

PROPOSAL AND BUSINESS PLAN FOR MANCHESTER ACCOMMODATION BUSINESS IMPROVEMENT DISTRICT 2023 – 2028

June 2022



MANCHESTER HOTELIERS
ASSOCIATION

marketingManchester

An aerial photograph of Manchester city centre. In the foreground, a tram is visible on a track. To the left is a modern white building with a grid-like facade. To the right is a large, historic stone building with many windows. In the background, several tall, modern glass skyscrapers rise against a blue sky with scattered clouds. A tram is visible on a track in the middle ground.

“I am always proud when I see Manchester city centre at its very best; busy, bustling, and packed with visitors from far and wide. Over the last two decades the visitor economy has played an increasingly important role in making our city vibrant seven days a week, however, if we want it to continue to thrive, our visitor economy needs investment and the ABID presents a truly innovative approach to ensure that this will happen. This also demonstrates that Manchester is leading the way with a solution-focused, private sector-led approach that myself and Manchester City Council fully support as a means to securing a much-needed long-term boost for our fantastic visitor economy.”

Cllr Bev Craig, Leader of Manchester City Council

“The ABID is vital if we want to secure the continued growth of Manchester’s accommodation sector – over 5,000 new bedrooms added to the city-region’s stock in the next five years – and grow our occupancy levels back up to pre-Covid levels. Furthermore, with business tourism and conferences making up such a large part of our market, it is essential that we use ABID funds as subvention to secure large scale events for future years that will drive midweek overnight stays, just as many of our competition destinations do around the world.”

Kumar Mishra, General Manager at The Edwardian Manchester

INTRODUCTION FROM ADRIAN ELLIS, CHAIR, MANCHESTER HOTELIERS' ASSOCIATION

The visitor economy across Greater Manchester is worth £9.5 billion and supports over 102,000 jobs, accounting for 8% of the people working in Greater Manchester. Manchester is the 3rd most visited city in the UK for international visitors after the capital cities of London and Edinburgh and the value of international visits to Greater Manchester grew by 37% from 2014 to 2019, outperforming the UK average growth of 22%.

Looking to the future, the city's tourism offer is set to continue to grow over the next 3 years: the opening of major new attractions like The Factory and Coop Live Arena will offer new opportunities to attract more visitors. Alongside this, the continuing pipeline of new bedrooms opening across the region over the next 5 years will bring both opportunities and challenges. Pre Covid, we have been fortunate to have operated in a period of continued growth with strong hotel occupancy of 80%+: our challenge for the future is to maintain this performance in an environment of stiffening competition from other UK and European cities. And to do this, and prevent any decrease in occupancy, we urgently need additional resources.

It is against this background that Manchester Hoteliers' Association has been working with Marketing Manchester and CityCo to develop options to create new, additional funding to support future visitor growth and continued high performance for accommodation providers. After much discussion the recommended best way forward is the development of a private sector-led Manchester Accommodation Business Improvement District (ABID).

We have consulted widely across the accommodation sector within the city. Operators told us that the pipeline of new hotels and short stay serviced apartments presents an exceptional challenge and that we need to redouble our efforts to attract more business. This proposal is the result of workshops, discussions and consultations with more than 56 individual businesses across Manchester's accommodation sector. Accommodation operators helped identify key activities that will drive more overnight visitors. The result is an original approach to partnership and collaboration which is truly Mancunian.

This document sets out a proposal and business plan to deliver additional activity that will drive more staying visitors and help sustain business levels against a background of unprecedented supply coming into the market. It will not be a substitute or replacement for existing activity delivered by Marketing Manchester, CityCo, the Heart of Manchester BID, Manchester City Council or Salford City Council.

I do hope that I can count on your organisation's support for this proposal.



A stylized, handwritten signature in black ink, consisting of a large, flowing 'A' followed by a series of loops and a final horizontal stroke.

Adrian Ellis,
Chair, Manchester Hoteliers Association

RATIONALE FOR A MANCHESTER ACCOMMODATION BUSINESS IMPROVEMENT DISTRICT

Manchester is entering a game changing chapter in its development as a tourism destination: Major new attractions and developments such as The Factory and Coop Live Arena will present new opportunities to attract more visitors, whilst Manchester Airport's new Terminal building is scaling up operations and welcoming back direct flights from around the globe.

Bedroom stock also continues to increase. In the period from 2016 – 20, almost 2,000 new bedrooms were added to the accommodation stock in Manchester, with a further 4,000 due to be opened between 2020 and 2024. These new bedrooms will bring both opportunities and challenges. Before the pandemic, the growth of the city as a visitor destination generated record room occupancy. However, forecasts indicate that there will need to be a step change in future demand to fully recover from Covid and maintain high levels of performance – over 1 million additional overnights per annum will be required to match 2019's occupancy levels.

Growth on this scale will not come without additional, new activity to stimulate business, especially whilst undergoing a massive Covid recovery operation. The challenge for the future is to maintain this momentum in the face of intense competition for business and leisure visitors, from both within the UK and from other European cities and new destinations across the globe. To do this, more resources are necessary.

It is for this reason that the Manchester Hoteliers' Association, working with Marketing Manchester and CityCo, are proposing a major new opportunity to support the sector in a way that has never been done before in the UK. The introduction of an Accommodation Business Improvement District (ABID) presents Manchester's best opportunity to address the challenges facing accommodation operators, to drive more business into the city and regain previous high business performance.

The Manchester ABID will be controlled by its levy-payers. Once the five-year ABID proposal is voted through, every business that comes under its definitions (in this case 'hotels and short stay serviced apartments with a rateable value of £75,000 or more within the defined geographic area') will be required by legislation to contribute.

Accommodation providers will pay the required levy into the ABID based on occupancy. This proposal sets out how providers can recover these costs by collecting a £1 per night City Tourism Charge from overnight tourists, (similar to bed taxes imposed in most other cities around the world).

The extra revenue raised will greatly enhance the city's marketing capabilities, adding to current activity (not replacing it). By raising up to £4million per annum, to promote and attract more visitors into Manchester the ABID will grow demand for overnight accommodation to Manchester which will offset the surge in supply and minimise the risk of a decline in rate and occupancy.

This ABID proposal sets out the detail, including the allocation of funding and how the ABID Board will oversee the implementation of the plan. It is based on widespread consultation within the sector and the priorities reflect the views of experienced Owners, General Managers and Financial Directors from across Manchester's accommodation industry.

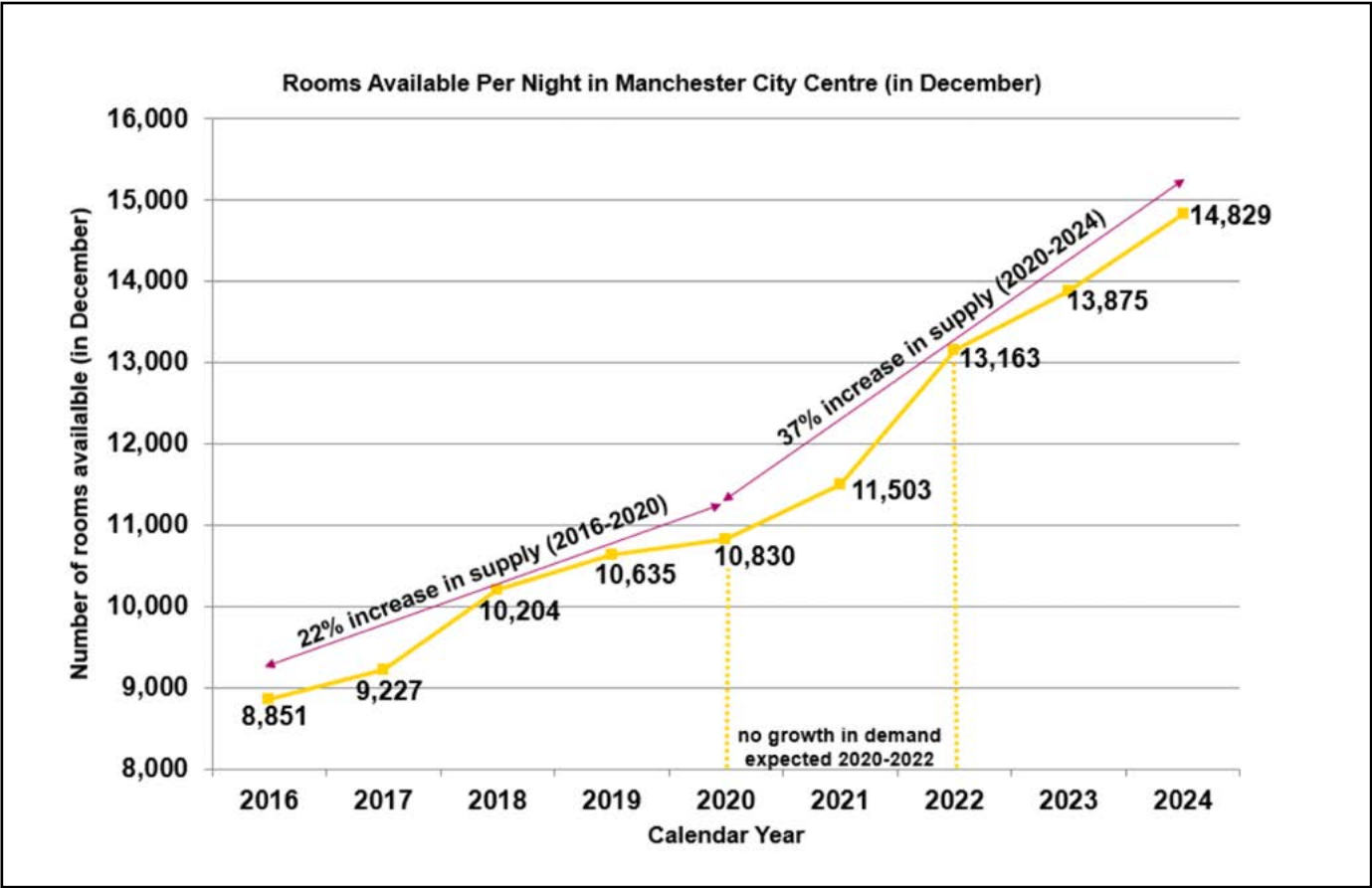
There is no doubt that Manchester's visitor economy stands at the threshold of an exciting and dynamic new era: the challenge is to maximise this opportunity and create new, additional business for the city's accommodation sector.

Your support for this proposal is vital if we are to secure continuing growth for Manchester's accommodation operators.

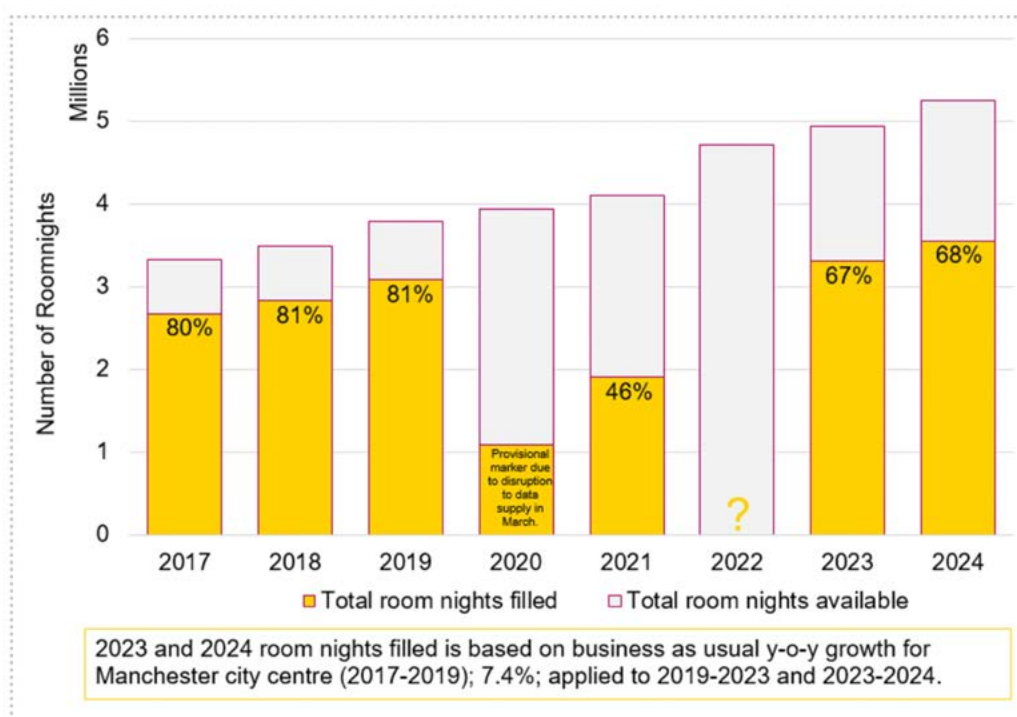
CHALLENGES AND OPPORTUNITIES

Over the next 5 years, the tourism sector across Greater Manchester is set for a radical step change, powered by major investment in new attractions, accommodation, and visitor facilities. This unprecedented growth in supply will bring with it the need to increase visitor numbers and grow demand at an exceptional rate. This comes during a period of financial challenges and when the tourism sector is recovering from almost 2 years of restricted trading which wiped almost 70% off the value of the city’s visitor economy:

Accommodation Supply: Between 2021 and 2024, an additional 4,000 rooms will have come into operation in Manchester city centre – a 37% increase. This continues the unprecedented expansion of accommodation which saw a 22% increase between 2016 and 2020.



Forecast Demand Based on Historic Occupancy Growth Trends



Even if 2023 sees the average (2017-2019) growth returning on 2019 levels, and 2024 sees that same level of growth again, annual occupancy in Manchester city centre is projected to be 68% in 2024; compared to the 81% achieved in 2019.

To maintain 2019 pre Covid occupancy levels of around 80%, an additional 1.1 million room nights will need to be filled per year in 2024, compared to 2019, requiring an annual growth in demand of 16.7%, compared to historic (2017 – 2019 average) growth of 7.4% per annum.

Clearly a step change is needed, and more so now than ever before as we try to recover our business following the pandemic and in the face of global competition.

Cultural Renaissance: The next few years will see a succession of significant new attraction openings and milestone cultural events, including the launch of The Factory and Coop Live Arena which will be amongst the largest live venues in the UK. From 2018 to 2022, Arts Council England alone committed £107 million to support culture across Greater Manchester, a 90% increase on the previous funding period. Collectively, these new facilities will be seeking over 2 million additional visitors and additional resource is required to attract them and to encourage them to stay overnight.

Manchester Brand Awareness: in 2019 the urban intelligence firm The Business of Cities was commissioned to assess Manchester's position in a number of global indices. Since then, work has been delivered to monitor

the indices and changes to Manchester's ranking. In some indices that look at a broad spectrum of markers such as Resonance World Best Cities and IESE Cities in Motion, Manchester has slipped down the ranks. However, in some indices such as QS Best Student Cities Manchester has seen its position improve. Aligned to this Manchester was billed as the 3rd Best City in the World by Time Out Magazine.

Promotional Funding: Over the past 5 years, despite the investment and growth in the city's product, resources to support activity to raise awareness of Manchester as a destination and to drive demand have largely remained the same. Marketing Manchester's annual budget (based on public and private sector contributions) for all audiences remained static for the 3 years preceding 2019 and then reduced significantly in 2020/21 and 2021/22 due to the impact of Covid. This budget covers tourism (business, conference, sport events and leisure visitors) activity, as well as place and investment sector marketing.

Business Tourism and Conferences: The subvention budget from Manchester City Council used to secure large business conferences ceased in March 2019. Since 2008, this budget has provided resources to allow Manchester to compete with global destinations to attract major conferences into the city. Subvention funds are still offered in competitor destinations due to different government funding models for Wales, Northern Ireland, Scotland, and Europe, placing Manchester at a disadvantage. To compete, Manchester needs to create a new fund to continue to attract major conferences and events.

PREDICTING FUTURE GROWTH

There is little doubt that Greater Manchester's tourism sector will continue to grow in the short term. However, it is difficult to predict the scale and pace of future growth, especially against a backdrop of Covid recovery and business trends and market segments which have significantly changed in the past year. Based on pre Covid trends, a reasonable forecast might be:

- Year on year growth of 5.7% - 8.9% (continuing pre-pandemic compound growth rate of 7.4% between 2017 - 2019)
- A flat lining of business tourism (continuing pre-pandemic trends)
- Accommodation occupancy peaks and troughs broadly similar to pre-pandemic patterns, based on a return to pre-pandemic event programming
- Pressure on Gross Operating Profit per Available Room (GOPPAR) from the consequences of rising costs and growing supply competition

- The consequences of Brexit for visitors from Europe remain unknown but there may be an impact. European visitors account for 59% of all international visitors and European business spend accounts for 45% of all international business spend.
- Equally, since the pandemic, market demand patterns and segments have radically altered, with a significant shift away from business to leisure markets, and it is yet unclear to what extent the pre-pandemic shape and volume of market demand will return.
- Costs expected to become more challenging across the supply chain including labour and utilities, therefore top line growth is critical to offset this.

It is reasonable to conclude that pre-pandemic levels of growth will broadly return. **Nevertheless, growth at this level will not be sufficient to accommodate the exceptional growth in product supply.**

"The serviced apartment market in Manchester is buoyant and reflects changes in taste for some consumers who want more space, the chance to share with friends and family, and to dine in if they wish to do so. One of the main market segments for service apartments pre-pandemic was long-stay corporates; however, we've noticed a shift more towards leisure post-pandemic and with this we need to ensure that our property reflects the needs and wants of the leisure market, supporting efforts for Manchester to compete on the world-stage. The ABID will have a small impact on consumers in terms of cost, but the opportunity that the fund presents will have an enormous impact on the wider visitor economy and is a smart way to tackle the growing issue of market saturation across the sector."

Sophie Atalay, General Manager at StayCity Aparthotels Manchester

A SHARED VISION FOR GROWTH

Over the past 4 years, a series of workshops and consultations were held which have shaped this proposal. There is a clear recognition amongst operators and investors that Manchester's visitor accommodation sector faces unprecedented growth over the next few years of a scale which is perhaps unique in the UK.

Through the consultation process, accommodation operators were asked to identify the priority areas which, if delivered, will accelerate growth in market demand for accommodation in the city. There was a clear consensus that the following activities would provide the best methods of growing staying visitors to Manchester:

- 1 Delivering high profile, tactical marketing campaigns to drive incremental overnight bookings directly into city accommodation businesses from leisure markets by targeting consumers and travel trade
- 2 Attracting more national and international business conferences and major sporting events that guarantee additional overnight bookings from delegates and future leisure stays in addition to providing a city welcome
- 3 Developing and attracting new consumer events to the city; generating additional bed-nights in key periods of the year and supporting existing events to drive overnight stays.
- 4 Improving the city's welcome: helping to keep the entry points to the city centre cleaner, providing hosts at the railway stations and supporting hotels in ensuring secure environments for guests.

OPTIONS TO GENERATE ADDITIONAL FUNDS

We have reviewed a range of methods for raising extra funding in the city centre and discussed these with the businesses attending a number of workshops and presentations.

There was a consensus amongst businesses that additional funds are needed to support convention business, consumer events and destination marketing. Three potential routes to raise funds were explored:

- Room tax. There is currently no legislation allowing for a 'tax' to be imposed on hotels. While national government has suggested it would be supportive, the legislative pipeline is crowded, thanks to Brexit. There is a second option, through the devolution agreements. Again, this is unlikely to happen in the near future, but can continue to be explored on behalf of Greater Manchester as a whole.
- Voluntary Levy agreements. Hotels could work together to provide a fund for support for attracting conferences and events to the city. However, this has been tried before and has had limited support as this approach creates an environment which is difficult to manage whereby contributions are not consistent, and the benefits from work completed cannot be restricted to those levy payers. There would be an issue with hotels deciding to pull out of previous agreements, meaning a lack of ability to plan long-term. A voluntary contribution was regarded as unlikely to raise the required amount of funds.
- Business Improvement District (BID). A BID focuses on a proposal developed by and voted for by potential levy-payers. It ensures all relevant businesses contribute, but within a structure where the businesses continue to control what happens to that funding. Current legislation allows for a BID focused on accommodation to be set up once a vote has taken place.

PREFERRED OPTION - MANCHESTER ACCOMMODATION BID (ABID)

The BID legislation, therefore, was agreed to provide the best solution and one which is available under current statutory legislation.

Manchester already operates a successful Retail/Food & Beverage BID which provides a clear precedent for how an effective BID can work (see manchesterbid.com). The Manchester ABID will not collect funding from any business that is currently participating in the existing BID and no properties in the ABID will be included in the current BID.

A BID is controlled by those that pay into the levy. They vote on a five-year proposal and that plan (if voted through) is then enacted. The BID exists as an independent company with its own board of directors who are responsible for the proper delivery of the proposal. Because the ABID proposal is shaped by the levy-payers, expenditure can be fitted to fallow periods in the hoteliers' year and priorities that will have an effective impact.

Once the ABID proposal is voted through, every business that comes under its definitions (in this case 'hotels and short stay serviced apartments') is required by the legislation to contribute. There is no freeloading where a certain number of businesses contribute, and others do not but still benefit. Any new properties opening during the period of the ABID within its geographical area automatically participate and contribute.

BID legislation requires the local authority to collect the levy under ratings legislation. This means that non-payers or late payers are pursued by a public body rather than a membership organisation. Since 2013, BIDs have been allowed across authority boundaries, with one authority acting as the lead and collecting the money (in this case it would be Manchester City Council).

They are controlled by those paying, and new businesses opening during the period of the ABID proposal are required to join. Most BIDs raise funds through a levy based on rateable value. Following discussions with accommodation providers, it is proposed that the most efficient way of collecting the maximum amount of funds would be through a levy system based on occupancy.

Under the proposed methodology, hotels and short stay serviced apartments in the Manchester Accommodation BID (ABID) can opt to collect £1 per room/unit, per night, from tourists staying overnight. This room/unit 'charge' model is similar to those operating in numerous cities around the world. (Appendix 5 sets out details of room tax models in other global cities). The ABID will be comprised of hotels and short stay serviced apartments in Manchester regional centre (broadly within the Manchester/Salford inner ring road) with a rateable value of £75,000 or more (see pages 16-17 for more details).

PLAN TO DELIVER MORE OVERNIGHT BUSINESS INTO MANCHESTER CITY CENTRE

Over the 5-year initial timespan of the ABID, the overarching focus for all activities will be to accelerate an increase in overnight business into Manchester City Centre. The following 4 workstreams will be established which will deliver increased and measurable growth above current forecasts in overnight visitor stays over the 5-year period.

The ABID will continuously monitor, evaluate, and adapt its strategies to ensure maximum return for investment.

1. SUPPORT FOR DOMESTIC AND INTERNATIONAL MARKETING CAMPAIGNS

The ABID will create high impact targeted marketing campaigns to attract overnight visitors to Manchester. A programme of bespoke campaigns will present compelling reasons to visit Manchester City Centre and stay overnight, increasing frequency of visits, length of stay and spend.

The campaigns will be based on the most up to date insight and intelligence, examining in detail who Manchester's customers are and what is going to motivate them to visit and stay. The ABID will set in place a programme to collect and share market intelligence and to monitor and evaluate delivery activity. Strategic campaigns will be developed to drive business from high density, easily accessible regions of the UK and Europe as well as high value visitors from long haul routes.

The ABID will utilise the full marketing mix to engage potential visitors through; digital, social, large format, pop up activations and print.

By working in partnership with Marketing Manchester, the ABID will deliver a programme of advertising and promotional campaigns aimed at driving additional business into the city:

- Marketing campaigns to raise the profile of Manchester and deliver business to hotels.
- Focus on key markets in UK and from overseas.
- Focus on periods when there is capacity.

To deliver exceptional marketing campaigns, the ABID will create exceptional content. Images and film hold the key to success: the ABID will present Manchester in the best possible way, creating compelling content, including images and film to use across all media platforms.

Over the term, the ABID will

- Deliver a programme of tactical marketing activity, aimed at shoulder periods to provide an uplift in room occupancy. The aim will be to ensure that average city room occupancy never drops below 75% in any month.
- ABID campaigns will aim to deliver a return on investment of £20:1 by maximising partnership opportunities and delivering high impact, effective marketing.
- Campaigns and media activity will aim to deliver at least 20million geographically targeted impressions per quarter to engage overnight visitor markets.

2. ATTRACTING MORE CONFERENCE AND EVENTS BUSINESS

Four new convention centres are opening in the UK over the next few years and global competition is also increasing. To challenge our competitors, we need to increase our capacity to promote, pitch for and attract new business and give organisers and delegates compelling reasons to choose Manchester.

- With increased resources, the ABID will support Manchester Convention Bureau to proactively research leads, recruit ambassadors and develop a stronger pipeline of national and international conference and events. Manchester will highlight its sector strengths, make full use of its intellectual capital, and unlock its global networks to stimulate more business. Manchester Convention Bureau will present more bids and win more pitches for new business.
- The ABID will increase Manchester's presence in key markets. The ABID will build on Manchester's profile in high spending, emerging markets to secure new conference opportunities. Manchester will be promoted at relevant trade shows. The ABID will support Manchester Convention Bureau to submit and convert more bids and grow Manchester's profile as the conference destination of choice.
- Manchester will offer a strong and unique welcome for organisers and delegates, working with ABID partners. We will develop an international delegate airport arrivals programme and work with TfGM to develop a delegate transport pass. The ABID will ensure that organisers and delegates feel that their presence in the city is valued and recognised.
- Successful conference destinations rely heavily on collaboration between the Convention Bureau, stakeholders, partners and ambassadors. We will increase partnerships with stakeholders to demonstrate a 'Team Manchester Approach' to organisers from bid inception to delivery. We will develop a recruitment and recognition programme for Conference Ambassadors to create new conference opportunities for Manchester. We will maximise opportunities with DCMS, VisitBritain and other Government departments.

- The ABID will establish a city subvention budget that allows Manchester to secure and host more major business, cultural and sporting events, directly attracting city visitors to provide bed-nights, and programming for dip periods in the calendar.
- Establish an extended programme of research, providing partners with insights to help them make better informed and more responsive business decisions.

As the Gateway to the North, we will capitalise on our position to encourage delegates to extend their stay, using Manchester as a base to explore all that the North has to offer.

Over the term, the ABID will

- Increase the number of bids submitted by 65% and increase bid conversion by 57%.
- Increase the number of Ambassadors by 50%, and conference leads from them by 25% to improve bid conversion .
- Our ambition is to increase the economic impact of conferences and business events by £190million over the five-year period, which would deliver growth of over 20%.
- Establish a city subvention budget that allows Manchester to secure and host more major business, cultural and sporting events.
- Develop two major 'home grown' events which create overnight demand.

3. SUPPORT FOR MAJOR CULTURAL & CONSUMER EVENTS

Major events in the city attract significant footfall. Regular events like Manchester Pride or the Christmas Markets have a significant impact on trade. Music festivals, exhibitions, big shows at the Palace or concerts at Manchester Arena all have considerable impact on bed-nights. Currently, there are periods in the year when hotels are less occupied, serviced apartments are empty, restaurants have fewer bookings, and footfall drops in the city centre. Manchester needs to programme more major events to drive overnight stays.

With additional resources, the ABID will have the opportunity to change this and to compete with peer cities. A major events programme will be driven by one purpose only – attracting overnight stays into the city centre. The ABID will provide a compelling visitor experience, all year round, so visitors want to keep coming back.

This could mean creating a summer festival of music, art, fashion, family entertainment or food, hosting a Light Night in January, or supporting Manchester galleries to bring in major international art exhibitions. This is about creating events that drive more visitors to stay overnight. Think about The Giants in Liverpool, Glasgow's Celtic Connections Festival or the Bristol Balloon Festival.

The creation of this major events programme will be managed by a dedicated working group, chaired by an ABID Board Member. As well as accommodation providers, this will bring together representatives from the city council, CityCo, cultural organisations and event providers. A transparent process will allow the group to support venues and event producers, based on their ability to find match funding and attract overnight staying visitors to the city.

Over the term, the ABID will

- Support a minimum of 3 new major new events, targeted specifically at shoulder periods and which drive overnight stays.
- Target major consumer events, installations, events and shows to the city, increasing the range and capacity of current events that bring overnight stays to Manchester and providing resource to attract 'blockbuster' reasons to stay overnight in the city, in association with the cultural sector.
- Aim to uplift average monthly occupancy by 5% for the periods when ABID-supported events take place.

4. MAKING AN IMPACT – IMPROVING THE CITY’S WELCOME

The image and feel of the city is important to the way visitors perceive it and their experience affects their intentions to return. Therefore, visitors need to experience Manchester in its very best light.

The ABID will create a first-class city welcome programme to benefit all accommodation providers. The city’s hosting scheme has run successfully for over five years, concentrated in the retail and leisure heart of the city centre. Rolling this scheme out to the major transport points, as well as being available in a wider area of the city, will provide a welcoming face with excellent local knowledge to share.

Manchester has extensive security networks within the retail and night-time economies, providing legally compliant methods for sharing information on antisocial behaviour, low level crime and providing access to policing and CCTV teams. The ABID will extend this to accommodation operators, providing more reassurance, improved data and intelligence gathering, and allowing better evidence to be supplied to the Police when necessary.

The consequences of such activity will be a reduction in complaints and the creation of positive impressions that will encourage repeat visits.

Over the term, the ABID will

- Extend the current city host scheme to transport interchanges and into the early evening, recruiting 6-8 new members of the team and adding further language capacity.
- Contribute funding for city centre cleansing/operations along the routes where guests arrive in the city centre, enabling bi-monthly cleans and ad hoc 72-hour support across the city centre.
- Develop a specific robust, GDPR-compliant, reporting system for accommodation providers to enhance hotel security, managed through the city centre’s extant BCRP system.
- Deliver monthly training to providers in new legislation affecting security, crime and operations (eg Martyn’s Law, counter-terrorism advice).
- Provide weekly e-briefings on changes in the city centre likely to affect business (road closures, protests, etc).
- Ensure an improvement in overall visitor satisfaction levels as measured by the ABID’s official survey.

The Heart of Manchester BID has raised over £10million in the last decade to invest in making the city centre a more vibrant, exciting and resilient place to be. It has produced major events that directly bring customers to the city, invested in marketing campaigns to promote the city centre internationally, paid for a team of city ambassadors to welcome guests and now has a substantial programme of cleaning underway. Above all it allows businesses to work together, to share problems and develop solutions—as we have seen during the difficult covid period. The BID model works; giving private sector businesses the opportunity to develop business plans and to control how money is spent, ensuring it is used in a way that benefits them all. We’d be delighted to have a partner BID operating in the city centre and look forward to working together.”

Jane Sharrocks, General Manager Selfridges and Chair, Heart of Manchester BID

FINANCE

Income	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Levy	£3,533,307	£3,750,929	£3,809,879	£3,809,879	£3,809,879
Total	£3,533,307	£3,750,929	£3,809,879	£3,809,879	£3,809,879

Expenditure	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Set up costs	£53,000				
Marketing campaigns to leisure & business markets	£1,095,325	£1,162,788	£1,181,063	£1,181,063	£1,219,161
Attracting Major Business and Sports Events	£865,660	£975,241	£990,569	£990,569	£952,470
Support for major consumer events	£671,328	£937,732	£952,470	£952,470	£914,371
Making an Impact - improving to the city's image	£388,664	£375,093	£380,988	£380,988	£380,988
Operations & Overheads	£282,665	£300,074	£304,790	£304,790	£342,889
Total	£3,356,642	£3,750,929	£3,809,879	£3,809,879	£3,809,879
Contingency & Reserves	£176,665				

Notes

Budget figures are indicative based on the anticipated income based on 2019 occupancy levels and property details set out in Appendix 4. The assumed annual occupancy is based on 2019 Manchester Averages provided by STR, less 5%.

Room stock based on information at time of writing and expected growth in the number of properties in ABID area based on current planning permissions up to 2025. Potential additional developments of accommodation supply in 2026 and 2027 are not included.

The levy collection rate has been assumed as 90%.

Income may fluctuate in relation to occupancy levels and collection rates.

The income shown above includes an element of deferred income. This allows the cash to be collected prior to the commitment of the expenditure.

Figures may alter dependent on the outcome of external advice regarding VAT.

Annual financial accounts will be independently audited and shared with all ABID participants.

A contingency of 5% of ABID income has been included in Year 1 to be carried forward as reserves.

Levy demands to all ABID participants will be collected by Manchester City Council who will charge for this service.

The ABID development process has financial costs, and this investment is re-payable by the ABID once it exists. Allowance for this has been made in year one.

Budget allocations reflect current priorities; these may change causing variances and re-allocations across the five-year term. Any material variations of the budget will be approved by the Board.

Operations and overheads are significantly beneath the industry benchmark of 20%, currently reflecting 8% of expenditure as a consequence of using Marketing Manchester and CityCo as delivery bodies. This includes MCC collection charges, professional fees and core staff costs.

The ABID will seek to leverage additional voluntary income, which will enable more resources to be allocated to work programmes.

CITY TOURISM CHARGE

Under the proposed methodology, hotels and short stay serviced apartments in the Manchester Accommodation BID (ABID) can opt to collect £1 per room/unit, per night, from tourists staying overnight. This will be called a “City Tourism Charge”, and from April 1st, 2023, properties will be encouraged to recharge this to overnight guests by adding this to every guest bill within the ABID area. This will be additional to the room rate and properties will be encouraged to identify the City Tourism Charge as separate from the property’s other charges in a manner similar to the city bed tax which is common throughout Europe. (See Appendix 5 for examples from other global cities).

The rate in the five-year ABID proposal term will be a standard £1 per room/unit per night, collected at check in, and will apply across all eligible accommodation providers. The charge will be due from every room/unit occupied, regardless of the trip purpose.

COLLECTION OF THE CITY TOURISM CHARGE

Each property will be responsible for collecting the levy from their guests as part of the charges for the guest stay.

Properties will be encouraged to identify the levy as separate from the property’s other charges.

Properties will be responsible for explaining the inclusion of the City Tourism Charge within their booking terms and conditions and through third party booking sites.

The ABID will supply materials to enable property staff to handle queries.

THE LEVY

The ABID will commence on 1st April 2023, lasting for a period of 5 years. The ratepayer of each hereditament (premises liable for the charge) will be charged a levy based on occupancy levels for every quarter for the term of the ABID. The mechanism for establishing and paying the levy for each property is set out below.

Only hotels and short stay serviced apartments with a rateable value of £75,00 or more and within the ABID area will be eligible for payment of the levy and entitled to participate in the ballot.

The number of properties or hereditaments liable for the levy is approximately 73 at present.

Levy demands will be issued for the first quarter’s payment after 1st May 2023 and thereafter every quarter during each year. The ABID levy is paid in full at the end of each financial quarter. The financial quarters will run January – March; April – June; July – September; October – December.

In the event that the ratepayer changes during any 3-month period, the charge will be apportioned accordingly.

A process of appeal against the calculation of any quarterly charge that might be disputed is set out below.

Manchester City Council will be responsible for collection of the levy.

New properties within the criteria and within the ABID boundary as defined in this document will be charged from the date on which the property is included on the ratings list.

CALCULATION OF THE LEVY RAISED AT INDIVIDUAL PROPERTIES

STR data will be used to obtain the required occupancy data for each given month. The 'Manchester Average' STR figure will be used for both hotels and short stay serviced accommodation.

STR published (or suitable alternative/replacement) 'Manchester Average' monthly occupancy rates will be used as the basis for Levy Calculations. An independent audit of rooms/units will be undertaken to support this process.

Each property will be charged using the following calculation:

Numbers of rooms/units available per night x number of nights per month x STR Published 'Manchester Average' Occupancy rate for each month LESS 5%

PAYMENT OF THE LEVY BY INDIVIDUAL PROPERTIES

The Levy will be charged quarterly, in arrears, with the first payment due after 1st May 2023, to cover the Q1 period 1st April – 30th June 2023.

For the purpose of cash flow, and in order to commence activity delivery in April to June 2023, the first year's demands will be based on 2019 STR occupancy data. Any discrepancies between 2023 STR occupancy data and 2019 occupancy data will be reconciled after Quarter 4 (January – March 2024), subject to a request for such from the ratepayer in writing by 1st January 2024. Subsequent years' demands will be based on the previous year's STR data and then reconciled with the actual year's data after each Q4.

Demands will be raised by Manchester City Council and payments will be made to Manchester City Council, subject to an operating agreement with Manchester ABID.

Subject to the criteria stated above and within the ABID boundary as defined in this document, the ABID levy is a statutorily compulsory payment regardless of whether the business exercised its vote or voted against the ABID.

APPEALS PROCESS

The appeals process only relates to the calculation of the bill, not the bill itself.

Upon receipt of a quarterly demand, a property may appeal the calculation of the amount, based on the difference in inventory of 'available rooms/units' due to 'out of order' rooms/units.

'Out of Order' rooms/units can only be taken into consideration should the 'Out of Order' rooms/units meet or exceed 30% of full inventory for a full calendar month (i.e., 35% of rooms/units 'Out of Order' 15th February – 17th March does not qualify; 35% of rooms/units 'Out of Order' 15th February - 2nd April qualifies for the month of March only).

Any report from the property's PMS system can be used as evidence of 'Out of Order' as long as the date and number of rooms/units out of order are visible and clear. For example, if a property can demonstrate (through STR or other objective audited data) underperformance compared to the charged occupancy rate, a reconciliation would be made on future bills.

Any appeal needs to be made within 30 days of the date of the demand and in writing. Manchester City Council will first receive any appeal and, in accordance with the policies and operating procedures agreed by MCC and the ABID, will advise the appellant of the process by which it will be considered.

ACCOUNTABILITY AND TRANSPARENCY: GOVERNANCE OF THE ABID

The ABID legal body will be Manchester ABID Company Limited, a not-for-profit organisation, limited by guarantee.

The Manchester ABID will be governed by an ABID Board of up to 9 Directors: 5 places will be from levy paying accommodation operators; one each from Marketing Manchester, CityCo, Manchester City Council, and the Finance Director of The Growth Company. Salford City Council and the Chair of Manchester Hoteliers' Association will be invited to attend all Board meetings as Observers.

The 5 levy paying accommodation operators will be invited to join the ABID Board as Directors for an initial term. Each will represent one of the following: Large Hotel (more than 150 bedrooms); Small Hotel (less than 150 bedrooms); Budget Hotel; Large Serviced Apartment Operator (more than 75 units); Small Serviced Apartment Operator (less than 75 units).

The Board shall appoint a Chair initially for a 3-year term who will be a levy payer.

Board meetings will be held quarterly and will require 3 Directors, including MM and CityCo to be quorate.

The ABID Board may form sub-groups from time to time to advise on matters such as marketing, operations, etc. Any such sub-group will report to the Board and will be chaired by a member of the Board.

Provided that the ABID is meeting its overall objectives, and subject to consultation, it shall have the ability to vary service delivery and expenditure allocation according to the changing demands of levy payers. However, any changes to the ABID boundary, to the methodology relating to the levy or Business Plan Objectives would require an Alteration Ballot.

The Company shall meet quarterly with Manchester City Council, as the Billing Authority, to monitor levy collection and financial management issues.

Salford City Council will agree that Manchester City Council can act as Billing Authority for hereditaments within the Salford City area of the ABID geography.

The ABID Company Limited will file annual accounts with Companies House. An annual report on activities, including finances, will be published. An Annual Meeting for levy payers will be held and regular communications on delivery activity and plans will be distributed to all levy paying members.

An annual survey of satisfaction amongst all levy paying members will be conducted, with the results helping to shape the future years' priorities and activities.

The area covered by the ABID is subject to municipal cleaning services provided by the two local authorities, part-funded by business rates. The ABID does not propose to take on any such services, other than funding additional cleansing around terminuses where guests arrive. Other than this, there are no baseline services that apply.

Management and delivery of the streams of activity will be undertaken by Marketing Manchester and CityCo.

Separately, Marketing Manchester and CityCo will continue to provide a range of additional and non-duplicated services to their members at additional cost.

ABID BOARD TERMS OF REFERENCE

The ABID Board's purpose is to oversee the strategic direction of the ABID, ensuring projects as outlined in the ABID proposal are delivered within budget to meet the needs of the ABID levy paying businesses and making certain the ABID performs its role effectively and fairly.

Responsibilities of the ABID Board are as follows:

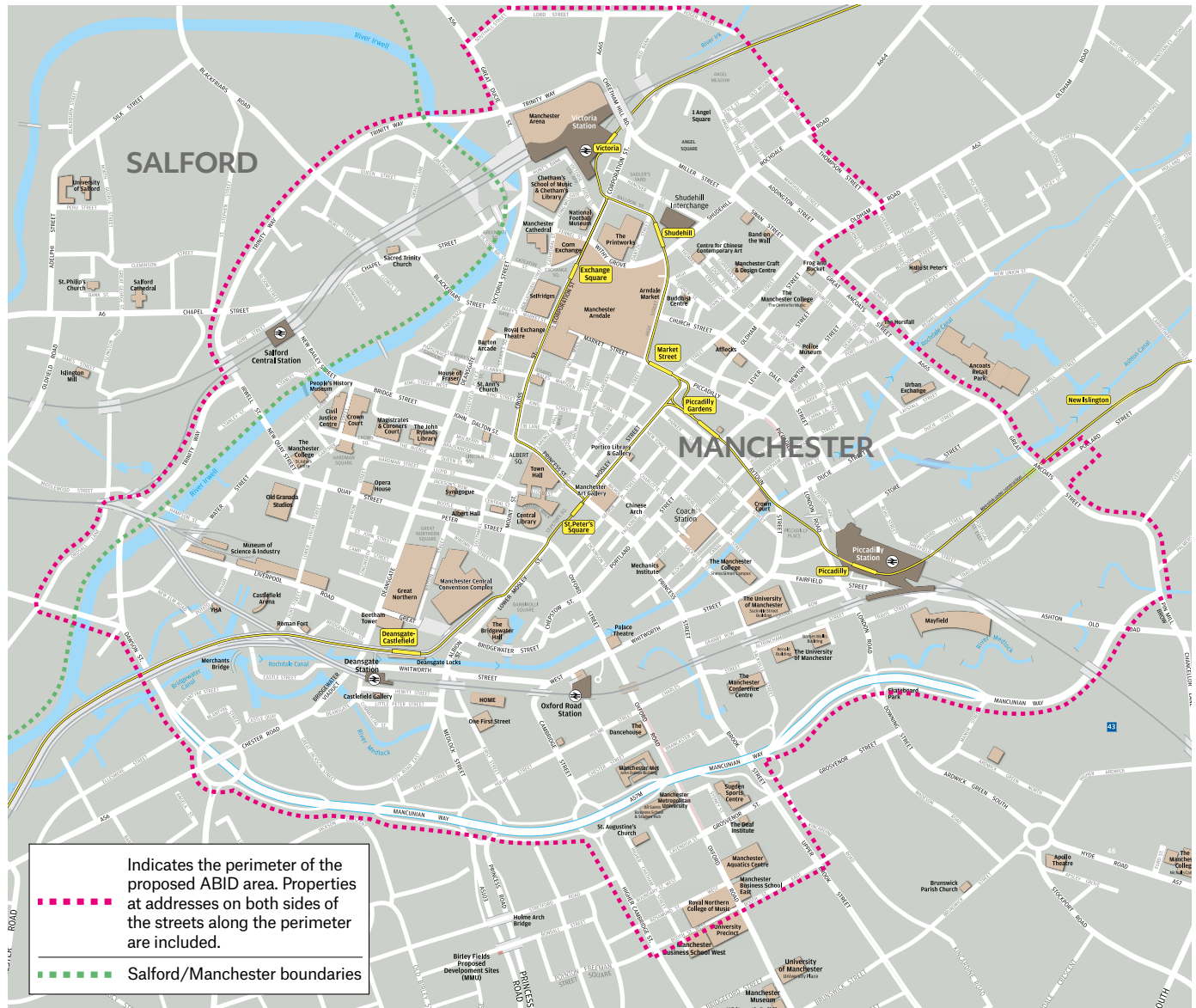
- Oversee the strategic direction of the ABID.
- Ensure the ABID proposal is delivered within budget to meet the needs of the ABID levy paying businesses.
- Ensure that ABID levies are collected as set out in the ABID proposal.
- Ensure that the projects in the ABID proposal are delivered effectively.
- Monitor progress and report regularly to levy payers, voluntary contributors and other stakeholders.
- Elect a Chairperson and Subgroup Chairpersons (when required) from among their number.
- Ensure the ABID company meets all its financial and legal responsibilities.
- Have the final decision on any challenge made by any participating business to the calculation of their invoice (ref Appeals Process above).

WHICH BUSINESSES WILL BE INCLUDED IN THE ACCOMMODATION BID?

Participating businesses need to be able to demonstrate a return on investment from their involvement in the Accommodation BID. It is for this reason that the proposal is initially confined to the tightly defined, city centre footprint shown below, which comprises:

- Hotels in Manchester City Centre with a rateable value of £75,000 or more.
- Hotels in Salford near the City Centre with a rateable value of £75,000 or more.
- Short stay serviced apartments in the same footprint area with a rateable value of £75,000 or more.

THE ABID AREA



Atkinson Street	Chorlton Street	Great John Street	New Kings Head Yard	Quay Street
Auburn Street	Cross Street	Goadsby Street	Newton Street	Regent Road
Aytoun Street	Dale Street	Hanging Ditch	Norfolk Street	Rochdale Road
Blackfriars Road	Dantzic Street	High Street	Oldham Street	Sackville Street
Blackfriars Street	Deansgate	Hilton Street	Ordsall Lane	Shudehill
Booth Street	Dearmans Place	Irwell Street	Oxford Road	Simpson Street
Booth Street West	Dickinson Street	John Dalton Street	Oxford Street	St Anne's Square
Brook Street	Ducie Street	Jordan Street	Peter Street	Swan Street
Cable Street	Edge Street	King Street	Piccadilly	Tib Street
Canal Street	First Street	Liverpool Road	Piccadilly Place	Todd Street
Cathedral Gates	Goadsby Street	London Road	Piccadilly Station	Trinity Way
Chapel Street	Great Ancoats Street	Lower Mosley Street	Approach	Upper Brook Street
Charles Street	Great Bridgewater Street	Mason Street	Pollard Street	Victoria Bridge Street
Cheetham Hill Road	Great Ducie Street	Medlock Street	Portland Street	Water Street
Church Street		Minshull Street	Princess Street	Withy Grove

Note: the above list includes only those streets on which a currently liable hereditament is situated. All streets (current and future) within the defined boundary as outlined will be subject to the rules.

APPENDIX 1: DEFINITIONS

This document is a BID proposal for the purposes of the Act. If approved, it will become the BID arrangements which govern the way in which the ABID levy can be collected and used.

The following terms, used throughout this Proposal document, shall have the same meaning as provided in the Local Government Act 2003 and the Business Improvement Districts (England) Regulations 2004:

“the 2003 Act” means the Local Government Act 2003.

“the 1988 Act” means the Local Government Finance Act 1988.

“BID” means Business Improvement District.

“BID ballot” means a ballot under section 49(1) of the Local Government Act, 2003.

“BID body” or “BID Company” means, the body (whether corporate or not corporate) responsible for the implementation of the arrangements: in this instance the Manchester Accommodation Business Improvement District is the Manchester ABID Ltd.

“BID proposer” means a person who draws up BID proposals. In this case, the BID proposer is the Manchester Hoteliers Association.

“Billing Authority” means the Billing Authority as defined in Part 1 Section 1 of the Local Government Finance Act 1992 meaning the Common Council of the town or city as defined by Part XII Section 270 of the Local Government Act 1972.

“commencement date” subject to regulation 9(12) of the Business Improvement Districts (England) Regulations 2004, means the day, pursuant to section 53 of the 2003 Act, the BID arrangements are to come into force.

“hereditament” means anything which is or is treated as being a hereditament by virtue of the provisions of or any provisions made under section 64 of the 1988 Act including any hereditament to which regulation 6 of the Non-Domestic Rating (Miscellaneous Provisions) Regulations 1989 applies but otherwise excluding any hereditament to which regulations made under section 64(3)(b) of the 1988 Act apply.

APPENDIX 2: CONSULTATION AND ENGAGEMENT

This Proposal has been shaped by a large series of discussions, workshops and engagement events over the course of the past few years.

As part of the consultation process, all MHA members and short stay serviced apartment operators were invited to submit their suggestions and opinions to gain input into the initial proposal.

In addition, property General Managers have been briefed on the ABID proposals at several meetings of the Manchester Hoteliers' Association.

All properties have been invited to one-to-one meetings and one to one briefings and consultations have been held with 56 properties.

All properties in scope have been invited to meetings to shape the process and all properties were sent a printed copy of the initial proposal document in October 2019.

APPENDIX 3: THE BID RULES

The rules as described in this document may be summarised as:

The Ballot

Civica Election Services (acting on behalf of Manchester City Council) will send those responsible for properties or hereditaments to be subject to the ABID a ballot paper.

Each property or hereditament subject to the ABID will be entitled to one vote in respect of the ABID Proposal in a 28-day postal ballot. The result of the ballot will be announced on the following day.

In order for the proposal to be successful at ballot the result will need to meet, as a minimum, two independent criteria which are: (a) of those ballots returned by the close, those voting in favour of the renewal proposal must exceed those voting against it, and (b) of those ballot papers returned by the close, the total rateable value of those properties or hereditaments which vote in favour, must exceed the total of those voting against.

If successful at ballot, the ABID will commence operation and delivery of services in April 2023 and will continue for a period of 5 years.

The Levy

The levy rate to be paid by each property or hereditament is to be calculated as £1 per room/unit occupied per night, using STR data. Each property will be charged using the following calculation: **Numbers of rooms/units available per night x number of nights per month x STR Published 'Manchester Average' Occupancy rate for each month LESS 5%.** The charge will apply to all liable properties and hereditaments, including any that may be added to the ratings list at any time after the ballot date. Newly liable premises will be charged from the date on which the hereditament is included on the ratings list.

Liability for the BID levy will only arise in respect of hereditaments that are identifiable by the relevant billing authority as hotels or short stay serviced apartments (based on billing authority records, including VOA classifications CH, CH1, CH2 and CH3) and have a rateable value of £75,000 or more and are within the geographic boundary defined as the ABID area (see page 17).

The number of properties or hereditaments liable for the levy is approximately 73.

The levy will be charged quarterly in arrears.

Manchester City Council will be responsible for collection of the levy.

Accountability and Transparency

The ABID Body will be Manchester Accommodation Business Improvement District Limited (Company Number 14118647) a not-for-profit organisation, limited by guarantee.

The Directors of the ABID (the 'Board') will have responsibility for governance matters such as financial arrangements, contractual obligations, human resources, standards, performance, and compliance.

The Board shall appoint a Chair, initially for a 3-year term who will be a levy payer

The Board may form such advisory sub-groups that from time to time become necessary.

Provided that the BID is meeting its overall objectives, the Board shall have the ability to vary service delivery and expenditure allocation according to the changing demands of levy payers. However, any change to the BID boundary or to the methodology relating to the levy rate may require an Alteration Ballot.

The Company shall meet with the Council, as the Billing Authority, quarterly to monitor service delivery, levy collection and financial management issues.

The BID will file annual accounts with Companies House. An annual report on activities, including finances, will be published. An annual meeting for levy payers will be held. An Operating Agreement will be agreed with Manchester City Council and Salford City Council to cover levy billing arrangements.

Notification of the intention to hold a ballot was sent to the Secretary of State on 14 April 2022.

Finances

A cautious approach has been adopted to budgeting for the BID term.

A levy collection rate of 90% has been assumed.

The average annual levy available to be spent by the BID for the term is £3,742,774.

In addition to contingencies within expenditure budgets, the surplus of £176,665 will operate as an overall contingency provision.

Operating costs of the BID, including set-up costs and levy collection charges, are estimated as 8% of total expenditure.

APPENDIX 4: LIST OF ACCOMMODATION OPERATORS LIABLE (AS OF JUNE 2022)

Abode Hotel	Hotel Brooklyn	Pendulum Hotel
AC Hotel by Marriott Manchester City Centre	Hotel Indigo	Premier Inn – Manchester (Deansgate Locks)
Ainscow Hotel	Hyatt Regency Manchester	Premier Inn – Manchester (Portland Street)
Britannia Hotel – Manchester	Hyatt House	Premier Inn Manchester City Centre (Central)
Britannia Sachas Hotel	Ibis Budget Manchester Centre Pollard Street	Premier Inn Manchester City Centre Piccadilly
Campanile	Ibis Hotel Manchester – Charles Street	Premier Inn City Centre Arena Printworks
Castlefield Hotel	Ibis Hotel Manchester – Portland Street	Premier Inn Manchester Salford Central
Church Street by Supercity Aparthotels	Ibis Styles Manchester Piccadilly	PREMIER SUITES Manchester
City Warehouse Serviced Apartments	INNSIDE Manchester (by Melia)	Radisson Blu Edwardian Manchester
CitySuites Manchester	Jurys Inn Manchester	Roomzzz Aparthotel (Princess St)
Clayton	Kimpton Clocktower	Roomzzz Manchester Corn Exchange
Cove – Minshull Street	King Street Townhouse	StayCity Manchester Piccadilly
Crowne Plaza Manchester City Centre	Lowry Hotel	StayCity Northern Quarter
Dakota	Macdonald Manchester Hotel	Stock Exchange Hotel
Doubletree by Hilton	Malmaison Hotel	The James
EasyHotel Manchester	Manchester Marriott Victoria & Albert Hotel	Townhouse Hotel
Gardens Hotel	Mercure Manchester Piccadilly Hotel	Travelodge Manchester Ancoats
Gotham Hotel	Midland Hotel	Travelodge Manchester Central
Great John Street Hotel	Mitre Hotel	Travelodge Manchester Central Arena
Hampton by Hilton NQ	Motel One Manchester Royal Exchange	Travelodge Manchester Piccadilly Gardens
High Street Townhouse	Motel One Piccadilly	Velvet
Hilton Manchester – Deansgate	Motel One St Peter's Square	Whitworth Locke
Holiday Inn Express – Oxford Road	Moxy	Yotel
Holiday Inn Express Manchester – Arena	Novotel Manchester Centre	
Holiday Inn Manchester City Centre	Park Inn by Radisson Manchester City Centre	

* additional properties will become liable during the lifetime of the ABID and once they have been awarded a rateable value.

APPENDIX 5: TOURISM TAXES & LEVIES IN OTHER EUROPEAN AND GLOBAL CITIES*

Amsterdam City tax / Toeristenbelasting	5% of the room rate per night (excluding breakfast and other extras) payable by non-residents of Amsterdam. Business travellers are liable for the tax.
Barcelona Tourism tax / Impost de turisme	Per person, per night for a maximum of 7 nights. 5* = €2.25 4* = €1.10 Other establishments and facilities (including hotels, apartments, campsites, youth hostels, house for tourist use and mobile accommodation) = €0.65 Children under 16 exempt.
Berlin City tax	5% of the room rate excluding VAT and extras such as the use of hotel facilities such as spas or services not included in the room price. Applies to all accommodation types. The collection of the tax is limited to 21 successive days
Brussels Tourism tax	Proportionate to the number of rooms available in each hotel and by category of hotel as classed by the Commissaire au Tourisme or the Commissariat General Flamand au Tourisme: Tax levied per room, per night. Unclassified – €2.15 Category 1 or H1 €2.10 Category 2 or H2 €2.90 Category 3 or H3 €4.50 Category 4 or H4 €7.15 Category 5 or H5 €8.75 Exemptions for housing assigned for social assistance.
Hamburg Culture & Tourism tax	Per person per night based on the net payment for the stay (excluding VAT). €10 = €0 €25 = €0.50 €50 = €1 €100 = €2 €150 = €3 €200 = €4 For every additional 50.00 euros of the net payment or part thereof, the tax increases by one euro each time. This means, for example, for accommodation costing 250.00 euros the tax will be five euros. Extra services such as breakfast are not subject to the tax. Applies to hotels, motels, boarding houses or guest houses. Business travellers who have to stay overnight for essential professional or business-related reasons are exempted from the tax.
Lisbon Municipal Tourist Tax	€1 per person per night up to a maximum of seven nights. Exemptions for children under 13 and those whose trip is for medical reasons during the period of hospitalisation plus one additional night (and that of an accompanying party).
New York Multiple taxes	City Hotel Occupancy tax = 5.875% City Hotel Unit Fee = \$2 per room per night for rooms above \$40 a night. State Javits Convention Center fund = \$1.50 per room per night.
Rome City tax / Imposta di Soggiorno	Per person, per night, max 10 nights. 5* = €7 4* = €6 3* = €4 1* and 2* = €3 Farmhouses and residences = €4 Bed and breakfasts. Rented rooms, holiday homes = €3.5 Campsites = €2 (max 5 nights) Hostels excluded. Exemptions for residents in Rome, children aged up to 10, all who accompany patients for health reasons, police and armed forces, one coach driver and one tourist guide for every 23 group members.
Vancouver Municipal and Regional District tax (MRDT)	3% on the purchase price of the accommodation.
Vienna Ortstaxe	3.2% of accommodation cost

*Correct at January 2019

WHAT HAPPENS NEXT? - THE VOTING PROCEDURE

Each property or hereditament subject to the ABID will be entitled to one vote in respect of the ABID Proposal.

Civica Election Services will send those responsible for properties or hereditaments to be subject to the ABID a ballot paper prior to the 28 day ballot period.

The result will be declared as soon as practically possible after the ballot has closed.

In order for the proposal to be successful at ballot the result will need to meet, as a minimum, two independent criteria which are:

(a) of those ballots returned by the close, those voting in favour of the proposal must exceed those voting against it; and

(b) of those ballot papers returned by the close, the total rateable value of those properties or hereditaments which vote in favour, must exceed the total of those voting against.

If the majority of businesses voting in the ballot vote 'yes,' both by number and by collective rateable value, Manchester ABID will formally begin on April 1st, 2023, for a 5-year term.

"There are significant challenges facing the accommodation sector in Manchester right now – from Covid recovery and the impact of Brexit to increased competition both within and outside the city-region – and the ABID presents an opportunity to tackle these challenges head on. It will give us an opportunity to enhance Manchester's marketing capabilities at a time where national funding is decreasing, and in doing so we will be able to attract more visitors, grow demand for overnight accommodation, and minimise the risk of a decline in rate and occupancy levels."
Matt Townley FIH, Regional Operations Director at Dakota Hotels



