

EXETER CITY COUNCIL

**SCRUTINY COMMITTEE – ECONOMY
9 JUNE 2011**

**EXECUTIVE
21 JUNE 2011**

CITY CENTRE BUSINESS IMPROVEMENT DISTRICT

1. PURPOSE

- 1.1 To update Members on progress towards establishing the proposed Business Improvement District (BID).
- 1.2 To seek Executive's confirmation of a "yes" vote in the ballot to support the setting up of the BID.

2. BACKGROUND

- 2.1 Members have previously received a report and supported the development of a BID for Exeter city centre. A BID is an area within which local businesses agree, through a local ballot, to levy a supplementary rate in addition to their business rates, to support a programme of activities and improvements in that area. Legislation enacting Business Improvement Districts (BIDs) came into force in September 2004.
- 2.2 The businesses in the designated 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.
- 2.3 A BID can be established for a period of up to, but not exceeding five years and, if extended for a longer period, must be subject to a further vote.
- 2.4 BIDs have been delivering a wide range of improvements to local areas from town/city centres and business parks to complete 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 cleaner and safer, including addressing inaccurate negative perceptions where this is more the case
 - enhanced marketing and entertainment to attract visitors
 - attracting inward investment and development
 - improving/developing tourism attractions
 - improvement in communication between the Council and local businesses in order to address agreed issues and priorities

- 2.5 Approval to “make BID arrangements” to hold a ballot for a proposed BID has to be sought by application to the Secretary of State. In summary the arrangements involve:-
- the BID proposer notifying the Secretary of State at least 84 days before the notice of ballot is issued of the intention to hold a ballot – done January 2011
 - the BID proposer notifying the local authority of their wish to hold the ballot – done January 2011
 - the local authority arranges for the notice of the ballot to be published to the voters (at least 42 days prior to the date of the ballot)
 - ballot packs including the proposal sent out (at least 28 days prior to the day of the ballot)
 - final ballot day (within 90 days of notice of ballot)
 - ballot results announced (usually within a day of ballot closing)
 - 28 days allowed for veto requests
 - implementation day (within 365 days of notice submitted to local authority)
- 2.6 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 small number of larger organisations.
- that a majority of the persons voting in the ballot have voted in favour of the BID proposals and
 - that $A > B$ 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 value of each hereditament in respect of which a person voting in the ballot has voted against the BID proposals.
- 2.7 BID arrangements may be reviewed by additional ballots, for one of more periods, each no more than 5 years. Changes to the operation of a BID area also require a ballot of those who are liable for the payment of the levy.

3 PROGRESS

- 3.1 The draft Exeter City Centre BID proposal is attached at Appendix A. The proposal has been drawn up by a steering group, made up of city centre businesses, including representatives of the Chamber of Commerce and a cross-section of the retail and professional business community. The City Centre Manager and Head of Economy and Tourism are also members of the steering group.
- 3.2 In brief, the draft proposal which is effectively the business plan, sets out the aims of the BID as follows to:-
- increase new and repeat customers – promoting the area, its attractions and events
 - improve the visitor and resident experience – making the area brighter, cleaner and safer
 - provide a significant financial resource to make a real difference to business success, protect and create employment, and support projects targeted at specific areas of the city centre
 - introduce a positive brand and profile – involving pro-active promotion of development and investment opportunities
 - help to attract and retain quality staff
 - encourage and co-ordinate proactive strong businesses groupings around the city centre – to collaborate on key projects or address issues in their locality

- be fair and inclusive – allocating BID funds to benefit all businesses in the city centre
- act in a honest and transparent way – proposals would be decided by businesses, developed by businesses, delivered by businesses.

- 3.3 The BID proposal states that in its first year the priorities are to:-
- i) Develop and implement a new City Centre marketing plan
 - ii) Deliver a series of additional new events/festivals to attract visitors in peak periods
 - iii) Deliver major improvements to Christmas lights across the city centre
 - iv) Provide Area Based Grants to enable groups of businesses to carry out specific projects to enhance business success
 - v) Extend evening Park and Ride services to enable people to stay longer and assist staff travel
 - vi) Enhancement of graffiti/fly-posting removal
 - vii) Additional planting/landscaping to provide visual and aesthetic benefits
 - viii) Two additional CCTV cameras – Musgrove Row and Northernhay Park
 - ix) Enhanced street power washing (outside of Princesshay and Guildhall areas)
 - x) Enhanced street maintenance regime for footway repair and street furniture
- 3.4 Baseline statements have been developed of current services provided by the City Council, Devon County Council and the Police which are relevant to business activity in the city centre. It is proposed that some of these services will be enhanced by the BID funding, as described in the attached copies of the Baseline Statements. The enhancements to these services will be the subject of contractual Complementary Service Agreements between the BID Company and the service provider, where the service is funded from the BID levy. Items (vi) to (ix) above in 3.3 will be covered by Complementary Service Agreements with the City Council and item (x) with the County Council.
- 3.5 The services and projects contained in the proposal document/business plan are the result of extensive consultation and communication with the business community in the city. Consideration has been taken place by a series of meetings, presentations and the provision of a series of newsletters sent to every eligible property and business, asking directly for project ideas and providing information on proposals being included in the draft business plan. The programme of activities as set out is only set out in any detail for the first 12 months. All services will be reviewed and evaluated before continuing into subsequent years. During year one further proposals will be raised, consulted upon and agreed or otherwise by the BID Company, based on the opportunity presented to address the aims of the BID as set out in 3.2 above.
- 3.6 The proposal includes a budget for the first 12 months and indicative figures only for years 2-5. The budget includes the costs of operating the BID Company, which are to be kept to a minimum as stated as a commitment in the proposal. A contingency figure is also built into the budget in order to address unforeseen extra costs or problems, or to enable the Company to respond to opportunities which may arise. The budget is summarised in the attached proposal.
- 3.7 Management arrangements and the make-up operation and conduct of the Board are also summarised in the proposal. If the BID proposal is supported, the City Council will be offered a seat on the Board of the BID Company, and a nomination will be sought at that time.

4. COLLECTING THE LEVY

- 4.1 The Council's Business Rate Collection Team will collect the proposed level of between 1-1.5% of rateable value from the over 700 business rate payers in the designated area of the BID. If approved it is anticipated that the levy will start to be collected from October 2011

5. CITY CENTRE MANAGEMENT ARRANGEMENTS

- 5.1 The City Council, together with the County Council and a number of city centre businesses, are currently funding the costs of the City Centre Manager, and his assistant and office. The contributions for 2011/12 are summarised as follows:-

Exeter City Council	£50,000
Devon County Council	£20,000 (£35,000 2010/11)
Private Sector contribution	£24,000
Total contribution	£94,000

- 5.2 The expenditure is summarised as follows:-

Staff (City Centre Manager and Assistant)	£75,000
Office costs	£19,000
Total expenditure	£94,000

- 5.3 The programme of activities to be undertaken by the BID Company overlap with the roles and responsibilities of the City Centre Manager and assistant. These arrangements are under review and the new approach will be finalised by the implementation date if the BID vote is successful, that is before October 2011. A further report will be brought back to Members on these arrangements.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The City Council will be responsible for the billing and recovery of the BID levy. There will be an initial requirement for additional software to be purchased at a one-off cost of about £20,000 and an ongoing cost of collecting the levy of no more than £15,000 per annum. These costs will be recovered from the total bid levy.
- 6.2 The City Council's annual liability for levy payment is £22,013 at the time of writing this report, excluding the likely re-evaluation of the rateable value of the Royal Albert Memorial Museum after it has re-opened. It is understood that this may add between £2,000 to £3,000 to this figure.
- 6.3 The Council currently contributes £50,000 to the City Centre Manager and City Centre Partnership activities. It is proposed that this sum is committed to the BID project in principle until the detailed management arrangements are confirmed. BID expenditure cannot be used to offset the costs of services currently contributed to by the council.
- 6.4 Therefore, provision would have to be set aside in the relevant individual council budgets for the additional funding to meet the BID levy requirements.

7. COUNCIL VOTES

- 7.1 The City Council has 16 properties within the BID area liable for levy payments as listed in Appendix B. The Council will have one vote for each of these properties in the BID ballot. In view of the Council's support for the establishment of the BID it is recommended that Executive agree that all these votes will be cast in favour of the proposal.

8.0 RECOMMENDATION that:-

- 8.1 Executive confirm its support for the proposed City Centre Business Improvement District and the priorities and projects as set out in the formal prospectus.
- 8.2 Executive authorise the Portfolio holder for Economy and Tourism to cast the City Council's votes in favour of establishing the BID.
- 8.3 Executive confirm in principle the continuation of the City Council's contribution of £50,000 towards the costs of the City Centre Management function in collaboration with the BID Company, subject to agreement on the final arrangements.
- 8.4 The Head of Finance arrange for provision for funding the BID levies from existing budgets associated with each property liable for the levy.

**RICHARD BALL
HEAD OF ECONOMY AND TOURISM**

ECONOMY AND DEVELOPMENT DIRECTORATE

**Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:**

1. Report to Scrutiny Committee – Economy - 2 September 2010

APPENDIX B**Summary of Exeter City Council used/owned properties liable for the BID levy**

<u>Property/Hereditament</u>	<u>Rateable Value</u>
Office St Stephens House	£ 16,500
Exeter Corn Exchange	£ 57,000
Car Park Mary Arches	£310,000
Car Park Guildhall Shopping Centre	£335,000
Car Park Southernhay West	£ 73,500
Car Park Harlequins Shopping Centre	£ 58,000
Underground Passages	£ 13,000
Royal Albert Memorial Museum (office in Phoenix)	£ 29,000
Royal Albert Memorial Museum (main building)	£ 13,500 (likely to be revised)
Rougemont House	£ 34,250
Guildhall	£ 39,250
Civic Centre	£432,500
Vacant shop	£ 20,250
Vacant shop	£ 11,000
Public convenience	£ 10,000
Visitor Information & Tickets Centre	£ 22,250 (1% levy)
TOTAL Rateable Value	£1,475,000
TOTAL Levy Payable	£22,013 (subject to revision upwards after the RAMM re-opening)