

**EXETER CITY COUNCIL
SCRUTINY COMMITTEE – ECONOMY**

2 SEPTEMBER 2010

BUSINESS IMPROVEMENT DISTRICTS

1. PURPOSE

- 1.1 To brief and seek members views on the proposed Exeter City Centre Business Improvement District.

2. BACKGROUND

- 2.1 At the last meeting of this committee a briefing paper was circulated on Business Improvement Districts (BIDs) providing the opportunity to discuss the proposal for Exeter City Centre which is now actively under development. The following largely replicates that briefing note and is intended to seek Members views.
- 2.2 A Business Improvement District is an area within which local businesses agree, through a local ballot, to pay an additional charge on their business rates. The additional funds are used to support improvements in the area.
- 2.3 A common factor in successful BID areas is that businesses believe that some of their fundamental needs are not being met. They also typically accept that addressing this problem is **not** purely the responsibility of the local authority and that some new arrangement is necessary to address these needs. Local authority support of BIDs is also seen as essential to their successful development. A BID can be set up by any of the BID partners, but in the majority of cases local businesses take the lead.
- 2.4 Legislation enacting Business Improvement Districts (BIDs) came into force in September 2004 and covers the whole of England and Wales. The principle is that businesses agree, after a democratic process, to levy a supplementary rate on businesses with the defined area of the BID. The businesses in the area are primarily responsible for drawing up the BID proposal which is the subject of the vote. This includes a business plan, an indication of the facilities or services, which will be provided within the BID, the geographical area and the amount to be levied on each business.
- 2.5 A BID can be established for a period up to, but not exceeding five years and, if extended for a longer period, must be subject to a further democratic process.
- 2.6 BIDs are intended to deliver a wide range of improvements to local areas, from town centres and business parks to market towns. Successful BIDs across the country have claimed the following benefits:
- improvement of existing services or facilities, or securing finance for initiatives that enhance a local area;
 - making areas clean and safe including addressing inaccurate negative perceptions where this is more the case;

- enhanced marketing and entertainment including improved local business profile;
 - improving transport links and accessibility
 - attracting inward investment and development;
 - improving tourism.
 - improvement in communication where necessary between the Council and local businesses including clarity of understanding of specific local issues, a chance to shape together what is done in a specific area
 - additional benefit to the businesses within the area over and above the direct delivery of services already available
 - provision of the financial and management structure necessary to take forward projects which will be suited to each local area
- 2.7 The scale of the BID proposal is not a limiting factor, but a BID can only be set up in an area where there is sufficient support from the business community to finance and implement the proposed changes.
- 2.8 The legislation also allows for voluntary contributions to be made to BIDs by any billing authority (i.e. in Exeter the City Council), County Council, property owners and other organisations.
- 2.9 Approval to hold a ballot for a proposed BID has to be sought by application to the Secretary of State, who would give approval for the billing authorities to make “BID arrangements”. In summary:-
- BID arrangements must specify the description of non-domestic ratepayers in the business improvement district who are to be liable for the BID levy for a chargeable period of usually between 3 – 5 years
 - a business is to be liable for BID levy for a chargeable period if the business falls within the description at any time within the period.
 - the amount of a person’s liability for BID levy for any chargeable period is to be determined in accordance with the BID arrangements as set out in the BID proposal
 - the BID levy is to be paid to the billing authority and passed over to the BID company.
- 2.10 Bid proposals are not regarded as approved by a ballot unless two conditions are satisfied, the first removing the risk that the majority of smaller operators will be outvoted by a smaller number of larger organisations:
- first that a majority of the persons voting in the ballot have voted in favour of the BID proposals.
 - second is that A exceeds B where
 - A: is the aggregate of the rateable values of each hereditament in respect of which a person voting in the ballot has voted in favour of the BID proposals.
 - B: is the aggregate of the rateable values of each hereditament in respect of which a person voting in the ballot has voted against the BID proposals.
- 2.11 BID arrangements may be renewed for one or more periods, each of which must not exceed 5 years if the renewal is approved by a ballot of the non-domestic ratepayers in the business improvement district who are liable for the BID levy.

3. PROGRESS

- 3.1 The Exeter City Centre BID proposals are currently being drawn up by a steering group, made up of city centre businesses, chaired by the Chairman of the Exeter Chamber of Commerce and Industry, and supported by the Head of Economy and Tourism and the City Centre Manager. The focus of their work is the preparation of a business plan and set of priorities, which will provide the main elements of the BID proposal and recommended levy that will be the subject of the eventual ballot. It is anticipated that the ballot will take place in March 2011.
- 3.2 A number of consultation meetings have already taken place with the business community within the proposed BID area, to determine their concerns and aspirations for an effective city centre which provides the right environment for successful businesses providing a wide-range of employment. Proposals are still very much only in outline as follows.
- 3.3 The Exeter BID Company Ltd is being formed to take forward the proposed BID and has set out its initial aims as follows, to:
- provide a significant stable financial resource to deliver a programme of activities to promote a successful city centre
 - increase new and repeat customers and visitors through promotional and other activities and events
 - improve the visitor and resident experience, making the area more appealing, safer and cleaner
 - establish a positive brand and profile to take advantage of development and investment opportunities in and around the district
 - decrease business overheads by helping businesses attract and retain quality staff
 - provide an effective business “voice” to support, influence and promote the city centre’s interests
 - act in a honest and transparent way with business funds and in working with partner agencies
- 3.4 Discussions are taking place internally with the Head of Environmental Services and Head of Contracts and Direct Services over the services that the City Council provides in the city centre such as cleansing and parks and planting displays to determine what is currently provided and how, in collaboration with the BID company, such services could be provided and enhanced using BID funding in the future. Similarly, the services provided by the County Council in the city centre are also being explored.
- 3.5 A detailed and costed programme of proposals has not yet been finalised, but such a programme will have to be formulated as an essential element of the BID proposal to be used as the “prospectus/manifesto” for the eventual and necessary vote. The proposed level of the levy has yet to be decided but the assumption to date is that a figure of some £500,000 a year could be raised for an agreed programme of projects.
- 3.6 It is anticipated that the vote will be held in March 2011 with the BID company fully functioning and starting to deliver its programme very shortly thereafter, if a positive result is achieved.

4. FINANCIAL IMPLICATIONS

4.1 The development costs of the BID Proposal, which include consultation events, communication newsletters and specialist support and advice, are estimated to be some £25,000, including the costs of holding the ballot. A great deal of work is also being undertaken on an in-kind basis by all those involved in the Steering Group to continue to progress this as economically as possible.

4.2 The development budget is being funded as follows:-

Exeter City Council	£15,000
Exeter Chamber of Commerce and Industry	£ 5,000
Land Securities and the Crown Estate	<u>£ 5,000</u>
TOTAL	<u>£25,000</u>

5. RECOMMENDED that

5.1 Members support and comment on the proposals for the Exeter City Centre Business Improvement District.

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ECONOMY AND DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None.