



**STANDING COMMITTEE
OF
TYNWALD COURT
OFFICIAL REPORT**

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DAALTYN**

**ENVIRONMENT AND INFRASTRUCTURE
POLICY REVIEW COMMITTEE**

Douglas Promenade Scheme

HANSARD

Douglas, Friday, 20th September 2019

PP2019/0123

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Members Present:

Chairman: Mrs C L Barber MHK (*née* Bettison)
Mr C R Robertshaw MHK

Clerk: Miss F Gale
Assistant Clerk: Miss I Perry

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Standing Committee of Tynwald on Environment and Infrastructure Policy Review

Douglas Promenade Scheme

*The Committee sat in public at 10.30 a.m.
in the Legislative Council Chamber,
Legislative Buildings, Douglas*

[MRS BARBER *in the Chair*]

Procedural

The Chairman (Mrs Barber): Good morning and welcome to this public meeting of the Environment and Infrastructure Policy Review Committee. I am Claire Barber MHK and I am chairing the Committee for this inquiry into the Douglas Promenade refurbishment works. With me is Chris Robertshaw MHK, the other member of the Committee, along with our Clerks.

5 Our usual Chairman, Mr Callister MHK, has recused himself from this inquiry because he is a Member of the Department for Enterprise who we will be hearing from today.

Our focus today is the ongoing project to refurbish Douglas Promenade and the impact it is having on businesses in the area.

10 Before we begin, could I ask you to please ensure your mobile phones are off or on silent so that we do not have any interruptions. For the purposes of *Hansard* I will also ensure that no two people are speaking at any one time.

EVIDENCE OF

**Hon. Laurence Skelly MHK, Minister for Enterprise;
Mr Rob Callister MHK, Member responsible for Tourism;
Mr Mark Lewin, Chief Executive;
Mrs Angela Byrne, Head of Visit Isle of Man; and
Mr Tim Cowsill, Business Development Manager, Business Isle of Man –
Department for Enterprise**

15 **Q88. The Chairman:** As a Committee, we have become increasingly concerned with what we recognise as a lack of capability across Government to deliver a scheme of this magnitude. It must be concerned with what we now consider the five Cs: capacity to deliver within a
timeframe; competency to project manage effectively; capability to identify risk and mitigate
against it; communicating effectively with all stakeholders, including ensuring there is something
to communicate; and compensating for catastrophic lost. In line with the urgency of action that
we recognise is needed, we will be reporting with an interim report for October's Tynwald.

20 Until you have sat with business-owners and heard them tell of the effect on their mental health, their physical health, the effect on their families, the use of life-savings and credit cards

to bolster their businesses, the increased hours worked and the personal cost they have suffered, I do not believe you can truly understand why resolution to this is so essential and so urgent.

25 With that I thank you all for attending today and I would invite you to introduce yourself giving your positions and then if you would like to make an opening statement. Thank you.

The Minister for Enterprise (Mr Skelly): Yes, gura mie eu, fastyr mie, Caairliagh.

30 My name is Lawrence Skelly, Minister for Enterprise. I will leave each of us to introduce and then I will give an opening statement.

Mr Lewin: Good morning. Mark Lewin, I am the Chief Executive of the Department for Enterprise.

35 **Mr Callister:** Good morning. Rob Callister, Political Member with responsibility for Tourism.

Ms Byrne: Good morning. Angela Byrne, Head of Visit Isle of Man.

40 **Mr Cowsill:** Good morning. Tim Cowsill, Business Development Manager for the domestic sectors.

The Minister: Thank you.

45 First and foremost, I appreciate the opportunity to be before you, as we too would regard this as a very important issue. I think it goes back many years, Mr Robertshaw probably remembers more of them than most on both sides of the spectrum; from a business and from a political point of view.

50 Douglas Promenade, as we all recognise, is the gateway to the Isle of Man. It is our shopfront. We had a debate about this, it has been raised the number of different times and we have had overwhelming Tynwald support to actually get on with this project and I hope that sort of highlights what we as a Government and we as Tynwald have taken on in terms of projects that should have been dealt with many years ago. So it is a huge project, it is a national project and it is something that we think is very important.

55 So whilst Tynwald has clearly supported overwhelmingly, Treasury has endorsed it, I think the Council of Ministers has endorsed it, and from our point of view we think it is very important to complete this project. So the journey we have been on and where we are today are two different things. I think we would recognise that particular point. From our point of view, as Department for Enterprise, whilst we have supported it, we have not been involved with the detail of it because clearly this is an infrastructure project and we want to support that and we know it is very important. Our interest is around the businesses which are very clearly highlighted in your opening statement, Caairliagh.

60 In terms of our involvement, we typically do not get involved with regeneration infrastructure projects. Our remit is quite different. It is about supporting economic growth. Clearly we have a retail interest, clearly we have a tourism interest, and we will get into some of the details there – and we will also get into some of our limited powers and clearly our limited funding as well – but what we have been is a conduit. Since April we have been involved with this project very intimately. That has been done so voluntarily and when we have recognised that the plan is not going according to plan, shall we say. It is very complex, you picked up on that very early in a number of your presentations and deliberations, and we have offered support from that. And that is why you have an extensive panel before you today representing tourism, representing retail. And from that point of our involvement we have had over 70 meetings that we have actually engaged with, both in internally and externally, trying to offer our support where we possibly can.

Our support to date has really been around the practical issues and also about the financial support, which will get into some of the detail of. In terms of the financial support, we have clearly launched an interim offer to the retail businesses, which has a number of criteria and qualifications, and we have been working very closely with Department of Infrastructure and Treasury looking at other mechanisms that we can offer in terms of support, and we will move on to that very shortly.

What we would say – and I will just conclude here at this point is in terms of an opening statement – is that we recognise that this is a very complex engineering project, but it is a very important project without doubt, and we as a Department are very keen that we provide a supporting role for those businesses who I would also recognise have been under extreme stress, and trying to understand the impact, which is obviously one of our roles and responsibilities to date.

So we are acting as a conduit, we are acting as a support and we are very much committed to seeing this project through. That is very important not just for Douglas, but for the Isle of Man. And we will leave it open now to questions.

Q89. The Chairman: Thank you very much for that introduction.

You mentioned that in April you got involved voluntarily: I wonder at what point did each Agency of DfE become involved with the Promenade Project Board, if they are – certainly Business and Visit Agencies?

The Minister: I might actually ask Tim to respond to that at this particular time, as he has been involved with the vast majority of those meetings.

Mr Cowsill: Yes, so in April there were movements in the Political Members in the Department, and also Dol asked us to get involved. That is when we started to build a case and to try and understand the situation that businesses were in.

Q90. The Chairman: And what engagement was there between Dol and DfE prior to the scheme commencing? In the August Written Answers for Tynwald, obviously there was some contention between the Answers given by Dol and DfE as to whether there was consultation or not. I wonder if we could try and unpick that a little bit.

The Minister: You may. Yes, there was no formal consultation between – as I said, ordinarily the Department does not get involved with regeneration and capital projects of the domestic and maintenance nature. But clearly, I think picking up the severity of impact that we were noticing with regards to business, we offered our assistance at that particular time – since April – and then obviously been very heavily involved since then.

Q91. Mr Robertshaw: You say that you do not normally; has the Council of Ministers been reflecting on that process, about not being engaged in an appropriate way in a project of such profound and significant potential impact? Does the Council of Ministers consider that they want to review the process of how engagement between Departments work prior to such a scheme is this?

The Minister: Yes, I think we all are reflecting on that particular point and the Council of Ministers has had updates very recently – a few weeks ago. The issue, I think the point is here in terms of Treasury ... The Treasury Minister has made a statement about the reintroduction of the Central Projects Unit, being managed in a central basis; similarly, I think with regard to communication being more central too. So yes, we have reflected upon that and I think we look forward to your report to see what your recommendations might be going through this.

I have personally, like yourself, lived through regeneration projects and know that they are disruptive and have adverse effect on businesses and residents alike. But in this particular case, I think the scale and complexity of it is so significant, and of course with the plan changing, that has made matters much more difficult to deal with.

Q92. Mr Robertshaw: Good to hear that. So you would accept that actually in an ideal world, retrospectively, with hindsight and all that stuff, it would have been far, far better for you to have been able to engage at a much earlier stage?

The Minister: Yes, I would; I think Mark would like to –

Mr Lewin: If I could expand on that, as Tim mentioned, when obviously in April it became clear that the impact was far greater than people expected, businesses were hurting a lot more, we offered assistance; we became engaged. Tim has been at weekly project meetings, including with the DoI, with the contractors. I have been inserted in terms of the Programme Board, and central communications through the Cabinet Office have also been assisting. So Government has come together, but accepting the question, in hindsight, where we are today, which is clearly different to where we thought we would be, some of that coming together would undoubtedly have been of benefit earlier on.

Mr Robertshaw: Thank you.

Q93. The Chairman: What engagement was there between Visit Isle of Man and the Business Agency with Promenade businesses prior – so not directly with the scheme but with businesses – prior to the scheme commencing?

The Minister: I do not know if Rob or Angela might like to comment on that?

Mr Callister: Well, we can talk about the Visit Agency; I mean, as I say, I think myself as a Political Member, we started getting feedback from hoteliers and businesses associated with those hoteliers from about February and I think myself and other Political Members within the Department for Enterprise started tabling Questions, started asking those questions, finding out a little bit more about the scheme.

I think it is worth mentioning that the Promenade has been discussed, the Promenade Scheme itself has been on the table, for over 10 years. So at what point everyone should get engaged is one of those questions has to be asked at a later point. But it has been discussed numerous times over the last 10 years; but in respect to myself as the Political Member I started getting contacted by hoteliers.

But it was not about actual bookings; and that is the key thing about this. This is not about the actual bookings that were suffering. This was about the impact the actual work was having on the Promenade in respect of accessing those businesses and for them delivering the business. The customers were already there, the bookings were already in the system. We can talk later on about what we are trying to do to make sure that, as we look into 2020 ... what we are trying to do to help those businesses going into next year, but more of it related to the noise and more of it related to the fact there were corridors along the Promenade with no work being undertaken. They felt that they did not mind going through the inconvenience; what they felt was they were seeing no work actually being undertaken and that is when I got involved, as the Political Member, to look at those works a little closer from a political point of view.

I will let Angela speak with regard to an operational and from an officer point of view.

Ms Byrne: From an officer point of view, we have good communication with industry in general, with regard to the specifics in the Promenade Scheme, Mr Callister came to me in

175 February along with some of the other Political Members to highlight some of the comments
that they were receiving from businesses specifically, and at that point then I communicated
directly with those specific businesses.

At that time – I think February/March time – it was about parking, it was about the fact that
they felt they were unable to advise visitors ahead of them arriving to give them information to
180 say that there was going to be a bit of disruption and where they could park and also about
accessibility. So yes, February/March; that was when that specifically started to come through.

Q94. Mr Robertshaw: Thank you for that.

I think it is important that you understand from our perspective that the Committee see that
185 both compensation issues and communication issues, which are very much highlighted, are
actually subordinate, in effect, to the scheme itself, its capacity, competence and capability. In
other words, communication can only work if the scheme is working well, because whoever is
burdened with responsibility for communication they can only react according to how well or
otherwise the scheme is going.

190 Secondly, in terms of compensation, that is a moving feast, because if the scheme went really
well the degree of compensation required would be diminished. So we are putting, very clearly,
an understanding that compensation and communication are subordinate to those key things.
We do not see communication and compensation as the absolute answer to this. It runs much,
much deeper. But we today are here to talk about, particularly with you guys, the relationship
195 you have got.

But talking about communication, you say, Rob and Angela, that you were talking in February
about noise issues. Why is it you think, then, that in terms of the delivery of the programme,
there has even this week been serious concerns from hoteliers about noise issues? How much
have we actually moved from February to now about noise issues and the impact that guests
200 experience?

Ms Byrne: Well, I think it is has sort of come to the fore in the last few weeks. We have had
quite a lot of communication with hotels. In February, from memory, it was about parking. That
was the initial; then the noise issues I think started to become apparent, it was sort of
205 April/May.

But they have become more apparent in Loch Promenade over the last few weeks and we
have acted as a conduit between the businesses and DoI. So any of the communications that we
got from the businesses, we would then communicate with DoI directly to try and understand
what were the contractual obligations which – I could not sit here and tell you I am an expert on
210 this – but we acted as the conduit from the businesses to DoI in trying to get the communication
channels opened up and also to allow them to understand the visitor's experience and the
impact of the noise on the people that were staying in the hotels on the Promenade.

Mr Lewin: If I could perhaps expand on that; so by nature of the works happening in different
215 places, definitely in recent months it has become apparent that there have been works early
morning, which has directly caused complaints, and also when we stem back to some of that
early communication, you mentioned before, it was clear back in February that part of the
concerns that was coming particularly from the hotel industry was about what level of noise
might occur at what times. And this concept of no noisy work – which was in the original brief –
220 will occur before nine o'clock, is clearly understood from a layman or from a business
perspective slightly different to contractually what that means.

So in the last couple of weeks, as it has become clear that we have real visitors on the Island
being woken up at eight o'clock, and indeed before that in some cases, we as a Department at
an officer level and at a Political Member level have been requesting that that has been
225 revisited. But that is the way the contractual position was set out, and the idea that – we
believe, on behalf of the Department – it is not right to wake guests up six or seven days a week

before eight o'clock with noisy works. But equally, we do respect the fact that there is a contract in place. It was put in place on that basis around constraints which were communicated at the time, and I go back to that communication. If communication is done but is not quite
230 understood by everyone to be the same, that causes a real challenge and that is where we have certainly been over the last couple weeks.

So working with DoI, working with the contractor, working with businesses, the Department; we have managed to gain complete clarity that there will be no works that are not just noisy in contractual terms before nine, but are not noisy, intended, that will wake guests up before nine
235 o'clock. That is a temporary position whilst, again, the contractor and DoI relook at how we can do this more sustainably without obviously impacting the programme more longer term and causing contractual consequences as a result of that. So I think that is a real example of where the communication was not spot-on in terms of people's understanding.

Q95. Mr Robertshaw: So where will we be, do you think Mark, if it transpires that avoiding unacceptable impact upon visitors is at odds with not complying with the contract? Where will we end up in those circumstances? Because ultimately that damages communication on the one hand and on the other hand it damages or worsens future compensation issues that we will go
240 on to talk about later. It is a really complex issue. Do you think we are handling this?

Mr Lewin: It is a really complex issue. I do not think there is a single solution and if we go back to what we said before, there are a number of people involved in this, as the issues have escalated, to try and almost find collective remedies to this.

In terms of the broad question, if we go further forward and there is going to be more of an impact on the visitor economy, those businesses, than we expected, then we as a Department will be championing that. As the Minister said, we are a conduit. We can pass the message on, we can explain, we can look for rational options; but ultimately the decisions will be those of the DoI, who control the parameters of the contract and the contractor working within those.
250

But we will certainly champion, as we have been doing, the concerns that we would have from a visitor economy perspective and from a business perspective.
255

Q96. Mr Robertshaw: Okay. Do we have the capacity, do you think, to start trying to measure the difference between damage in cost terms to Government on the profile of the contract itself and subsequent down-the-line compensation issues which emerge in subsequent years as a direct result of finding ourselves in difficulty now? Because that is the degree of complexity of this, isn't it?
260

Mr Lewin: I think that is right where we are at the moment.

So as the DoI Minister said the other day, an element of reprogramming is going on and we will be party to that; looking at what the future phasing looks like. I said before, we will be encouraging that the businesses are part of that. You said before, one of the challenges is having clarity of what the real plan is today, so that day to day, week to week, businesses know what is about to happen.
265

I understand, as a result of unexpected challenges that have been faced on the works, we have seen works happening in different places to what was expected, as well as the delays as a consequence of essentially trying to keep the programme going and that has added further confusion and concern for businesses who have suffered in a way they did not expect to.
270

If we go back to some of your some of the representation that is come in as part of your Committee's evidence, it is clear that at the outset the original phasing was broadly understood to be a sensible approach. It was to try and minimise some of that impact. But clearly the plan today is not that plan and we certainly will continue to be involved to try and encourage that consideration is made to the businesses and if there are opportunities, as you say, that might have less of an impact, they are considered.
275

280 As to what the ultimate decision of that and the financial consequences on either side, we
are not at that point and we do not have those options yet. But that is very much the discussions
we are underway with at the moment.

285 **Q97. Mr Robertshaw:** Is there a triangulation, then, between DoI, yourselves and Treasury in
a way which you are comfortable with?

The Minister: There is now, I would suggest, and that is what we are trying to do; this
political board and obviously the operational aspects of it. So whilst this has caused serious,
extreme stress on businesses along the Promenade, what we would recognise now is an
opportunity to try and address that going forward.

290 So the whole issue with regard to the start time have been heightened this last week or two
and I think that sort of gives us, I think, the impetus there to actually be able to address this,
looking at the revised schedule of works – which is what is ongoing at the moment between DoI
and the contractor. So we will now be involved with that and ensuring that the voices and the
impact is understood, to those individual businesses.

295 Because whilst we are talking about tourism businesses here, the impact is very different for
them compared to the retail businesses, which is why we have actually moved forward with the
with the interim support that we have offered, which of course is the limitation of where our
vires is. But all along we have been engaged with Treasury in this particular process and we have
actually provided extra details and data for Treasury to consider. I can state here today that
300 there will be a new marketing budget that will be launched very early in the next couple of
weeks to support this initiative, once we have got this plan revised.

And then, secondly, there will be emergency assistance for the retail industry, which Treasury
have supported in principle. There is still detail to be worked out, but we have now got Treasury
support for that, because we have to deal with this very immediate and urgent issue right now.
305 So we are party going forward in those discussions and those revised plans.

Mr Callister: Yes, it is worth just adding to everything that Mark and Laurence have said, that
we, from a tourist point of view, are working extremely closely with the hoteliers. I think we are
getting positive feedback; we got positive feedback yesterday when we had members on our
310 Visit board to say that they are very grateful for the close working relationship they have with
the tourism team and with DfE since we have been fully engaged.

It is also worth mentioning that the team are continually monitoring social media and I think
it is worth giving a stat that out of 3,672 reviews there are 119 comments relating to the
Promenade, which is just over 3%. So we are continually monitoring that to see what the impact
315 is from people visiting the Isle of Man and their experience of having to stay on the Promenade.

So it is about that close working relationship. As soon as the hoteliers were making us aware
that they were having some difficulties with regard to the Promenade Scheme, the team have
worked tirelessly, and Tim as well, to make sure that at least from our point of view – from a DfE
point of view – that we are working as close as we can, feeding that information back to the DoI,
320 in order to minimise the disruption from a hotelier and from a tourist point of view.

Q98. The Chairman: There was mention before of the idea of DfE being a conduit sharing
that information and trying to impress upon DoI the importance of some of these aspects, but
obviously there is that recognition that they may not act on it. That may be because of the
325 nature of the contract; that may be because it is something that is just not functional. Where
does that leave you and what feedback ... ?

You mentioned the earlier issue with noise; I remember during TT around early July time
there were certainly issues around early digging affecting hotels and residences. Obviously we
have seen that be allayed slightly and then it has happened again. So where are we left in that
330 respect?

Mr Lewin: I think it leaves, certainly us, in a difficult situation in the middle of that. Whether the communication says one thing and then something else happens or we indicate something will not happen and then it does; we have had a number of examples where we have been in the middle of those. Ultimately somebody has to make a decision, ultimately go back to the structure in the way this is set up, if perhaps in the future there are more people – in terms of – involved at the outset representing those kind of decisions, that might help.

But practically speaking, those are the real issues on the ground that people are dealing with on a daily basis and it can leave us very ... We have tried to be quite clear, we will do our best, we provide guidance and assistance. The initial support scheme is an example of that where good intentions ... We heard calls for additional assistance, we heard calls for marketing, we heard calls for rate rebates and you have mentioned in your own previous considerations, and they all have challenges in terms how we do that. As a Department we looked to try and do something that was more simple. So the initial scheme came out, the Department considered it – really which is about providing cash directly to the businesses so they could choose, whether it be marketing support, taxi support, vouchers. Because each business was seeing different things and each business perhaps needed a different type of solution.

In practical terms when we are out talking – I know Tim was on the front line of that – we started talking about this in May and then it has taken us quite some time to be able to deliver that and there are some challenges in the way that that is delivered because, as the Minister said before, when you get down to the real detail, the Department has limited powers in this space; from sole traders to companies that might not be fully up to date in terms of the particular financial accounts at that particular point in time. So we have continued to iterate. We have gone to the next stage, and as the Minister says, we will have more support coming out in the next two weeks – hopefully next week – which will directly provide businesses with the opportunity to access both marketing expertise and underwritten, paid-for advertising at a channel that is appropriate to them.

So we are listening. Where there are the things that are in our gift, like that, we will take that on board and we will take it forward. But clearly there are some things in this programme that are absolutely not in our gift and that makes it quite difficult for us.

The Minister: If I may, the confusion with regard to communication, whether it be us, whether it be DoI, there is now going to be a central communications unit which will be run on a central basis through the Cabinet Office, so that we can actually bring all our information ... Because our information is about supporting the business, the industry, and understanding the impact and of course the DoI is about the logistics, the infrastructure and the engineering aspects of it. So we can now bring that into one central place so that communications can actually be ... there is more resource actually being dedicated towards that.

So that is what we picked up, of course, that that is very much necessary.

Q99. The Chairman: Would you accept that obviously increased communications is one aspect of it, but there is only a value in increasing and improving the communications if you have something of value to communicate? I think one of the issues has been around the actual scheme; there are people going out and proactively turning up to communicate, but actually there is no message. And it does not matter how many people we put into that sphere: if we have no message to communicate, I am struggling to see what value they bring and whether actually it is earlier on in our thinking that we need to put people.

The Minister: No, I fully agree, and of course where we are at the moment, until there is that revised, agreed, planned programme going forward, there is not going to be an awful lot that can actually be communicated.

However, what we can do in the interim – and this is where the marketing is, which is a different issue altogether – is that we can actually promote those businesses and I think that is

an important aspect, particularly on the retail side of things where we have been hearing the greater severity in terms of impact on businesses on an immediate basis.

385

Q100. Mr Robertshaw: So just for clarity, this move towards a revised plan, which so powerfully influences, as we have discussed, both communication and compensation – who is actually involved in that? Is it only the people who produced the plan which has fallen foul of everything, that is in many respects – and it is pretty powerful language – pretty shambolic? Are these same people now involved in producing a new plan; or are new advisers and new expertise being brought in, to your own knowledge and understanding? I realise this is DoI, but of course you have this intimate relationship of dealing with that programme. What is your understanding Minister?

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395

The Minister: Well, my understanding is yes, they have contractual issues and this is clearly an engineering infrastructure project. So until we can get a better understanding how that revision looks, in terms of our level of support, and communicating that plan and that support will rest behind that.

Mark, do you want to talk?

400

Mr Lewin: We are now involved in that and we have been involved in the last couple of weeks with a number of meetings at various different levels as both the contractors and DoI ... DoI have some more resource as well – you have heard that from the Minister – and we will be involved as that plan takes shape.

405

We are also pushing, as is everyone, for clarity sooner rather than later. Even if the full picture is not readily available, the initial short term, medium term, let's get that out there.

We were in a meeting the other day with the Programme Board and stressed the importance of getting out what we think is going to happen over the next month, the week. An example that came as a suggestion from the visitor economy through the Chamber of Commerce was that even if we do not fully know the minutiae of what is about to happen, can we have the likes of a drop-in session and there are people representing the contractor, DoI and DfE at that together with central communications? That was very much welcomed, received, taken on board, and that is being looked at now.

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Let's not wait for the overall plan, which probably will still continue to change. But there is a balance between having no communication and having some form of making sure at least people can come and air their frustrations and deal with practical issues. So, even at the higher level, when the plan itself is available at the real detail – and we certainly hear the businesses want to know down to the hour by which they are going to be impacted, down to the access in and out, there is a real level of detail underneath that.

420

Q101. The Chairman: Does anyone know that detail? We have not found anyone yet who does.

425

Mr Lewin: Clearly the contractor, on a weekly basis, is planning the next week, and on a daily basis the workforce are deciding to do things. We need to get more visibility of that, and that is exactly the communications that are underway at the moment.

430

Mr Cowsill: I would just like to add that DoI are now looking at their whole process map for finding out, simply from road closures to everything, but for our Department to comment on certain areas being closed. The overwhelming thing from businesses is they would like to know in advance if they have an eight-week period that they may be in front of their particular property and then to bring that down.

So DoI have taken that on board, that actually it is okay to say, 'We can give you quite a big window in terms of when we will actually be outside your particular property', but then as it

435 gets closer that communication gets smaller so businesses can adjust. That is the overwhelming
thing that has come and DoI are looking at updating that. They did not realise that perhaps
having that open-aired information would be helpful to the businesses, especially when you look
at hotels and the seasonal differences, things like that, and that is what we are beginning to
comment on. So that communication process is getting better for us to comment directly into
440 that.

Q102. Mr Robertshaw: Tim, if I may, what is your understanding of businesses being really
aggrieved about this rash spread of works that have flown out right across the Promenade –
sections getting ripped up and not very much being done about it, and then that being not in
445 correlation with the messages in the plan? Are you getting, from your perspective, an
understanding from DoI that they are going to start trying to concentrate their works down –
which has been a message that has been articulated from the get-go, effectively? Do you think
that they are getting that message? Does your Department think that they are getting that
message?

450 **Mr Cowsill:** Ultimately – we have said all the way through – they are the lead Department on
this and we can only influence where we can, but I personally believe that they are listening and
they are looking at that structure, they are updating, they are getting a stakeholder manager to
come into the Promenade. They are doing some of the things that they have adapted and
455 changed in that.

I think the businesses themselves feel that they are confused in the communication that they
receive. They do not want people to directly come into them but they have talked about an
email update, splitting up the communications between MyProm and making something for
businesses directly, telling them when the roads are closed, and then one for the general public.
460 They fed back to Minister Harmer last week about the fact that actually splitting up that
communication can make ... ‘We just want to know about the road closures and what is affected
in the next stages.’

So I think they are listening and taking that on board, but it is updating the whole process and
making sure that the contractor is aware of how much influence the stakeholders should have,
465 and I think that is beginning to come to terms.

Q103. The Chairman: What practical work has been undertaken by DfE in terms of trying to
drive custom to the Promenade? You have talked about marketing budgets now, but what has
happened so far? And tied in with that is what dialogue have you had with DoI when at some
470 points during this work they have actually told people to avoid areas of the Promenade, which is
entirely unhelpful for businesses?

475 **Mr Cowsill:** There is such a varied number of businesses all requiring different things. You
have got turnovers from £50,000 to millions of pounds on the Promenade. There is a massive
difference and I think what we have done is listen to the businesses. We have developed the
parking behind Castle Mona Arcade to give business access. I have moved bins, I have done all
sorts of things with DoI and it is just making sure that we are a direct conduit in.

The business needs are very varied. You are never going to get a decision that is going to help
everyone. Even when you look at the types of businesses in their high seasons and low seasons,
480 it is incredibly difficult to get that balance, but what we can do is put that information together
and I think the Promenade has actually come together quite nicely and said, ‘Yes, I understand.’
The communication between the businesses has been great. I did not realise that there is such a
network of them all working together and it is really nice to see that they understand that it will
not be a fit for everybody and it is incredibly difficult to do.

485 **Mr Lewin:** And we do recognise that comment. There have been examples where we have
heard ... Because businesses have come to us because we are now the conduit, whether it be a
traffic warden or other aspects that just have not helped in terms of the messaging that is out
particularly on that bit of promenade, we have got straight in there and passed the message on
or indeed encouraged an immediate response to that. So, we have heard that.

490

Q104. The Chairman: Do you believe that any of the changes that we have seen thus far have
been proactive, or do you think that on the whole really they have been reactive?

495 **Mr Cowsill:** I think the businesses know best, and that is probably the key part. They
understand that ... 'Could you put some parking there? That would make a massive difference.'
And Dol come back... It is engineers that are involved and it is that stakeholder management
part that I think in the past has not been looked at, but the businesses know best. That is what
we have tried to do out throughout the whole process.

500 I ask the businesses what would make a difference. We were with a business last week and
they said, 'Could you just put some parking there?' That is a brilliant idea – we will take that
forward. You can see that the businesses are the best people to make those decisions, not
perhaps Dol. What they might think might help actually does not and that is why we have got to
have active communication with the business all the way through.

505 **Q105. The Chairman:** And earlier communication to avoid ... I agree that the businesses know
exactly what they need for their business and they know what is affecting them, but it is very
much, it seems to me, that once the problem happens the business suddenly thinks, 'Oh, my
goodness, I didn't know that was happening! This is what we need to do.' If we spoke to the
businesses earlier, they could make those suggestions earlier and get them in before we make
510 the change, and I think that is the struggle –that proaction versus reaction.

Mr Cowsill: Yes, absolutely, and especially when you start digging up the pavement outside
their shops. That is going to make the big difference about that communication. So we have got
an opportunity here to work with them and give them the greatest opportunity, because they
515 may decide to close for a week just because it might just be too difficult, and we have just got to
make sure that communication is up to date.

Mr Lewin: If I can build on Mr Robertshaw's point before about works popping up and not
necessarily ... There are a lot more works in different places than were originally envisaged, and
520 it all goes back to the plan. That is an area that we have definitely heard has caused concern for
the businesses, because they just were not expecting it at that point.

525 We understand, particularly if there is a bit of scheduled works and they hit a particular
problem, then obviously the contractor is redirecting, to maintain the progress, into another
area. But when that is not on the plan and people do not expect it, by necessity, as you say, it is
reactive, so we are asking after the event how we can help. Ideally, absolutely we would all be
proactive. We would know what is likely to happen, when it is likely to happen and we can have
an intelligent conversation about how we can minimise the impact. We are only just getting to
that point now.

530 **Q106. Mr Robertshaw:** The Committee is very anxious not to personalise this to individuals
because it is such an important and major infrastructure project which has such massive
implications. This all about leadership, isn't it? Proper leadership and proper planned leadership.
Everything else is a subtext of that.

535 I preface what I am going to ask now with that comment for very specific reasons, but
bearing in mind it is such a significant project, do you think it is appropriate that the project

manager sits down the pecking order inside one of the Departments? I will address this to the Minister, if I may.

540 Have we now reached a point where it is accepted that, if you are going to get the degree of co-ordination between the various Departments involved and Treasury is implicated and intimately involved in this, ultimately if it goes seriously wrong beyond what it already has, the project management should be much more senior and sit above the Department of Infrastructure, which is sort of erring towards the comments that the Treasury Minister has indicated himself? Has Council taken a view on this, Minister?

545 **The Minister:** I do not think they have taken a view at this point, but they have certainly taken on board, I think, the complexity and understanding of the impact a lot more, when perhaps they might not have, and that goes back to, I think, from our involvement back in April to where we are today, and when we start to delve into ... and Tim started to talk very intimately about his involvement, which was daily at one time – it is certainly weekly and more or less full
550 time in terms of his involvement and our involvement as a Department.

So I would endorse what the Treasury Minister has already said about the Capital Projects Unit. We have had that in the past and the question is how would you do it differently in the future? So, what is the difference, for example, with this scheme versus any other regeneration scheme?

555 I think there are some really key differences. It is the length of time, it is the scale of the work, it is the complexity of the work, and I would probably regard it quite similar to how we approach managing TT, where it is done across Government. DoI clearly are the Department for infrastructure engineering and they have a role and responsibility; we have a role and responsibility with regard to business representation; Treasury has a fiscal responsibility; and
560 then we just touched on the communications, which is a central responsibility, and that highlights how you could actually create some form of a structure. So, if you are a Capital Projects Unit, in the absence of, if I may add into the fray here, the single legal entity, you ask yourself what kind of structure you could have there, and one of those particular components would be to get Treasury concurrence, should you have an economic assessment if it reaches all
565 these other areas of the length of time and complexity of the project in terms of a capital spend.

So yes, I would recognise that there is a wider role and responsibility across Government.

Q107. Mr Robertshaw: I agree with everything you have said, then, and I was following Tim's comments about the tension that exists in the current structure. Do you think it is safe to carry
570 on with the current structure with such a long time to go and so much money yet to be spent, and so many businesses potentially in danger? Do you think it is time for the Council of Ministers to say, 'Right, we get it – we are going to act on this structurally as well as actually trying to revise the plan as it is'? It is not unreasonable, is it, for DoI to consider this to be a road project when in fact we all now know it is an awful lot more than that? Or are we going to struggle on
575 with the structure we have already seen has effectively, over a number of months – and we are all being frank about this – not worked?

The Minister: Yes, well, I guess the question is how do you change the structure whilst the programme is in play, in essence. I think your role and your responsibility in terms of your report
580 will be really critical for the Council of Ministers to understand how, because you have seen it from the outside looking in to see what you know and how that could be improved. So I will very much look forward to your recommendations as a result of that.

At this moment in time we are stuck with this revised schedule of works. When we know that revised schedule works then we can really get behind and understand how we communicate
585 that, how we best service the business. What we are trying to do is to play a lot of catch up, in all fairness, and we fully accept that, at this particular point.

So, what we have done to date, is it enough? We really do not know until we know the full plan, essentially.

590 **Q108. Mr Robertshaw:** Following the Chairman's comment, you will appreciate that we will be producing in October an interim report without recommendations so that we can debate this as a really urgent matter, and we trust that you will – and I am glad to hear your commentary about our report – take it seriously on board and act with utmost urgency.

Thank you, Chair.

595

Q109. The Chairman: Thank you. Just moving on to a slightly different topic, I am just wondering from DfE's perspective what engagement there has been with the third sector in terms of them being able to access businesses and hotels along the Promenade.

600 **The Minister:** Communication with the third sector, did you say?

The Chairman: Yes.

The Minister: I am not sure we have had any.

605

Mr Lewin: Can I just perhaps expand? Certainly in terms of the hotels, absolutely. In terms of the retail businesses and restaurants, intimately engaged. In terms of the third sector, have you got a specific example?

610 **Q110. The Chairman:** It was just specifically one of the things that has come out of the DoI work that they have done. They consulted with the third sector on the end product. There does not appear to have been any consultation around the scheme while it was actually in place and there has been some feedback about people being able to access via disabled parking spaces to actually get to those businesses, so I am just thinking is there a reduction in business from those
615 with disabilities because simply they cannot access them.

Mr Lewin: It has not been something we have directly been involved with but I am aware of some of the conversations. I know there has been one example at one of the businesses that Tim was at and they were talking specifically about parking, and it was exactly that. It was about
620 elderly people. We have had it with one of the hotels about the coaches as well. You cannot expect some of their guests to be able to walk that far, where it was originally envisaged, and we have been in that conversation and we have persuaded the fencing to be moved and the bollards to be moved to enable the vehicle to get really close to the hotel.

625 **The Minister:** I would have thought DoI probably would have done an equality impact assessment.

Q111. The Chairman: No, apparently because it was pre the Equality Act they decided not to do that.

630

The Minister: Right, yes. I am aware in previous regeneration projects, and one in Douglas right here, there was a removal of disabled parking which did cause an issue with businesses, so it is not uncommon but I am surprise there is no equality impact assessment.

635 **Mr Callister:** But again I will just add to that, Minister: the fact is that we have fed any information back so that the likes of the coach drop-off point, as soon as we are made aware that there is an issue with that, we have tried to work with the Department of Infrastructure to actually implement that. Crossing points along the Promenade is the other thing, access – these

640 are all things that have been fed back, so it may not actually identify exactly with the third sector but from general conversations these are the feedback we are getting.

I have to just go back to a slightly different point. When you talked about the Council of Ministers taking accountability for big schemes like this, there is an element that we as Tynwald Members have to look at as well. We have had the briefings. I do not think any of us as Tynwald Members actually felt or had any understanding with regard to the impact this scheme may
645 have in the time period. I have gone back through all the stuff myself over the last couple of hours and over the last couple of weeks. I was surprised myself personally at the impact that this work was going to have, and I think maybe a further discussion is needed in respect of the impact of that work, how it has been delivered in the past and how it is going to be delivered to the end of the scheme.

650 But what we have done, as I think the Minister and everybody here has actually said this morning, is any feedback we are getting from hoteliers we are sending that straight through to DoI. We are trying to improve things, access corridors, parking – we are listening to those concerns with regard to our visitors and trying to improve them wherever possible.

655 **Q112. Mr Robertshaw:** You make an interesting point, but can I draw your attention, Mr Callister, to the fact that this very Committee in a previous report raised the whole issue about the quality and standard of impact assessments prior to major projects happening, took it to Tynwald in a report and it was rejected by the Council of Ministers and Tynwald? So that rather answers your question, does it not?

660 **Mr Callister:** That, to me, is maybe something that in your report, or somewhere in the future we need to pick that up because I think you are absolutely right. I think when you look at these schemes we do need to think about things outside the box: how will it actually affect?

665 But that comes down to the actual scheme – and this is a personal view for myself and this is the reason why I originally brought it to the Committee’s attention, because of how that work was being delivered. We suddenly had a corridor appearing on the Promenade and then a couple of weeks later we would hear of another corridor appearing and it would have barriers in it and there was not enough access to businesses, not enough support for those businesses and not enough communication. That was one of the reasons why I originally brought this to your
670 Committee, because I wanted an understanding of how that work was being delivered and undertaken by the contractor and the Department for Infrastructure. That is the reason why I tabled Questions originally.

675 Now that it is starting to impact tourism I am getting behind our hoteliers and our tourist team to help them to try and understand these issues and work our way through them so the experience on our tourists visiting the Isle of Man is minimised wherever possible.

680 **Q113. Mr Robertshaw:** You are in a very peculiar position on this one because the whole concept of impact assessments came from the Committee that you chair and supported. So, as the Chair today has indicated, it is important to be able to grasp the difference between reactive response and proactive pre-assessment of things so that we minimise the problems with communication and with compensation at a later date.

685 **Q114. The Chairman:** Yes, I think it ties in as well with what you said there, Mr Callister, about the position of Tynwald Members. In fact, when this was brought and there was a coherent plan that would have been followed and people would have known when things were happening, I think for me there is a very clear difference, in that actually it has not happened as per the plan. The communication has not been as you might have expected. People are not aware when things are happening outside the businesses and therefore they are not able to mitigate effectively for that. When there are things being put in place they are very reactionary.

690 The additional car parking was not something that was there right at the beginning – it has
happened because there is a problem. We are looking at disabled access because someone who
was disabled could not go there. We are not going out and we are not talking to the third sector
to identify ‘Are there things that you think would be better if we did these now?’ So actually I do
not know how the informed decision could have been made without a level of project
695 management at the sufficient level to be able to make those decisions and keep something on
the right track with all of the stakeholders engaged.

Mr Callister: I think one of the clear things is we all agree but none of us can evidence at the
moment that what we are seeing today is not the scheme that we envisioned and what we
700 expected. There have been complications. I think that is not for us to answer. I think that is for
the Department of Infrastructure and the contractor, to explain the difficulties they have faced
in the scheme at some point in the future.

Some of those changes may seem very simple changes to what the contractor or the
Department of Infrastructure made, but they have had a very big adverse effect on businesses
705 and hoteliers in respect of access. I am trying to restrict my comments to just hoteliers and to
the businesses within my political remit because my original Question was relating to the actual
works, how that work was being delivered, what were the delays they were experiencing and
how far in the future ... The closing date I think was May and then that was going to be
extended, so when will the Promenade actually be finished? It is explaining all of those, but now
710 obviously my job is to communicate with the hoteliers through the team within Tourism and
hopefully from that actually minimise those disruptions to those businesses.

Q115. The Chairman: So I wonder then, if we move on, whether you could discuss what
feedback you have had from tourists and visitors this season to date, and also what
715 communications you have proactively given to visitors when they have arrived in the Isle of Man
to detail what is happening with the Promenade works and what we are doing to mitigate
against any impact that that might have?

Ms Byrne: We are monitoring the visitor feedback but also speaking to cruise visitors. We are
720 in communication with the Welcome Centre to ensure that they feed back to us any comments
from visitors. We are monitoring the peer-to-peer sites, so TripAdvisor and Booking.com. We
continue to monitor that.

In terms of the message to the visitors we have got a page on our visitisleofman.com
website, which is our consumer site. We have also got a page on our trade site. So there is
725 obviously different messaging there for different audiences. From the consumer site, the
content is about what the Promenade will look like and we thank them for their patience. And
then the page on the trade site is for the businesses, who to contact, a person they want to talk
to – whether it is with me directly or whether it is about the grants and assistance team. So
hopefully that has got some more information on there.

730 We have not had, to my knowledge, a direct contact from a visitor specifically about the
Promenade works. Most of the comments that we are seeing are from the peer-to-peer sites.

Q116. The Chairman: Okay, and would you say, though, that for example when we have
spoken to guesthouses and hotels, they are getting direct comments from visitors, so they are
735 acting as a conduit to you?

Ms Byrne: Yes.

Q117. The Chairman: So what is being done with those comments? When someone is
740 challenging a hotel over works that are happening earlier than anticipated, those issues, what is
the next step? How do we then mitigate against that being transferred into a negative

TripAdvisor rating or a negative Booking.com rating, something that the business can no longer do anything about?

745 **Ms Byrne:** That is quite a difficult one because obviously with any peer-to-peer site, any visitor or any customer to a business can write what they want on that site. This is where I have got a lot of sympathy for the businesses and the hotels on the Promenade. Some of the comments that we have seen with regard to the Promenade have been mostly regarding parking, accessibility to the hotels. That has been mainly the comment that also the hotel
750 owners and guesthouse owners have been relaying back to us – that it is down to parking, accessibility, and that then in turn gives those business owners the difficulty in being able to communicate that information with the visitor ahead of them actually arriving.

755 One of the hotels on the Promenade was really proactive and when the visitors booked and confirmed they sent a really informative email to the visitor telling them exactly where they could park and also that there would be some roadworks in the vicinity, but when the visitor actually arrived that all changed. This is where it is quite a challenge for the businesses and obviously we are there to help them as much as we can, but I also would like to say that a lot of the people that own and operate guest houses and hotels on the Promenade have been in the business a long time and obviously customer service and information to visitors they are very
760 good at, but with the onset of peer-to-peer sites there is difficulty there in how they can manage that comment.

Mr Lewin: I think if I could expand that, that issue on the noise is a great example of where the industry had communicated and told the guests. The guests, largely because of a good
765 product and good service, will tolerate it – they were aware of that – but then when they have been woken up the next day, contrary to what the hotel had assured them ... We absolutely understand why that would instantly translate to a negative comment and we have been exerting ourselves to try and really make sure that the importance of very clear communication, particularly around working hours, is understood and communicated.

770 **Q118. The Chairman:** I suppose that highlights the point, though, that it is not just communication; it is the ability to give accurate communication, because to give inaccurate communication or incomplete communication actually causes more damage than no communication in some cases.

775 **Mr Lewin:** Absolutely, and that point before, as Angela says, this is quite difficult: at which point do we tell a visitor that they are going to have a level of disruption? We have had examples where it has been quite far in the sales chain and they have lost business. It has been very late and they have had negative feedback. I know one of the options potentially in the
780 future is at the ports, so when people have arrived we know they have booked and we further arm them with, 'This is what it is going to look like when it is finished – we do apologise for the inconvenience' and extra clear communications around accessibility and planned works, but it goes back to also being very clear what the plan is.

785 **Q119. Mr Robertshaw:** Coming to the last point you just made about ports, I think the Chair wants to discuss that with you in a second, but you say you have been anxious to exercise yourself over trying to articulate the serious damage this noise issue creates for operators. When you say you engage, who do you actually engage with at the present time? How does that line of communication work and how is it responded to?

790 **Mr Lewin:** Tim has been weekly at the project meetings with the contractors and the Department of Infrastructure. I have a direct relationship with the Chief Executive and Director of Highways. Tim has been liaising with the Director of Highways as well. We have the MyProm

795 team, so regularly Angela and Tim will go to Mary and the team down there. So we will go in at
all levels to whatever we need to, to make sure that message is ... It is not just about sending an
email; it is absolutely about making sure somebody understands and we have a conversation
about it.

Mr Robertshaw: Okay, thank you.

800

Q120. The Chairman: You touched on the ports idea there and that was something that came
out in the evidence session with DoI, where they said we actually own the ports, therefore we
have the ability to access those people who are arriving – every person, give or take a couple of
people who arrive on their yachts – but pretty much we access everyone who enters the Island
805 as a visitor and we have a very clear ability then to engage and one would hope that at the point
the person arrives we have some idea of what is happening on that day so we could make sure
the information is also accurate.

So what has been done in terms of working with DoI to further explore that idea that was in
its infancy at the last oral hearing of this Committee?

810

Mr Lewin: It is still an idea. We have heard that and again we have a mixture of views on the
right time to do that, but it does go back to making sure that we have a plan. The MyProm team
did some leaflets around TT and the festival, but as to a broader ... It is an idea. We do not have
the answer to that yet but it is something that we are alive to and we will continue to discuss
815 with the industry and continue to discuss with DoI, but getting that plan is really key.

Q121. Mr Robertshaw: These differences in opinion on this issue, do those differences sit
with different Departments or within Departments or between the Departments and operators?

820

Mr Lewin: It is just finding the balance. We have had some businesses that are quite
reluctant for us to ... Angela said about the page and how visible is it on our tourist site that
there is disruption on the Promenade, there are roadworks. We have had some that have
certainly been less enthusiastic about promoting that front and centre.

825

Mr Robertshaw: I understand. Thank you.

Q122. The Chairman: And I think that is a point that has certainly come out to our
Committee, that we do not want to go out and say the Island is shut for business because that is
absolutely not ... Very much the narrative here needs to be the Island is open for business and
830 we are looking at ways to make sure that your experience is not detrimental because of the
works on the Promenade. That is about that early engagement in terms of information, the
ability to communicate effectively with accurate information, and that still does seem to be
something of a blocking point, I would say.

Just moving on, in terms of the impact assessment, we have talked about some of the human
835 costs of the Promenade. I think that is something that has affected everyone who has heard it
very profoundly, hearing the experiences of businesses on the Promenade and the lengths they
are going to, to try and mitigate against personal loss to their businesses. I just wonder what
impact assessment was undertaken in terms of human cost.

840

The Minister: I do not know if Tim, would you like to ... I know you have spoken to a lot of
these businesses.

We have, I would say, individually received communications from businesses. I have certainly
been down there myself to a variety of different businesses and it is at very different levels,
there is no doubt about that, depending on your business. It is one of the added complexities in
845 understanding the impact here, the impact assessment, because we are very much focused on

the fiscal side of it, you touched on the human side of it, but there is the practical side of it as well. And while some of our actions have perhaps been perceived as reactionary, that is only when you actually speak to the businesses, and that is where that line of communication is of vital importance. But I do not believe we have any ... I am not sure, I am looking at Tim, to see whether you have had any comments on the human cost.

Mr Lewin: Are you talking about what we have done to work out the impact since we have been involved? **(The Chairman:** Yes.) Yes, okay, that is absolutely fine.

We have sat down, I have sat down with probably 70% of the businesses. Your first comments about the impact of the stress and the people that are working seven days a week, not having a break, and are just greeted with the fronts of heras fencing –

The Chairman: And no longer paying themselves.

Mr Lewin: Yes, and that is absolutely something that we have looked at, the fact that profitability in the business has gone down quite dramatically, but actually turnover is something that is still ... It is making sure that we are using the right parameters to understand that.

I have sat with businesses and gone through their books trying to understand where their costings are and to understand their liabilities. That has all been part of it and we have brought all that information together because, as I said earlier, there are such varying businesses. Once you start to try and understand the differences in turnovers on those it is absolutely massive. So hopefully we have put all that together, I have worked with our economist in the Department to try and understand the economic benefit of the Promenade. We have got facts in terms of bed space; it is our largest percentage of bed space on the Island. I have been to Treasury twice to explain that potential impact of those jobs, the overall impact of that, as all of that has framed the work that the Minister has said, that we have now looked at a larger scheme with Treasury. But we built that argument through works and I have been to the Department as well to update the politicians on not just the financial side, but the impact.

I have had numerous business owners break down with me. And it has been a hard job, but I have hopefully relayed that as best I can to the politicians and to Dol about those impacts, and I do believe I am being listened to.

Q123. Mr Robertshaw: So in a sense now we are getting to the heart of the current issue, this stress and this impact upon businesses and individuals, which I have articulated to you very clearly as a key issue.

I just want to compare for a minute the difference between where you are as a Department, constrained as you are by your various rules, regulations and limitations, and the complexity you feel you are having to go in to get some sort of response that works as opposed to a response that just indicates a gesture. I want to compare it to historically, for example, many years ago when Foot-and-Mouth came in and how the Department of Tourism, at the time, responded to that unequivocally, clearly and with real impact. Compare it to, for example, the way historically, and in the fairly recent past, we have reacted to where the farmers found themselves in and how positively Tynwald reacted to that.

Tim, from what you say to me, it seems that your Department, looking at the Minister now and Mark as well, is lost in a set of rules and regulations that cannot respond to the current situation. How are you going to get out of it?

Mr Cowsill: Well, I think that is working across Departments, with Treasury.

I am at Treasury this afternoon to work out the structure of this bigger scheme that we are looking to do. I think we absolutely need the other Departments to do that, and I have had the opportunity to sit in front of them and put that together.

900 What I would say is, with the likes of the drought, something happened to the sector and DEFA had methods of supporting within their own structure which they already do, in terms of the farmers. And it is very difficult, because of the wide-ranging businesses, for us to come to a clear way to move forward in terms of that support. It is incredibly difficult.

905 We are in the middle of it right now with a restructuring of it, we are not sure if we know how long it is going to take. So again it is about being clear that we want to help business, and I believe that marketing is a really good way for us to get people down to the Promenade, because foot fall is down on the Promenade, it is less busy and we want to try and work with the businesses on what they think is best.

910 I think in terms of impact the marketing support and then hopefully the financial support that will come on later will hopefully help the businesses, but it is a discussion that I am having with the businesses day and day, and understanding what they think might work and what does not work.

915 We learned a lot of lessons from the previous small scheme, that we were constricted under the Enterprise Act, and I have taken that feedback and I have worked with the businesses to hopefully understand things. The problems that they could not apply for it we have now adjusted and helped. It is a learning process, and we are working all together, but that conversation is continually going and I think that is the important bit.

920 **Q124. Mr Robertshaw:** And you clearly, because of your engagement, must understand that there are different sectors that you need to respond to in different ways over different time scales and that what happens in terms of the project itself will profoundly impact on that.

925 But with regard to the Chair's question about the personal deep stress, where people lose their savings, potentially are on the verge of losing their businesses and wearing themselves out, how long do you think it is going to be before you can respond positively to those people? Because some of them are now beginning to hang on by their fingernails and are feeling a sense of despair, frankly, what is the timescale? Can I ask the Minister this question?

930 **The Minister:** Well, bringing it back to how do we deal with this? Obviously we have gone to the extent of our vires with regard to the interim support, which is the £6,000. What we have tried to do, we have already recognised, which you clearly understand too, the difference particularly between the retail and the hotels.

935 Our immediate concern is the retail interest around that. So, as Tim has alluded to there, we have supplied a lot of information, data and analysis here to understand the impact at this particular level. That is why we are announcing today, as I said earlier, with regard to the marketing support which will come into effect very quickly. And that will be all about that businesses are open and businesses will have control of how they are going to be able to market their individual businesses.

940 Secondly, it is the emergency assistance which is where Treasury really comes into play, because we do not have the *vires*, but Treasury does have the *vires*, where they can provide emergency loan opportunities, because one of the most critical factors here, for these businesses, clearly, is cash flow.

945 We are trying to do this scheme because it is the 'shopfront' of the Isle of Man, the gateway of the Isle of Man. It is all well and good having a nice promenade, but without the businesses it is not going to be any good. (**Mr Robertshaw:** Yes.) We need to get to that particular juncture. So this emergency assistance, with details still to be worked out, and as you heard, there is a meeting this afternoon at the start of that and we hope that will be enabled as quickly as possible and we will be able to communicate that to these businesses, who are in an extremely stressed position.

Q125. Mr Robertshaw: The Committee is obviously pleased that you used the word 'emergency' because in terms of the retail sector, and that is a number of businesses, it is now an emergency and must be responded to in that fashion, so that is encouraging.

950 Thank you, Minister.

The Minister: It is, and I will say the figure that Treasury have approved, the detail is still to be worked, is up to £2 million collectively.

955 **Mr Robertshaw:** Thank you, Chair.

Q126. The Chairman: When do you anticipate that that scheme might be brought to Tynwald for consideration?

960 **The Minister:** We have to wait to allow us to work the detail. It has only been approved in principle at this juncture this week with Treasury.

Q127. Mr Robertshaw: Is it possible it can be brought forward for October?

965 **The Minister:** I really do not know without understanding the limitations of Treasury's responsibilities, even if it has to come to Tynwald at this particular stage.

Q128. Mr Robertshaw: Would you be good enough to indicate our deep concern about the speed of this with Treasury in your discussions this afternoon. This is an incredibly important issue.

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Q129. The Chairman: And are you confident – certainly from some of the discussions you have had, it is almost, I suppose, you have conducted a mini-consultation with a percentage of businesses on the Promenade – that this scheme will truly benefit all those people who really are in need at this time?

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Mr Lewin: If I may pick that one up. So if you go back to the comment before about we stepped in and we did an initial one, we knew it was initial we made that very clear, whilst we considered broader support. The marketing that launches next week we think will help, and this is about giving them direct access.

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As the Minister said, this is 'in principle', this is a loan, it is likely to be interest free over 10 years, but it is not the compensation. Just to be clear, and I know you have made the point very clearly a number of times about compensation that is a topic that ... There have been 13 politicians through DfE, the Department of Infrastructure and Treasury as we build up through these various different support mechanisms. Compensation is a very difficult topic, there are all sorts of legal, financial, precedent and competition challenges about that.

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The honest answer to your question is we believe that the loan assistance is the next stage of that evolution. It is about cash flow, as Tim and the Minister said, and it is about being able to give that very quickly to some businesses that are being starved of the simple ability to pay wages, to be able to pay suppliers and to be able to keep trading.

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We look with interest in terms of your Committee's report as to whether it goes far enough but we will constantly continue to talk to businesses, we will constantly continue to champion their needs to make sure that we are able to provide the range of support needed. So this is the third stage of a programme of support, and the answer to the question is ... As well as talking through with Treasury and putting the details on, we also need to bring it back through a number of our own Members and the Department and we also intend on discussing with a number of real businesses out there to make sure this is going to help. We do not want to

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launch something that actually misses the mark. So we have a bit more dialogue still to go through.

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Q130. Mr Robertshaw: Okay, as I am sure you appreciate, we have made our Committee concerns about the immediacy and anxiety around the retail sector very clear. So could we possibly move on to where are you now in the second area of concern, which is a little bit more extended, and that is the potential of future impact on yields and accommodation levels in the hotel sector as a consequence of what is going on now. Where are you up to there? I do not know who wants to answer.

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Ms Byrne: We are constantly in discussion with the hotels and also the guest houses, in fact, most of the tourist accommodation on the Prom, we are also in talks with the Chamber of Commerce. I think we are all in agreement that quantifying the impacts on the accommodation element of the accommodation sector is more challenging, partly due to time, because we will not necessarily understand fully the impact until maybe 2020, maybe even beyond that. So we are very conscious of that.

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During the intervening period there are also other external factors that have to be taken into account. We have got new supply in the marketplace with Premier Inn, we have got Comis, Mount Murray back online and we have got Ramsey Park, which has extended. There is also the potential for price increases or implications to room rates through that which could impact the sector profitability so there are a lot of other factors. So being able to isolate the Prom as having a specific impact on their bookings and forecasted bookings and average room rates, we are all in agreement, is a bit more difficult.

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But there is communication with the accommodation providers. Quite a few of them are happy to share their forecasted bookings and to work with us to help us to understand and analyse that with them. We have had various suggestions brought forward. One of those is in a similar vein to the emergency loan scheme that is currently being looked at for the retail businesses. So the discussions are ongoing but they are in partnership with those businesses.

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Q131. Mr Robertshaw: You say it is more difficult and I respect that comment as being absolutely correct. It is more difficult, but not impossible, I hope you accept that. (**Ms Byrne:** Oh, yes.) Because there are very specific formulas out there in the market as a whole where you get impacts on existing properties where new ones come in and you could apply them. They are very clear and I think there is some degree of evidence that that formula is applying on the Isle of Man at the present time.

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The Committee is more than happy to engage in a constructive way with you on these issues in order to get to a point where some formula can be ... We would assist as best we could, anyway.

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Ms Byrne: We would welcome that, and I am sure the accommodation providers would as well.

Mr Callister: I think it is also worth mentioning that we have got a significant increase next year. We have got around £450,000 in off-Island designated marketing for 2020 next year, so it is worth mentioning that. We are also launching the second part of our Extraordinary Story next week, which will start with a TV campaign which will go out as well, so we are focusing already on 2020.

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But as my colleague, Angela, has already said we may not understand the full impact on hoteliers until 2020 or even 2021. So this is a continuing moving sort of obstacle. We are working with hoteliers but, as you say, we are focused on actually marketing the Isle of Man as their destination of choice, as you have rightfully said, making sure we get the message across that the Isle of Man is open for business, despite the work going on, on the Prom.

1050 **Q132. The Chairman:** How are the provisional numbers looking for coach bookings and cruise bookings, just as a broad view of it?

Ms Byrne: In terms of 2020?

1055 **The Chairman:** Yes.

1060 **Ms Byrne:** We have reached out to the coach wholesalers to look at any differences in their allocations. At the moment we are not seeing any drop. However, the coach market is quite a fickle market, but we do have direct contact with the wholesalers and with the tour operators and the coach business.

Q133. Mr Robertshaw: You say fickle; it has been very strong, though, for a number of years now.

1065 **Ms Byrne:** It has, but in terms of they could book their allocation now for 2020, but if a week in a coach magazine does not sell, then they would drop that allocation. So it is to be able to understand that as whether it is just normal business or whether that is a direct impact from the Promenade works.

1070 **Mr Callister:** Can I just add, because you mentioned there the cruise industry and I do not want to suddenly feel next year that we have this headline that our cruise industry has slipped back again. We had a spike this year. We had 48 cruise ships pencilled in to visit us this year, it was significantly higher than the previous year. I just want to put on record that if the number drops next year, it is not because of the Promenade. The cruise industry is booked two or three years in advance, so this year was a spike. It was a very good welcome spike, with 48 cruise ships visiting us. I would expect that number to drop for next year.

The Chairman: Okay.

1080 **Q134. Mr Robertshaw:** Significantly?

1085 **Mr Callister:** Well, the previous year we had around 24, 25 or 26 so I would expect the number to drop back down to where we were. It was a spike, but it was a very good spike. Obviously we are continually working with cruise companies to try and get them to come to the Isle of Man and to keep the number increasing. But I just want to put that on record that this year was a particular spike.

Q135. Mr Robertshaw: Why did this spike occur then?

1090 **Mr Callister:** I think it was just more within their own schedules. Cruise ships, as I said, schedule their own schedules two or three years in advance. A lot of them have done a lot of British Island tours and added in the Isle of Man. I can get that data for the Committee if you would like, not a problem.

But as I say, these bookings are normally done two or three years in advance.

1095 **Mr Robertshaw:** Thank you.

1100 **Q136. The Chairman:** What engagement have you had with businesses at the bottom end of Broadway? Obviously that is the current piece that is being talked about as another major disruption in terms of traffic flow. So just to try and understand, obviously now we are in the here and now, where you are engaged, you are involved. What is going on there?

1105 **Mr Cowsill:** I personally have not started looking at the Broadway facility yet. Obviously my main priority was to get this paper to Treasury over the last couple of weeks so I have not had a chance to do that but I will be engaging with the businesses with DoI. We talked about the importance, when we met last week, of having a technical officer with us so the businesses can fully understand the impact to that. So that will be in the next stage, but I have been focused on the papers.

1110 **Q137. The Chairman:** Okay, and do you anticipate you will have time to start that before the road is shut?

Mr Cowsill: When is the road shut?

1115 **Q138. The Chairman:** On the 28th, I think, off the top of my head, about a week.

Mr Cowsill: I am off on holiday next week – it was pre-booked. (*Interjections*) As soon as I get back from holiday we will set up meetings and I will go down.

1120 **Mr Lewin:** We will take an action separately to just look at that and cover it. Obviously the DoI are going in, we have encouraged broader representations, and we will make sure that is covered as well. We will be there.

1125 **Q139. The Chairman:** One of the things that has been fed back to us a number of times is that businesses have been told, 'But when the Promenade is finished people will come and see it.' I wonder if you could just outline what you perceive the economic benefit of the completed Promenade will be?

1130 **The Minister:** I think for that you probably need to go back, I am thinking in the context of regeneration projects. I have lived with it through Port Erin but I also lived through it as a Department Member with Ramsey, which had probably the largest amount spent on regenerating Ramsey, and they went through a lot of pain, the retail industry there in Ramsey and it was a very difficult process to say the least, all that disruption, similar to what is here only on perhaps a smaller scale but felt by those individual businesses fiscally, emotionally and certainly in terms of logistics.

1135 Within six months afterwards, I paid a visit to Ramsey and I saw six or seven different scaffolds on the streets of Ramsey on buildings that were actually seeing private investment following what was public investment. And really, you look at Ramsey now, and you see that it really does have a very good retail offer. We have seen it in Port Erin as well on a different level. It is difficult, it is painful, but the actual benefit afterwards is a real boost actually for the area.

1140 And what you do not realise sometimes in these cases, we had a situation in Port Erin where we had a sinkhole appear which demonstrates that if you do not deal with these structural issues – and they may be regarded as maintenance, they may be called fancy paving stones – then the pain and the loss later could be much more significant than what the benefit is.

1145 It is very difficult to put a figure on it, to be quite honest with you, but regeneration has determined that every public pound spent demonstrates an even bigger spend usually in the private sector in later years. But I would highlight the fact that what we want is to ensure that those businesses on our shopfront, the important gateway to the Isle of Man, remain in business. So our focus is helping and supporting those businesses that are there right now.

1150 **Q140. Mr Robertshaw:** You and I have both obviously in our time been involved with regeneration but you would accept that there is a degree of scale and time that is different in this instance here where you have got properties ... I do not want to revisit this issue because we have discussed it in detail this morning, but there is this issue about time and uncertainty

1155 because with regeneration we would pretty well know, a shop would know pretty well because
of communications that they were going to have it difficult, and my goodness me they did, but
for quite contained periods with access kept from a pedestrian perspective.

1160 Here we are talking about revisiting the same section of the Prom a number of times,
whether it is the centre, the sea side or the land side, the predictions as to when that would
happen have proved to be inaccurate. So there is a degree of significant scale difference
between the two that you would accept?

1165 **The Minister:** I could not agree more. I think the scale and complexity of this is very different
but the only comparison we have got, I think, is regeneration that has happened around the
Island. But it is very unique and I am delighted that as a Government, and certainly I hope as a
Tynwald, that we have tackled this, it has been long overdue.

1170 So what we have done at the moment, certainly as a Department, we have given the extent
of our support in terms of the interim fiscal support now with Treasury, with their *vires*, there is
a marketing support and also an emergency loan scheme that will actually be introduced, of
which the detail is being worked on as we speak.

1175 **Q141. Mr Robertshaw:** Okay, can I move on to another subject? (**The Chairman:** Yes.)

1180 I just wonder, on reflection, how you feel about the commentary that came about concerning
Government sending businesses to Douglas Council with regard to rate reductions. You might
smile! What discussions with Douglas Council occurred before you did that?

1185 **The Minister:** I am not sure there was any discussion actually, but when we did write to the
businesses we made a point, obviously, of highlighting this particular scheme. And again, having
lived through regeneration programmes, these schemes have been around for quite some time.
There is an application process. It is not necessarily very well highlighted, I would suggest, which
is why we wanted to put it in the letter when we wrote to all the businesses. It is a fairly onerous
process and, as it stands right now, because of course there are so many applications, I believe
they are not going to hear ... They are going to do an *en bloc* hearing sometime in December –

1185 **Ms Byrne:** 12th December, I think.

1190 **The Minister:** – which is probably not very helpful for those businesses who are hoping and
praying that they will get some form of a rate rebate.

1195 But what is more, it probably highlights who has got the control and responsibility. This is
between Douglas Borough Council and, of course, Treasury who I think hold the responsibility in
that area. So we would certainly recognise that it is available, we wanted people to know about
it and to engage as quickly as they can because the sooner they engage then the sooner they
might be able to get something. But, as I said, I have heard that it is not until December, the
en bloc hearing.

1200 **Q142. Mr Robertshaw:** I appreciate your comment there about businesses in difficulty. I am
looking at Tim as well on this one. Businesses find it very difficult when they are under intense
stress – which has been very well articulated by the Chairman – to deal with complexity when
they are in these difficult situations. Is it accepted that although there is complexity in terms of
how to apportion support, it must not be too complex for businesses to respond to because I
think Tim knows very well my profound disappointment with ... although respecting the fact that
it was very much a knee-jerk reaction at the beginning and sat within the restrictions that you
have, that we cannot repeat anything even remotely close to that, that it has to be as simple as
possible and as targeted as possible. So, particularly small businesses cannot deal with
complexity of the type that a normal bureaucratic process would require. But is it inappropriate
1205 in what is accepted now, by us all, as an emergency situation?

1210 **The Minister:** I could not agree with you more, Mr Robertshaw, to be honest with you – having done it myself, personally been through it and knowing how difficult and onerous it is. There is a simple formula, and once more I think there is an opportunity for you as the Committee, in terms of your reporting, to perhaps highlight that because that would actually cut across and simplify all the difficulties we have talked about here this morning of how we have tried to help businesses, whereas you have got a process already there that, if simplified, could be a lot easier for these businesses.

1215 **Mr Robertshaw:** Thank you.

Q143. The Chairman: And just as an update for us, it would be interesting to know how many applications have now been made to the initial Promenade Assistance Scheme and how many applications have been paid to date?

1220 **Mr Cowsill:** So, we have had – let me just get this right – two applications. One business was ineligible because it did not hit the criteria of the 20% down. We have had one application go through and is waiting for payment now to the business.

1225 Obviously with the low impact we wanted to understand why we have not had that many applications and we have had direct feedback from businesses too busy to apply, as you have suggested. We have restrictions in terms of our Acts that we cannot pay money to businesses that have not employed people previously and we have had a couple compliant with Government liabilities as well. So we have taken all that feedback on and we have learnt lessons from this scheme.

1230 **The Chairman:** Well, thank you very much for your time today, and we will now sit in private. Thank you.

The Committee sat in private at 12 noon.