



Meeting: Council

Date: 23 July 2015

Wards Affected: All Wards

Report Title: The English Riviera Tourism Company (ERTC) and the proposed Torbay Retail and Tourism Business Improvement District (TRTBID)

Is the decision a key decision? Yes

When does the decision need to be implemented?

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1. Purpose and Introduction

- 1.1 The English Riviera Tourism Company (ERTC) is a wholly owned company of the Council and this paper sets out decisions that need to be made depending on the outcome of a Torbay Retail and Tourism Business Improvement District (TRTBID) being voted on and approved in October/November 2015. It also sets out further actions if eligible voters do not approve a TRTBID.
- 1.2 In September 2014, the Council agreed to fund and support the development of a TRTBID as an alternative sustainable funding model to provide ongoing retail and tourism destination marketing activity, including visitor information services. The Mosaic Partnership was commissioned to develop the TRTBID and after several months of consultation, a Summary Business Plan was issued at the end of May 2015. Comments have been received from over 150 businesses and this feedback will inform the final Business Plan, which is currently being drafted. A month long postal ballot is scheduled to commence in mid October 2015.
- 1.3 Currently the published Summary Business Plan for the proposed TRTBID makes a number of assumptions in respect of the English Riviera Tourism Company (ERTC). Consequently a number of decisions must now be taken to ensure that the TRTBID's final Business Plan clearly states the Council's intentions in respect of the future of the ERTC should there be a 'Yes' vote. All of the businesses taking part in the postal vote will want to read the final Business Plan before making their decision on which way to vote.

- 1.4 The Council needs to determine how it wishes to proceed with the English Riviera Tourism Company (ERTC), after 1st April 2016, if the ballot produces a 'Yes' vote for the proposed Torbay Retail and Tourism Business Improvement District (TRTBID).
- 1.5 A number of Council decisions are required to enable a TRTBID Company to be established in the event of a 'Yes' vote following the ballot.

2. Proposed Decision

- 2.1 **That, in the event of a 'Yes' vote for the proposed Torbay Retail and Tourism Business Improvement District (TRTBID) the Executive Director of Operations and Finance, in consultation with the Executive Lead for Business, be instructed to :-**
- a) **decommission the provision of Destination Tourism Marketing and Visitor Information Services from 1 April 2016, wind up the English Riviera Tourism Company (ERTC) and arrange for the transfer of Destination Tourism Marketing and Visitor Information Services to the new TRTBID Company;**
 - b) **immediately establish a TRTBID/ERTC Project Transition Board, comprising two Senior Officers, the Executive Lead for Business and two members from the Conservative Group and one member from the Liberal Democrat and Independent Groups, so that the Council's income and assets are properly considered in respect of the ERTC and the Torbay Town Centres Company (TTCC); and that the intellectual property rights of the English Riviera brand are safeguarded;**
 - c) **allow the ERTC/TRTBID Project Transition Board to establish and facilitate the terms upon which the official ERTC brands and logos will transfer, under license, to the new TRTBID Company;**
 - d) **provide Council support to facilitate the transfer of appropriate ERTC staff (including those in the Local Government Pension Scheme) to the new TRTBID Company;**
 - e) **negotiate and sign the TRTBID Operating Agreement on behalf of the Council; and**
 - f) **make an appropriate charge to the TRTBID Company each year for the duration of the TRTBID (5 years) to cover the Council's costs associated with collection of the TRTBID levy.**
- 2.2 **That, in the event of a 'Yes' vote for the proposed Torbay Retail and Tourism Business Improvement District (TRTBID) the Council agrees to :-**

- a) **allocate sufficient funds to meet the TRTBID levy liability, for any applicable Council owned properties, for the term of the TRTBID (5 years);**
- b) **provide a cash advance facility to the TRTBID Company, which will be returned once the TRTBID levy payments are received;**
- c) **delegate the approval of pension liability arrangements, including a possible guarantee, to the Chief Financial Officer in consultation with the Mayor and the Assistant Director of Corporate and Business Services;**
- d) **request that the Overview and Scrutiny Board keep an oversight of how well the new TRTBID Company is meeting its aims and objectives, especially in relation to the functions, which had previously been undertaken by the ERTC and any performance issues arising from the formal Operating Agreement; and**
- e) **recognise that the new TRTBID Company will take over responsibility for operating as the official Destination Marketing Organisation (DMO) for Torbay.**

2.3 That in the event of a 'No' vote for the proposed Torbay Retail and Tourism Business Improvement District (TRTBID) the Executive Head of Business Services, in consultation with the Executive Lead for Business, the Executive Lead for Tourism and the Board of the English Riviera Tourism Company (ERTC), be asked to provide a report to Council, on or before 10 December 2015, setting out the options for the future of the ERTC, given the expected pressure on the Council's budget in future years.

2.4 That post ballot, the Torbay Economic Development Company Limited (TEDC), working with the Executive Head of Business Services, be instructed to prepare and consult with industry stakeholders on a new Tourism Strategy, to be approved by the Council and for this to form part of the development of the Council's Economic Strategy.

3. Reason for Decision

3.1 The decision will provide clarity to the retail and tourism business sectors ahead of a vote in respect of the proposed Torbay Retail and Tourism Business Improvement District (TRTBID).

3.2 Transitional arrangements need to be established regarding the future licensed use of the English Riviera tourism brand, website domains, logos, etc, to ensure that these intellectual property rights are properly safeguarded and transferred at no cost. This is critical if, as is expected, the new TRTBID Company will take over responsibility for operating as the official Destination Marketing Organisation (DMO) for Torbay.

- 3.3 Employees of the English Riviera Tourism Company (ERTC) will better understand the Council's intentions regarding the future of that commissioned service.
- 3.4 The vote for the proposed TRTBID will commence in mid-October and the associated TRTBID Business Plan will inform those participating and assist them in making their decision. It is important that the Council is clear about its intentions in respect of the ERTC so that a meaningful and accurate TRTBID final Business Plan can be circulated ahead of the vote.
- 3.5 It is probable that, from 1st April 2016, the funding provided to the ERTC from the Council will need to be reviewed with the possibility that the company may not be able to deliver the existing level of service. The introduction of the TRTBID would allow the tourism destination marketing and visitor information services provision to be maintained for the English Riviera.
- 3.6 It is important to indicate to the retail and the tourism sectors that the Council's ability to continue to fund the ERTC is extremely uncertain. However, the promotion of a TRTBID acknowledges that both sectors would be more effective working in a collaborative way to increase staying and day visitors, this in turn would increase footfall within the town centres and retail areas.
- 3.7 A new TRTBID will provide a fairer funding solution for the development of tourism marketing and associated activity as it will see levy contributions from all the relevant businesses. The current levy recommendation is 1.75% of business rateable value (subject to a minimum cap of £150 and £20,000 maximum cap). This solution should be attractive to residents and visitors to Torbay and will benefit equally the retail and tourism sectors.
- 3.8 To provide arrangements to determine what happens to assets and income that currently contribute to the operation of the ERTC and the Torbay Town Centres Company (TTCC), which include the English Riviera poster sites, the lamppost mounted banner advertising and the current 'Town Diary' assets. These assets and income should be transferred back to the Council to help contribute towards the budget savings target.

Supporting Information

4. Position

- 4.1 The Council is expecting large budget cuts over the next three years and it is recognised that, after March 2016, it will need to review the level of direct funding it provides in support of tourism activity. In September 2014, the Council considered an alternative funding model that would ensure that the destination marketing and visitor information service continues to increase tourism across Torbay. Consequently a TRTBID proposal is being developed that would see the retail and tourism business

sectors working in a collaborative way to increase staying and day visitors, which in turn would increase footfall within the town centres and retail areas.

- 4.2 There are currently two retail Business Improvement Districts (BID's) operating; one in Paignton Town Centre and the other at Babbacombe. The Torquay Town Centre BID ended earlier this year. After consultation with all the existing retail BID leaders, it was agreed that a TRTBID, which combines both retail and tourism businesses, was the best option going forward. The board of the existing Torbay Town Centres Company has taken a decision, in the event of a 'Yes' vote in the ballot, to wind up their company, which will effectively bring all remaining BIDs to an end.
- 4.3 By developing a combined arrangement between both the retail and tourism sectors it was considered that the marketing of the destination and all it had to offer would have the greatest impact when Torbay is faced with increased competition from other destinations and shopping centres.
- 4.4 A new TRTBID would only proceed following a successful ballot of those businesses that would be liable to pay the annual BID levy. However, if a 'Yes' vote was secured then the levies would deliver approximately £1million per annum for the five-year period of the TRTBID. The operating budget would provide for town centre specific activities as well as national and international destination marketing. This would make Torbay the largest and most valuable Retail and Tourism BID currently operating within the UK. These details were set out in a full report that was considered by the Council in September 2014.
- 4.5 A TRTBID is an arrangement whereby businesses (retail and tourism related) get together, decide what additional improvements they want to make, how they are going to manage and deliver those improvements, and what it will cost them. This can include services like additional cleaning, infrastructure improvements, marketing activity and events like the Christmas Lights. The agreed improvements all go into a business plan to cover the whole period, which is then voted on by all those businesses within the designated geographical area and who would be required (by the defined rates categorisation and rateable value threshold) to pay the BID levy. The TRTBID period can last for a maximum of 5 years and must be able to demonstrate how it has benefited the businesses that have funded it.
- 4.6 The BID levy payment model has been developed through the consultation stage so that it is fair to all size of businesses and so that all businesses included are aware of the payment they will have to make at the time they vote on the proposed TRTBID. It is proposed that the TRTBID levy will be applied to all businesses with a rateable value of £7,500 or more, who have a rates categorisation linked to the retail and tourism sectors, as pre-determined by the TRTBID Task Group.
- 4.7 The ballot has to clear two majorities, a majority by number of those that vote (51%) and by Rateable Value (51%). This is to ensure that is it fair to both large and small businesses equally. If the vote is won; then all applicable businesses (see 4.6 above) located within the geographical area will be duty bound to pay the agreed BID levy (whether or not they voted Yes or No or not at all). Any business within an existing

BID in Paignton or Babbacombe will not pay twice, as the proposal is to form a new combined TRTBID for the next 5 years. Also, it will be possible for businesses that are exempt such as those below £7,500 in rateable value and those in sectors outside of retail and tourism, to make a voluntary investment which entitles them to all the projects and services outlined in the TRTBID Business Plan as well as full rights in the governance and management of the TRTBID Company.

- 4.8 The local authority is responsible for collecting this BID levy on behalf of the TRTBID and the recovery process is controlled by the Business Improvement District Regulations 2004, and covered by the National Non-Domestic Rates (Collection and Enforcement) Regulations 1989.
- 4.9 In the case of an existing BID being in place (e.g. Paignton and Babbacombe) this can be addressed through those organisations agreeing to close down their operations and becoming part of the new TRTBID and then the inclusion of an 'Alteration Clause' in the full TRTBID Business Plan. All eligible businesses can then vote on the new TRTBID Business Plan as normal.
- 4.10 The TRTBID would enable both sectors to benefit significantly. The retail sector would see increased footfall and income throughout the shopping areas, and the tourism sector increased staying and day visitors.
- 4.11 A new TRTBID Company for Torbay will allow businesses to have more control and be more involved with the overall marketing and strategic development of Torbay. This could be achieved by working in partnership with Torbay Council and the Torbay Development Agency. The ultimate aim is to ensure that Torbay attracts more visitors, more spend, more investment so that existing businesses prosper, and new ones choose to locate here. After the TRTBID ballot a new Tourism Strategy will be developed, which will be linked to the Council's Economic Strategy. This process, along with the recently approved master plans, will support the tourism sector as well as the town centres and it will demonstrate that the Council recognises town centre regeneration as desirable.
- 4.12 The exact projects and activities, which the TRTBID undertakes to achieve, are being decided by businesses through a consultation exercise, which will result in the development of a structured business plan. All of the businesses who will ultimately pay the BID levy will effectively sign up to this plan. Marketing and promotion are seen as a priority by businesses in both sectors. This document will be active for the life to the five-year period and will ensure that all who are participating can see the outcomes and achievements from their investment.
- 4.13 A new TRTBID Company will involve retail and tourism working more closely together. Unlike the existing and previous BIDs, the new company will include all shopping areas rather than a specific focus on the town centres. It will also provide for revenue opportunities to be maximized to support the promotion of Torbay to residents and the local catchment as well as a leading UK destination.

- 4.14 A TRTBID is seen as an exciting and sustainable way to manage a business area and this model is increasingly being used by destinations to ensure that they are competitive in both marketing and managing their offer. Recently Bournemouth, Dartmouth and Great Yarmouth have introduced TBIDs, where businesses get together and fund activities such as Retail and Destination Marketing and promotion. The Isle of Wight is also currently developing a TBID.

Prior to the set up of the ERTC, the Council was spending over a £1m each year on the promotion of tourism. The ERTC took a 30% cut on its foundation and since then the funding from the Council has been reducing steadily with the contribution in 2015/16 being £350k. If a TRTBID Company is established the Council will realise further significant savings. The tourism industry has always been an important part of the economy of Torbay and the ERTC has clearly delivered some excellent results in recent years. However, it is now necessary to move to a different funding model and a more collaborative approach to support and improve the retail and tourism sectors.

- 4.15 A TRTBID Task Group, chaired by Mo Aswat of The Mosaic Partnership, has assisted the TRTBID Project Manager to engage nearly all of the local retail and tourism businesses, and to develop the priorities identified by the potential BID levy payers. The Task Group fully represents the geographical area and is balanced to reflect the value of all sectors equally. Members of the Task Group have been drawn from the existing Town Centre BID organisations, other groups representing all retailers, tourism organisations including, hoteliers, self-catering accommodation providers and holiday parks, as well as visitor attractions. The Council is represented on the Task Group, as it will pay a significant levy for a variety of tourism related properties, including toilets, leisure facilities, visitor attractions, beach huts, the harbours and all car parks. The Council is likely to have the most votes in the ballot (circa 46) and one of the highest contributions at circa £35k p.a., which will have to be budgeted from 2016/17. However, this represents a significant saving on the previous funding allocations made to the ERTC.
- 4.16 The development of the TRTBID has had to comply with The Business Improvement Districts (England) Regulations 2004, where there are strict processes to be followed to undertake the development and the implementation of a BID.
- 4.17 If a 'Yes' vote is achieved then a TRTBID organisation (Company) will be developed. The governance of the new company will reflect the makeup of the BID levy payers. For example if 60% of businesses who are balloted are from the retail sector then this would be reflected in representation on the TRTBID Board. It is also important that all board members have the relevant skills to practice good governance and discharge their duties in an open, transparent and accountable manner.
- 4.18 Every BID levy payer would be able to nominate and vote democratically for his or her representatives and the governance would be fully transparent. Levy payers would hold the Board to account for the activities of the company and how the money is spent. It is expected that all BID levy payers will have access to the agendas and minutes of all Board meetings to ensure that all developments throughout the period are transparent and open to scrutiny.

- 4.19 The key non-executive officers of the organisation will be elected from within the Board itself. Any costs for the management and operations of the organisation will be funded from the annual TRTBID levy contributions.
- 4.20 It is recommended that the Council should decommission the provision of Destination Tourism Marketing/Visitor Information Services and transfer these functions to the new TRTBID Company in the event of a 'Yes' vote. This will mean that appropriate ERTC staff (including those in the Local Government Pension Scheme) will transfer to the new TRTBID Company. TUPE refers to the "Transfer of Undertakings (Protection of Employment) Regulations 2006" as amended by the "Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014". The TUPE rules apply to organisations of all sizes and protect employees' rights when the organisation or service they work for transfers to a new employer.

TUPE has impacts for the employer who is making the transfer (also known as the 'outgoing employer' or the transferor) and the employer who is taking on the transfer (also known as the 'incoming employer', the 'new employer' or the transferee).

Accordingly, TUPE applies to applicable ERTC staff given the transfer of service delivery to the new TRTBID Company.

- 4.21 A 'Yes' vote for the proposed TRTBID will automatically constitute an 'Alteration' for the two existing BIDS at Babbacombe and Paignton, whereby they will cease operating when the new company is formed and all applicable retail and tourism business will contribute to the new TRTBID. All businesses not captured by the TRTBID, either by definition or because of the proposed £7,500 threshold will be able to join the TRTBID on a voluntary basis. (See 4.7 above)
- 4.22 The Council owns 46 (NDR) properties within the proposed TRTBID area, which afford a rates value of over £7,500, which therefore attracts an applied levy. Based on the banding approach set out in the TRTBID proposals the Council's BID levy contribution is currently £35,000 per annum. This figure will fluctuate throughout the BID period due to Council owned property becoming either vacant (additional charge) or leased out (reduction in charge). Each hereditament that is liable to pay the levy will have a vote. In respect of the 46 council properties within the TRTBID area, the Council has delegated authority to the Executive Director of Operations and Finance to complete and return the voting papers.
- 4.23 As part of the BID process, the Council is required to produce Baseline Service Statements that set out the current level of service provision within the TRTBID area for both statutory and non-statutory provision. Statements covering services include street cleansing, highway maintenance, car parking, events, neighbourhood wardens, street lighting, CCTV, markets and Christmas decorations. These statements allow the TRTBID Company to understand the level of services currently in place so that it can provide services and projects that are additional. These statements are not legally binding but they do provide an outline of the commitment to provision of services in line with available funding.

- 4.24 Torbay Council will be the organisation responsible for collecting the TRTBID levy and will incur costs to administer the collection. It is expected that the Council will seek an annual fee of approximately £22,500 from the TRTBID Company to cover these costs. However, in reality this charge will be negotiated as part of the Operating Agreement between the Council and the company. The Agreement will allow the charge to be reviewed each year throughout the life of the TRTBID.
- 4.25 In order that the TRTBID Company can deliver projects as set out in the TRTBID Business Plan, it is expected that the Council will be asked to provide the TRTBID Company with a cash advance in April 2016 to ensure that the TRTBID projects can start being delivered effectively from the earliest stage. The Council as levy collector will recoup this advance, at source, as it receives the TRTBID levy payments. The timing of the TRTBID collection will be set out as part of the Operating Agreement and the BID levy invoice will be sent out as a separate document to the Business Rates invoice.
- 4.26 Under the Business Improvement District Regulations (2004), Torbay Council will be deemed the relevant billing/invoicing authority. Consequently, the Council will be required to sign an Operating Agreement with the TRTBID. The agreement will require the TRTBID Company to produce a report for each Financial Year, which would give details such as the following:-
- a) the total income and expenditure of the BID levy;
 - b) other income and expenditure of the BID Company not being the BID levy;
 - c) a statement of actual and pending deficits; and
 - d) the various initiatives and schemes upon which the BID levy has been expended by the BID Company.

Also, within three months after the end of each Financial Year (for the duration of the Bid Term) the Council would normally provide an Annual Report to the BID Company and within one month from the date of receipt of the Annual Report in each financial year (for the duration of the Bid Term) the BID Company shall provide a BID Company Report to the Council. These Regulations clearly imply that the Council has a degree of financial oversight for the BID Company and it can in fact instigate arrangements for the termination of a BID in line with a series of set criteria.

- 4.27 Formal notice for the TRTBID ballot should be received by 30th September 2015, which will inform the Returning Officer to organise the BID ballot in accordance with the Business Improvement District Regulations (2004). The ballot will be undertaken by the Electoral Reform Services, the cost of which has been included within The Mosaic Partnership consultancy fee.

5. Possibilities and Options

- 5.1 The Council has the option to allow the ERTC to continue to operate without providing any direct financial support. Alternatively, the Council could find funding from the 2016/17 revenue budget and beyond, but this will no doubt be challenging, as the current austerity policy is likely to see further budget cuts to local government. The

ERTC Board is currently unable to provide any clear advice to the Council, about the future of the company, without knowing what funding, if any, might be available from 1st April 2016. Furthermore, an indication of the Council's 'local government finance settlement' will not become clear until late November/early December 2015.

- 5.2 To not fund tourism and allow the private sector to fund directly through membership or partnership fees. This could result in an unequal arrangement where some businesses pay and others do not. If Destination Marketing was funded in this way all businesses would benefit but with no compulsion for every business to pay into this scheme.
- 5.3 The Council could retain the ERTC as a shell company ('mothballed or dormant') (owned and controlled by the Council either directly or as trading subsidiary of the TDA) licensing its intellectual property as appropriate. It would be necessary to amend the existing Memorandum and Articles of Association in order to change the current governance structure. This option would cause significant uncertainty as to the Council's intentions and would risk a 'No' vote at the ballot, which is not a desirable outcome as the Council has invested £100k in developing the TRTBID option.
- 5.4 Torbay Council has a current and ongoing liability for historic pension liabilities for ERTC staff (on account of the original TUPE transfer of a number of staff from Torbay Council to the ERTC). There are currently six staff (5 FTE) working for the ERTC and four of these are members of the Local Government Pension Scheme (LGPS), which is administered by Devon County Council, through Peninsula Pension Services (PPS). PPS have advised Torbay Council of the pension costs of the staff that are expected to be the subject of the TUPE transfer from the ERTC to the new TRTBID Company, which are currently estimated to be £428,000 on a "full cessation" basis. The current and ongoing Torbay Council liability will be crystallised at the time of the transfer of the staff from the ERTC to the TRTBID Company and the TRTBID Company will be responsible for future pension liabilities. The PPS advice confirms that the TRTBID Company will be required to become the new admitted body in the LGPS and follow the usual admission agreement process, as part of becoming an Admitted Body, the new TRTBID Company as the employer will be wholly responsible for any future pension liabilities.

There are several options for addressing the £428,000 liability. Options include providing a guarantee to the new company, adding the liability to the Council's overall pension liability (which will be funded from future employer contributions) or by the Council making a cash payment to the pension fund or a combination of the three. It is recommended that the funding of this liability, either by a guarantee to the new company or by adding the liability to Torbay Council's ongoing pension liabilities or a combination of the two be delegated to the Chief Financial Officer in consultation with the Mayor and the Assistant Director of Corporate and Business Services.

- 5.5 The new TRTBID could commission the existing ERTC to continue to provide tourism destination marketing and visitor information services for the English Riviera under a contractual arrangement. However, The Mosaic Partnership and the TRTBID Task Group have provided clear advice that this would not be desirable as it will continue

an arrangement, which has already come under much criticism. i.e. the existing Retail BIDs commissioning services from the Torbay Town Centres Company that is not directly accountable to those levy payers. In addition, it carries the real risk of continuing the separation of the Tourism and Retail sectors organisationally. It is the explicit aim of the new TRTBID Business Plan that these sectors are brought together both in terms of projects and organisationally to ensure cohesive and effective working and avoid factionalism.

Also, any commissioning of services by the TRTBID would have to adhere to an appropriate procurement policy to demonstrate best value. Such a policy would mean that it could not be assumed that the ERTC would be awarded any work and this could be challenged by third parties. Consequently, the continuity of the good work undertaken to date by the ERTC, could remain uncertain if this route is followed.

6. Fair Decision Making

6.1 Consultation has taken place with the following stakeholders through either face-to-face meetings or circulation of a draft version of this report :-

- The English Riviera Tourism Company (ERTC) and staff
- Torbay Town Centres Company (TTCC)
- The Chair of the multi-stakeholder Task Group set up by the Council to progress the proposed Torbay Retail & Tourism Business Improvement District (TRTBID)
- The Mayor and his associated Executive Leads
- A number of cross-party representative Councillors
- The Council's Senior Leadership Team
- The Mosaic Partnership
- Overview and Scrutiny Board

6.2 The introduction of a new TRTBID within Torbay will not have any negative equality implications. The TRTBID's aims will be to ensure that Torbay thrives as an attractive, vibrant, safe and secure destination and that the entire TRTBID area remains accessible and inclusive for all. The TRTBID Company will need to demonstrate to all retail and tourism businesses and levy payers that in delivering its services and projects that Torbay will see the benefits.

7. Public Services (Social Value) Act 2012

7.1 The proposals set out in this report do not require the procurement of services or the provision of services together with the purchase or hire of goods or the carrying out of works

8. Risks

8.1 There is a risk of failure of the TRTBID proposal at the point of the ballot (i.e. a 'No' vote) due to the lack of clarity over the TRTBID Business Plan. Uncertainty will be caused if the Council fails to make clear and sound decisions regarding the future of

the ERTC. The ERTC has been a highly successful organisation and it has enjoyed respect locally, regionally and nationally. Local tourism businesses want to safeguard this success and enable the role to be sustained. It is recognised by the ERTC Board that the best way to achieve this outcome is to wind up the ERTC if the TRTBID ballot produces a 'Yes' vote.

- 8.2 The vote for the proposed TRTBID will commence in mid-October and the associated TRTBID Business Plan will inform those participating and assist them in making their decision. It is important that the Council is clear about its intentions in respect of the ERTC so that a meaningful and reliable TRTBID Business Plan can be circulated ahead of the vote.
- 8.3 A 'No' vote for the proposed TRTBID will represent a missed opportunity to deliver additional funding in support of the retail and tourism sectors. It would also mean that a Business Improvement District would not exist to cover Torquay Town Centre. The Torquay Town Centre BID ended earlier this year.
- 8.4 Given the expected pressure on the Council's budget in future years there is a very clear risk that the Council will be unable to provide any funding to the ERTC beyond the 31st March 2016.
- 8.5 As the ERTC is wholly owned by Torbay Council, the Council will be responsible for picking up any pension deficit on the cessation of the ERTC. A cessation valuation report for the ERTC has been obtained from the Devon County Council Pension Fund (the Fund) and this indicates that the deficit would be £428,000 on a "full cessation" basis and £284,000 on a "partial cessation" basis. The Council can cover this liability in one of two ways:
- a) providing a guarantee to the new company;
 - b) adding the liability to the Council's overall pension liability (which will be funded from future employer contributions);
 - c) making a cash payment to the pension fund; or
 - d) a combination of the three options outlined above.

When the ERTC staff transfer to the TRTBID, the new BID Company will have to become an admitted body in the Local Government Pension Fund and follow the usual admission agreement process, which will have associated timescales and costs.

- 8.6 It is likely that the ERTC's lease of the Visitor Information Centre on Vaughan Parade, Torquay will be surrendered on or before the 31st March 2016. Similarly, the agreement between the ERTC and the Council for use of offices at Vaughan Parade, Torquay, will probably be terminated on or before the 31st March 2016. There is a small risk to income if new tenants cannot be found for these properties.
- 8.7 Failure to claw back assets and income that currently contribute to the operation of the ERTC and the Torbay Town Centres Company (TTCC) could put unnecessary

pressure on the Council's revenue budget. The value of these assets and income is estimated at £20k ~ £30k and allowing them to transfer would show clear Council support for the new TRTBID Company.

Appendices

Appendix 1 Torbay Retail and Tourism Business Improvement District (TRTBID) – Summary Business Plan ~ May 2015

Appendix 2 Equality Impact Assessment (EIA)

Additional Information

Report to Council on 25th September 2015 – *‘Proposal to develop a Torbay Retail and Tourism Business Improvement District (TRTBID) for Torbay’*.

Report to Council on 1st June 2015 – *‘Torbay Retail and Tourism Business Improvement District (TRTBID) for Torbay’*.

Devon County Council Pension Fund Report – *‘English Riviera Tourism Company Indicative cessation valuation as at 31 March 2016’*.

TRTBID website - www.trtbid.co.uk