

## EXETER CITY COUNCIL

**REPORT TO:** SCRUTINY COMMITTEE - ECONOMY and EXECUTIVE and COUNCIL

**Date of Meeting:** 22 January 2015 and 10 February 2015 and

**Report of:** Assistant Director Economy

**Title:** CITY CENTRE BUSINESS IMPROVEMENT DISTRICT

### Is this a Key Decision

Yes

### Is this an Executive or Council Function?

Council

#### 1. What is the report about?

- 1.1 The report sets out the process and proposals for setting up the City Centre Business Improvement District and recommends that the City Council casts its votes in support of setting it up for the next five years.

#### 2. Recommendations

- 2.1 That Scrutiny Committee Economy comments on the proposals of the BID Board and supports the recommendation that the Council votes in favour of the establishment of the City Centre Business Improvement District (BID).
- 2.2 That Executive recommends to full Council that members approve the City Council casting its votes in favour of setting up the City Centre BID in the forthcoming ballot in February 2015.

#### 3. Reasons for the recommendation

- 3.1 It is important to maintain the competitive position and economic strength of the city centre in the face of changing consumer behaviour, investments being made in other locations and the realities of reducing public sector finance and services. The establishment of a City Centre BID is important to provide the focus for a concerted effort to face up to these challenges and to secure sufficient resource to be able to take appropriate action.

#### 4. What are the resource implications including non financial resources?

- 4.1 The City Council has contributed up to £25,000 towards the £50,000 costs of the preparation of the Business Plan and holding of the ballot. The balance has been met by funds from the business community.
- 4.2 The City Council's contribution has been met from the unallocated element of the New Homes Bonus funding.
- 4.3 The City Council's annual liability for the additional levy payment would be about £21,000 at the time of writing this report. Therefore, provision would have to be set aside in the relevant individual council budgets for the additional funding to meet the BID levy requirements. If the BID vote was successful in March 2015 then this liability would occur from financial year 2015/16.

#### 5. Section 151 Officer comments:

There is no budget provision made to cover the additional £21,000 levy cost to the Council. It is important that all costs (other than the levy) attributable to the BID are fully funded to ensure that there is no impact on the Council.

## **6. What are the legal aspects?**

- 6.1 A BID is set up to cover a defined geographical area within which local businesses and business rate payers 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 came into force in September 2004.
- 6.2 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.
- 6.3 Approval to “make BID arrangements” to hold a ballot for a proposed BID has to be sought by application to the Secretary of State and the applicants have to follow a rigid timetable prior to and during the vote for which 28 days are allowed. Following the ballot result 28 days have to be allowed for veto requests.
- 6.4 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 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 value of each hereditament in respect of which a person voting in the ballot has voted against the BID proposals.

- 6.5 BID arrangements may be reviewed by additional ballots, for one or 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.

## **7. Monitoring officer Comments**

The S.151 officer has already highlighted that no budget exists to pay for the additional £21,000 levy identified in this report as subsequently being payable by the Council in the event that the BID ballot is successful. Given that, the recommendation set out in this report requesting that members approve the City Council vote in favour of setting up the BID in the ballot scheduled in February 2015 must be agreed by full Council before any commitment to pay additional monies is agreed.

## **8. Background**

- 8.1 Members previously supported the development of a BID for Exeter City Centre in 2011 which only failed marginally to secure a sufficient vote in favour. There are currently around 180 formal BIDs across the UK and Republic of Ireland. Many are in their second 5-year term and a few, like Plymouth, are now going to ballot for their third BID mandate.
- 8.2 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
- reduced operating costs for businesses in that area

- 8.3 The BID Business Plan is attached for reference setting out the intended approach and range of projects determined following extensive consultation.
- 8.4 BIDs offer real opportunities for economies of scale and as a result provide much greater value for money.
- 8.5 Funds collected will be held by the Exeter BID Company run by a Board made up of elected business representatives and from the City Council and County Council. These funds are only for the projects agreed and voted for by the participating businesses in line with their agreed business plans. Each year all businesses/organisations paying the levy will receive a fully audited report and set of accounts that will set out clearly how the BID fund has been spent in the previous year.
- 8.6 Following a positive vote, all business premises within the BID area will be sent an annual invoice equivalent to 1% of the rateable value within three months of the BID ballot day, and each year thereafter on 5 April for the duration of the BID (five years). Exeter City Council will be responsible for invoicing and collecting the BID levy from every BID levy payer in the Exeter BID area. That money will be ring-fenced and passed to the Exeter BID Company for the exclusive use of delivering their programme.
- 8.7 The Exeter BID area illustrated in the attached Plan contains over 640 business addresses with an aggregated rateable value of over £48 million. The BID levy at 1% will generate in excess of £480,000 per annum totalling £2.4 million over five years.
- 8.8 Exeter City Council is obliged to use the same powers of enforcement to recover the BID levy as for Business Rates payment. Non-payment could result in court action being taken. The BID levy will be payable by the liable party.
- 8.9 The Exeter BID Company and Exeter City Council will sign an Operations Agreement which will set out in detail the obligations on each party for the collection and management of this fund.
- 8.10 In summary the BID Company will be a company limited by guarantee. They will be responsible for the delivery of projects ensuring that they are delivered on time and on budget to the highest standards possible. The Board will be responsible for recruiting and managing a Chief Operating Officer. This role will be crucial to the coordination of the BID and the delivery of the BID Business Plan.
- 8.11 The Exeter BID Company will be the first point of contact for day-to-day queries relating to the management of the city. It will act as the conduit to all the organisations operating in the city and ensure that there is a 'joined-up' and business focused approach to all operational and strategic issues affecting the city centre. The projects and services a BID delivers will be new or in addition to Council services but are not allowed to be a replacement for them.
- 8.12 Development of the Business Plan has included the preparation of baseline statements covering services provided by the City Council, Devon County Council and other organisations responsible for services and activities in the city centre. The BID Business

Plan includes proposals to enhance these services funded by the BID levy. The services and projects contained in the final proposal document have been subject to consultation and communication with the business community in the city.

8.13 The performance of the BID and its impact on the city centre will be monitored through the following and other measures:

- customer satisfaction surveys
- crime statistics
- media coverage
- website hits & social media tracking
- footfall counts

8.14 The management of the BID will be held to account through:

- annual business surveys
- the BID Annual Review, Report and accounts (available to all BID levy payers)
- an AGM - open to all BID levy payers

## **9. How does the decision contribute to the Council's Corporate Plan?**

The BID will be a very important partner with the City Council in aiming to improve the economic health of the city centre and Exeter's attraction of investment and visitors supporting employment and the quality of the city centre for the benefit of residents.

## **10. What risks are there and how can they be reduced?**

The key risk at this point will clearly be a negative vote. Officers are working with the BID Board to promote a successful vote.

## **11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults; economy; safety and the environment?**

A successful BID will involve a stronger city centre maintaining if not improving business success and consequent employment opportunities for young people and others. Improvement to the safety of those using the city centre and to the public realm are important priorities for a successful city centre and feature highly in proposed projects.

## **12. Are there any other options?**

At this point and in terms of the nature of the opportunity presented by the BID, there are no comparable options.

**Richard Ball, Assistant Director Economy**

**Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:-**

None

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