



ISLES OF SCILLY BID FEASIBILITY STUDY

SUMMARY REPORT:

EVALUATING THE VIABILITY OF A BUSINESS IMPROVEMENT DISTRICT (BID) FOR THE ISLES OF SCILLY

DATE: JANUARY 2024
VERSION 1.0

Introduction

Inner Circle Consulting, in collaboration with Mel Richardson Consultancy, conducted a comprehensive feasibility study for a Business Improvement District (BID) on the Isles of Scilly. This study was commissioned by the Islands Partnership (IP) and financially supported by the Isles of Scilly Council (IoSC).

The primary objectives were to assess the potential merit, acceptance, and financial viability of the BID model as an alternative to the existing IP. A feasibility study was undertaken to explore the potential of establishing a Business Improvement District (BID), in collaboration with the Islands Partnership Board.

BIDs are business-led initiatives funded by businesses in areas with shared needs or opportunities. Successful BID schemes operate across the British Isles, and the feasibility study aimed to assess the viability and appetite for a BID on all five inhabited islands of Scilly, potentially making it the first cross-islands BID in the British Isles.

Feasibility Objectives & Aims

The key objectives of the feasibility study were to:

- Evaluate a BID as an alternative to the current Isles of Scilly Islands Partnership (IP) membership.
- Explore fair and sustainable funding mechanisms involving a broader range of organisations in the public, private, and voluntary sectors.
- Reduce dependence on four major private sector contributors to the IP, minimising financial risks and perceived influence.
- Facilitate collaborative efforts among businesses.
- Enable broader business participation and influence in the place-shaping agenda, considering priorities beyond destination marketing.

The key aims of the feasibility study were to:

- Assess the business community's appetite for an Isles of Scilly BID, including both current IP contributors and non-subscribers.
- Understand perceptions of the IP among subscribing businesses.
- Identify business priorities for the Isles of Scilly.
- Gather views from major operators currently contributing to the IP.
- Analyse strengths, weaknesses, opportunities, and threats of the BID proposal compared to the IP subscription-based model.
- Explore the potential for alternative income through a BID levy using the National Non-Domestic Ratings List (NNDR) with 2023 rateable values.

Additional criteria for considering a BID as an alternative funding mechanism were to:

- Generate comparable income to the existing IP.
- Replace the IP without introducing two separate funding mechanisms.

Expected Recommendations

The feasibility study was anticipated to recommend one of the following options:

- **Option 1:** Maintain the current IP operational model without changes.
- **Option 2:** Adjust the existing IP model based on findings from the feasibility study, incorporating recommendations for delivering business priorities through different funding mechanisms.
- **Option 3:** Develop a BID with the intention of replacing the current IP model if the BID is approved through a ballot.

The Approach Taken

Steering Group Formation: Inner Circle Consulting, alongside Mel Richardson Consultancy, formed a steering group in collaboration with representatives from the Islands Partnership and Isles of Scilly Council.

Key Milestones:

- Inception meeting and agreement on feasibility study parameters.
- Contact with the Department for Levelling Up, Housing and Communities (DLUHC) to explore funding opportunities for a cross-islands BID.
- Discussions with Cornwall Council's revenue representatives regarding the Valuation Office's approach to business rates listings.
- Extensive financial modelling of the Isles of Scilly ratings list linked to IP members.
- Virtual BID presentation meeting on September 28, 2023, attended by various business representatives.
- Dissemination of FAQs, BID PowerPoint presentation, and presentation recording across multiple channels.
- Survey design and launch on October 23, 2023, with 228 responses received by the closing date of December 1, 2023.
- Discussions with major IP contributors.

- Analysis of survey results linked to current IP members and non-IP members, cross-referenced with businesses on the Isles of Scilly ratings list.
- Final report preparation, including conclusions, key recommendations, and suggested next steps.

Key Points:

Limitations of the Study: It is crucial to recognise the limitations of the feasibility study. The results aimed to guide the decision on whether to develop the BID model further, considering its acceptance among Isles of Scilly businesses and its financial viability.

Analysis and Conclusion: From a thorough analysis of all data and an impressive response to the business survey (228 respondents), the study concluded that the BID model is neither a financially viable alternative nor a welcomed option for the majority of respondents, including current IP members.

Potential BID Voting Outcomes: While the study did not predict BID voting outcomes, the survey results and associated ratings data suggested a high likelihood of non-support if the BID were to proceed to ballot. The feedback indicated that the process of developing a BID for the Isles of Scilly could be contentious.

Financial Considerations: Developing a BID was deemed unlikely to generate the same income level as the current subscription-based IP without imposing a financial challenge on smaller businesses, potentially leading to a lack of support.

Two-Tier System for BID Option: The BID option could only exist alongside additional voluntary contributions from non-NNDR-listed IP members, mainland businesses, and a few major contributors. This would necessitate a two-tier system, potentially causing complexity and confusion for the administering team.

Recommendation to Tweak IP Model: Given the extensive information assimilated and positive business feedback on the current IP model, the study recommends that the IP consider tweaking existing arrangements to ensure a more sustainable and fairer financial solution.

Conclusions, Recommendations, and Next Steps

Conclusions

Support for Existing IP Model: The IP received widespread support, with nearly three-quarters of IP members expressing satisfaction with the service and value for money. The success of the IP played a crucial role in shaping the study's conclusions. However, the study acknowledged that not all Isles of Scilly businesses are IP members, and pushing ahead with a BID could jeopardize the IP's credibility.

Support for a Representative Body: Two-thirds of survey respondents, both IP and non-IP members, agreed on the need for an organisation supporting and representing businesses on the islands. However, there was minimal support for the BID model as the chosen representation.

Low Support for a BID: Only 7.5% of respondents wanted to proceed with a BID, while 57% were against it. Among non-IP members, not a single respondent favoured the BID, indicating a challenge in appealing to businesses unwilling to contribute funds.

BID Coexistence with IP: Introducing a BID alongside the existing IP would pose challenges, including potential loss of contributing businesses and income opportunities. The study outlined various complexities, including membership criteria, business types, and financial considerations.

BID Model Fairness: The BID model was deemed no fairer than the IP model, as businesses solely paying Council Tax would not be obligated to contribute but could still benefit from BID activities.

Tests for BID Viability: The study applied various tests, concluding that a BID would not be viable on multiple fronts, including fairness, reduced dependency on major contributors, replacement of the IP, matching income generation, and overall support.

Recommendation

Among the explored options, the study recommended Option 2: to tweak the existing IP model based on the findings from the feasibility study.

Suggested Next Steps

Increasing Income and Financial Sustainability: Explore options for increasing income, including encouraging more businesses on the ratings list to join the IP, reviewing membership subscriptions, and seeking grants or public sector contributions.

Wider Business Involvement: Encourage smaller businesses' involvement in shaping IP's work through targeted marketing, different membership types, and appointing a Small Business Lead on the IP's top table.

Review IP's Work and Engage with Survey Respondents: Evaluate the IP's work based on survey feedback, considering new projects and reviewing existing ones. Engage with survey respondents by sharing a non-confidential version of the feasibility report and exploring their future ambitions for the Isles of Scilly.

Consider Changes to IP's Work Based on Survey Results: Review the IP's work, considering new projects and business views on existing ones, particularly in non-accommodation and non-tourism sectors. Assess the booking system and website based on feedback.

Engage with Survey Respondents: Share a non-confidential version of the Feasibility Report with respondents and consider holding a meeting to discuss business ideas and explore future ambitions for the Isles of Scilly.

Overall Recommendation

Considering the comprehensive information collected during this study, the positive feedback on the current IP model and the challenges highlighted with the BID option, the study recommends tweaking the existing IP arrangements for a more sustainable and fairer financial solution. The success of the IP in its current form is evident and further adjustments can ensure its continued effectiveness in supporting Isles of Scilly businesses. The study discourages pursuing the BID model due to its potential financial challenges and lack of support among businesses.