Key Dates and Ballot** – Under the legislation, 98 days’ notice is required to the Scottish Government and Local Authority, for the final BID business plan and proposal being submitted by the BID proposer, which was 9 October 2019. Under the legislation, which governs the Scottish Business Improvement Districts, the Local Authority has to consider the proposal and business plan for a BID.
- 3.16 A Local Authority has the right to veto within 28 days, if for example it conflicts with any Planning Acts or for reasons such as the proposed levy would create disproportionate or unreasonable financial burden amongst rate payers. However any appeal against a veto will be decided by the Scottish Ministers.
- 3.17 The ballot procedure will be sub-contracted to an Election Services Company and Moray Speyside Tourism has confirmed in writing to the Council’s Chief Executive that sufficient funds have been set aside to meet the cost of the ballot. The key dates are:
- Publish notice of the ballot by 20th November 2019
  - Ballot papers to be issued by 4 December 2019
  - Final day for voting papers to be received by 15 January 2020
  - Announcement of ballot results by 17 January 2020

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

The Tourism BID ballot proposal will contribute to the corporate plan priority to promote economic development and growth, also the LOIP priority of a growing and sustainable economy.

**(b) Policy and Legal**

The legislations which implement BIDs in Scotland are:

- The Planning etc (Scotland) Act 2006 (Part 9)
- The Business Improvement Districts (Scotland) Regulations 2007
- The Business Improvement Districts (Ballot Arrangements) (Scotland) Regulations 2007 and
- The Planning etc (Scotland) Act 2006 (Business Improvement Districts Levy) Order 2007

Under the legislation where the local authority is of the view that the BID proposal or renewal and preliminary procedures conflict with a policy formally adopted and published by the authority, the authority shall notify the BID proposer in writing explaining the nature of that conflict.

A local authority can veto a detailed BID proposal if it conflicts with any of the above Acts or for reasons such as the proposed levy would create disproportionate or unreasonable financial burden amongst rate payers. However an appeal against a veto will be decided by the Scottish Ministers.

Any proposed improvement projects and services will be in addition to any existing provisions provided by Moray Council and Community Planning Partners. It is intended to draw up an operational agreement between Moray Council and the Moray Speyside Tourism BID Company Ltd, in consultation with Legal.

**(c) Financial implications**

Corporate Management Team Additional Expenditure Warning

When the council approved the budget for 2019/20 on 27 February 2019 (para 4 of the Minute refers), the three year indicative budget before the council showed savings required in 2020/21 of £12.2 million and £6.7 in 2021/22. Although the final figures will vary, it is clear that the council will have to reduce its costs significantly across all services in future years. All financial decisions must be made in this context and only essential additional expenditure should be agreed. In making this determination the committee should consider:

- Is there a statutory requirement to incur the expenditure?  
Should the ballot be successful, Moray Council would be liable to pay a levy for its property the Falconer Museum in the Tourism BID area. For the financial year 20/21 the levy liability is £365. On the assumption of a 2.5% index linked annual increase, it could rise by year 5 to £402.89.  
No levy would be payable if the Museums Service closes which is one of two options previously agreed for 1920/21, the other being transfer to a trust.
- Are there any alternative actions available to avoid or reduce the cost?  
Through a potential Community Asset Transfer of the building the levy liabilities would be with the new occupier.
- Are there alternative ways in which the service could be provided?  
The Tourism BID proposal is offering a comprehensive service for the tourism sector and it is unlikely that an alternative model could provide this.
- What are the risks and consequences of not allocating the funding?  
Should the Council decide to either not vote or vote no in the ballot, it will not have a major impact in terms of finance or non-domestic rateable value for the Tourism BID proposal, however the risks are on reputational level in terms of supporting a sustainable solutions for Moray's Destination Marketing Organisation.
- Does the expenditure contribute to long term financial stability?  
The Council levy contribution by itself is marginal, however the Tourism BID proposal will remove reliance on public sector funding.

If in light of these factors the spend is considered essential, Committees should consider how it could be accommodated within the service budget, including what other activity would have to cease or diminish with what impact and risk. Only following these considerations should request be made to the Council for additional budget allocation.

If the additional spend recommended in this report is approved, this will increase the savings targets by £365 in 20/21 and £374 in 21/22.

While in isolation these figures may not be significant, the cumulative impact of all new pressures will require to be taken into account for future years. If the committee recommends additional budget to be allocated this recommendation will be considered in the next quarterly budget monitoring report in the context of the current overall financial position of the council and in particular in the overall context of spend beyond affordable limits that impinges on the Council's reserves policy position.

**(d) Risk Implications**

Although the very limited grounds on which the recommendations could be refused are set out in 4b, it should be noted that there appear to be no prospects of future public sector funding for MST and therefore if the bid process is not supported, whilst HIE and council officers would meet to discuss options, there currently appear to be no reasonable alternative means of effectively promoting and supporting tourism in Moray which could be implemented in the short term.

**(e) Staffing Implications**

The Economic Growth & Regeneration section will continue to work with the Tourism BID to support any developments and external funding opportunities.

**(f) Property**

Moray Council would be liable to pay a levy for the Falconer museum within the Tourism BID area at a non-domestic rateable value of £14,500

**(g) Equalities/Socio Economic Impact**

There are no equalities/socio economic impacts arising from this report.

**(h) Consultations**

The Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, Paul Connor (Principal Accountant), the Legal Services Manager, the Equal Opportunities Officer, the Head of Housing & Property, the Taxation Manager and Tracey Sutherland (Committee Services Officer) have been consulted and comments received have been incorporated into the report.

**5. CONCLUSION**

**5.1 The creation of a Tourism BID will provide a sustainable model which will focus on delivering key strategic tourism development projects and**

**services for Moray. If supported, it is democratic, time bound, accountable and provides a clear mandate for actions.**

- 5.2 If the ballot is successful the Tourism BID will deliver on the identified priorities of marketing Moray Speyside nationally and internationally; improving the visitor experience and supporting the business sector.**
- 5.3 It will enable local tourism businesses to work in collaboration, place the local tourism industry at the heart of the decision-making process and remove reliance on public sector funding.**
- 5.4 Should the BID be unsuccessful, the Council and HIE would require to consider what if any support could be put in place for tourism in Moray but financial restrictions and staffing issues would present very significant challenges in this respect.**

Author of Report: Reni Milburn, Economic Growth & Regeneration Manager  
Background Papers: Tourism BID Business Plan, Proposals with all appendixes, data base and correspondence on file in Environmental Services, Economic Growth & Regeneration Section

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