

Item

‘Visit Cambridge’ Destination Management Organisation

To:

Councillor Rosy Moore, Executive Councillor for Climate Change,
Environment and City Centre

Environment and Community Scrutiny Committee

01/07/2021

Report by:

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Wards affected:

All

Key Decision

1. Executive summary

- 1.1 Last summer, the Council, in partnership with Cambridge BID, Fitzwilliam Museum Enterprises Ltd (the trading arm of the University of Cambridge) and King’s College, successfully acquired the liquidated assets of the former destination management organisation (DMO), Visit Cambridge and Beyond (VCB), including web domain name and brand identity.
- 1.2 The Council and its asset owning partners have since been working, as an ‘Interim Board’, to establish a new legally incorporate DMO to support the recovery and development of the city’s tourism sector. The new DMO has a Cambridge city focus

and, in recognition of this, and of the acquired VCB brand assets, has been named 'Visit Cambridge'.

- 1.3 The Council, and its DMO partners, have investigated and assessed the potential alternative legal entity options for the incorporation of Visit Cambridge and identified a Community Interest Company (CIC) as the preferred option, given the DMO's core objectives and activities. The results of the options assessment and a summary of the associated CIC governance requirements are set out in the main report.
- 1.4 The Council is being asked to approve the incorporation of Visit Cambridge as a CIC, with representation on the CIC statutory Board delegated to the Council's Strategic Director to determine. The Council is also being asked to approve the proposed appointment of an official Visit Cambridge CIC walking tour partner or partners, in accordance with specified performance standards, through an open, competitive selection process.

2. Recommendations

The Executive Councillor for Climate Change, Environment and City Centre is recommended:

- a) To approve the establishment of Visit Cambridge as a Community Interest Company (CIC)**
- b) To delegate the decision on the City Council's representation on the statutory Board of Visit Cambridge CIC to the Council's Strategic Director**
- c) To approve Visit Cambridge's proposal to appoint an official walking tours partner(s)**

3. Background

- 3.1 In June 2020, the city's and surrounding area's destination management organisation (DMO), Visit Cambridge and Beyond

(VCB), ceased trading and went into liquidation. The Council had provided financial grant and rent relief support to VCB at the start of the pandemic, while the organisation's board reviewed its business plan. Despite the VCB Board approving, what it felt to be, a viable new commercial operating model, the actual impact of COVID on returning visitor numbers was so great, that the new model's income targets were not able to be met and so, the Board had no option but to close the business.

- 3.2 The Council, in partnership Cambridge BID, Fitzwilliam Museum Enterprises Ltd (the trading arm of the University of Cambridge) and King's College, successfully acquired the liquidated assets of VCB, including web domain name and brand identity. The Council and its asset owning partners have since been working, as an 'Interim Board' to establish a new DMO to support the recovery and development of the city's tourism sector. The new DMO has a Cambridge city focus and, in recognition of this and of the acquired VCB brand assets, has been named 'Visit Cambridge'.
- 3.4 Visit Cambridge is currently managed as an unincorporated organisation under a Memorandum of Understanding (appendix A) between the four asset owning partners – Cambridge City Council, Cambridge BID, Fitzwilliam Museums Enterprise and King's College. The lack of clarity of its legal status means the new DMO is totally dependent on its founding partners to fulfil its organisational management needs, including business banking, entering into contracts, procuring goods and services and employing staff. This lack of independence has been identified by the current Visit Cambridge Interim Board as a major constraint to Visit Cambridge being able to fulfil its DMO function efficiently and effectively.
- 3.5 In response, the Shadow Board has opted to pursue incorporation and appointed Hewitsons Solicitors to provide independent legal advice on the following potential legal entity options for Visit Cambridge: Company Limited by Share/ Guarantee; Community Interest Company (CIC) and Charitable Incorporated Organisation (CIO). A table showing Hewitsons technical assessment of each

of these options and the associated supporting recommendations is included in appendix B.

a) Community Interest Company

- 3.6 Based on Hewitsons assessment and the intended objectives and activities of Visit Cambridge, as set out in the Memorandum of Understanding in appendix A, the Interim Board has opted to pursue incorporation of Visit Cambridge as a CIC. A CIC is defined by Hewitsons as: *“A limited company, with special additional features, created for the use of people who want to conduct a business or other activity for community benefit, and not purely for private advantage.”* CICs are registered with Companies House and regulated by the CIC Regulator.
- 3.7 To be accepted as a CIC, Visit Cambridge must satisfy the CIC ‘community interest’ test, by providing a formal statement declaring that its activities will be carried out for the benefit of the community and explaining how this will be achieved. The community interest statement must satisfy the regulator that a reasonable person would consider the CIC’s activities will be carried on for the benefit of the community. The CIC must provide a report each year detailing how its activities have benefited the community for which it was created and how it continues to meet the test throughout its life. Based on Hewitsons options assessment of CIC, Visit Cambridge’s activities are considered to satisfy the CIC community interest test.
- 3.8 Under the CIC option, company directors have the same decision-making role as they would in any limited company, but they also owe an obligation to the wider community that the CIC serves. This means that they should involve community stakeholders in activities or decisions where relevant. This added requirement is seen as a positive, given Visit Cambridge’s city DMO function and the need for transparency in decision making.

- 3.9 As a CIC will be separate legal entity, it would be able to enter into contracts, hold property and employ staff itself, rather than in the names of the individual directors. Consequently, it is the organisation, rather than the directors, that would be liable for any liabilities arising from such arrangements, except in certain cases, for example fraud, deliberate misconduct or where personal guarantees have been given. The liability of CIC directors would be limited to the amount they have invested in the incorporated entity.
- 3.10 The CIC regulations specify that a CIC cannot transfer its assets (including any profits or other surpluses generated by its activities) for less than market value, unless transferring them to another CIC or charity (that is either specified in its or articles or consented to by the Regulator); or if the transfer is for the benefit of the community it was set up to serve (known as the ‘asset lock’). This asset lock is set out in the articles of association of the CIC. CICs must consider the asset-lock when entering into commercial relationships and when deciding remuneration for any employees and directors. The asset lock protects the assets of the CIC and ensures that the assets and profits of the CIC will be devoted to the benefit of the community and not for rewarding shareholders and directors.
- 3.11 Visit Cambridge is being set up as a lean organisation with minimal overheads and whose main assets are its website, company trading name, logo, social media accounts, and profiles on sites such as TripAdvisor. The organisation aims to use these assets to generate a modest sustainable revenue stream that will be used to manage the equally modest overhead costs associated with running the DMO. In addition, Visit Cambridge will target ‘soft’ funding sources, including public grants and donations, to fund the delivery of specific project activities. At present, there is no plan for the DMO to directly employ staff; using, instead, available capacity of its four partner organisations, supplemented by external consultants to deliver discrete externally funded project activity as required.

b) Board representation

- 3.12 The Council was previously represented on the former VCB Board by the Executive Councillor for Climate Change, Environment and City Centre, who held one of the VCB company director 'seats'. To support the Council's elected representative and corporate continuity, the Council's Head of Environmental Services and senior officer lead for tourism, also attended VCB Board meetings in a non-voting capacity.
- 3.13 The current Visit Cambridge Interim Board is made up of a single senior officer representative from each of the four asset owning partners. The chairmanship and secretary functions of the Interim Board are currently fulfilled by the Council. The Council's Head of Environmental Services is the Council's current representative on the Interim Board.
- 3.14 Given the predominantly operational management activities of Visit Cambridge, including destination management and marketing, the Interim Board feel the existing organisational representatives should continue to lead the legally incorporated Visit Cambridge CIC, as non-paid directors. Therefore, the Council's Head of Environmental Services, or a senior officer substitute, to be determined by the Council's Strategic Director, is identified as the Council's representative on the new Visit Cambridge CIC Board. Where the CIC Board is considering decisions or activities relating to strategy and/ or policy, any such matters will need to involve community stakeholder engagement, in accordance with the CIC requirement in 3.8 above. This will include the Council and, subject to the matter in hand, may require appropriate Council Committee input and Executive Councillor decision.
- 3.15 In addition, to further support community stakeholder engagement in the operation of Visit Cambridge, the CIC Board will establish a constituted non-statutory Advisory Board to sit as a separate but parallel body to the statutory Board. The CIC Advisory Board will

complement the statutory Board and be comprised of community stakeholder representatives, with knowledge, understanding and expertise in the city's tourism sector and its management. The Advisory Board will provide advice, support and assistance to the statutory CIC Board in fulfilling its DMO activities. The Advisory Board will have no authority over the governance of the CIC, including no executive or decision-making function. The Council will be invited to be represented by an appropriate officer and/ or Member representative on the Advisory Board.

c) Official walking tour partner

- 3.16 Visit Cambridge is in the process of setting up a new 'Visit Cambridge' website - www.visitcambridge.org - to help market the city's visitor offer and receive associated automated bookings and fee payments. The current Interim Board has agreed that it will operate an open market model for most bookable products, such as hotels, attractions, punting and cycle hire, so that any qualified provider who agrees to sign up to the site can do so. Visit Cambridge would denote these suppliers as 'Official Partners', ask them use the DMO brand on their booking pages if possible and ask them to refer to the DMO in their narrative.
- 3.17 The current proposed exception to this open market approach is the management of pre-booked and rota walking tours, where the Interim Board feel the objective needs to be 'tout control' and limiting poor customer experience. To that end, Visit Cambridge is proposing to undertake an open competitive selection process to appoint a preferred walking tour partner or partners.
- 3.18 To support Visit Cambridge's walking tour management objective, interested businesses will be invited to submit a proposal demonstrating how they meet specific partner requirements designed to support high standard of visitor offer, including:
- a) Only delivering tours that are led by accredited guides, ie. Blue Badge

- b) Supporting the training of accredited guides, including through bursaries
- c) Engaging in activity that would attract more people to become guides
- d) Managing the booking of tours and payments to guides
- e) Managing customer contact before during or after the booking process and the tour is delivered
- f) Acting responsibly when selling and not behaving in any manner that will reflect poorly on Visit Cambridge and the city

3.19 Visit Cambridge will advertise the official walking tour partner opportunity and selection process; and undertake an evaluation of all bids submitted, against published criteria. In return for being selected as Visit Cambridge's official walking tour partner, the business will be promoted on the DMO website and pay Visit Cambridge an agreed commission rate, to be submitted as part of the bid, on all tours booked through the website.

4. Implications

4.1 Financial implications

None

4.2 Staffing implications

None

4.3 Equality and poverty implications

None

4.4 Other implications

None

5. Consultation and communication considerations

None

6. Background papers

None

7. Appendices

Appendix A: Visit Cambridge DMO Memorandum of Understanding

Appendix B: Hewitsons assessment of legal entity options for Visit Cambridge

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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