

## **CITY COUNCIL - 13 SEPTEMBER 2010**

### **REPORT OF THE PORTFOLIO HOLDER FOR NEIGHBOURHOOD REGENERATION**

#### **NOTTINGHAM CITY CENTRE RETAIL BUSINESS IMPROVEMENT DISTRICT (BID)**

##### **1 SUMMARY**

- 1.1 This report outlines the key stages involved in the establishment of the Nottingham Retail Business Improvement District (BID) and seeks the agreement of the Council to sign off and approve the proposed Business Plan marking the commencement of the BID Campaign and Ballot. It seeks approval for the Council to enter into a formal Operating Agreement with the BID Company following the successful outcome of the BID Ballot.

##### **2 RECOMMENDATIONS**

It is recommended that Council:

- (1) approve the Nottingham Retail BID proposed Business Plan for the five year term of the BID, commencing January 2011;
- (2) authorise entering into the Operating Agreement under which it will collect on behalf of the Retail BID the levies due;
- (3) nominate the Portfolio Holder for Neighbourhood Regeneration to hold the proxy vote on behalf of the Council as an eligible levy payer in the BID ballot.

##### **3 REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)**

- 3.1 The City Council is a key development partner in the development and establishment of a Retail BID located in the city centre and is fully engaged with the BID Steering Group which has overseen the development of the Business Plan. 40% of retail businesses in the BID boundary area have been engaged in business based surveys and events to prioritise the activities of the Retail BID. Consumer and shopper surveys, involving local people, have also underpinned the priorities outlined in the Business Plan. A significant proportion of

the BID's activities will focus on marketing and promotion of the retail offer and events, with a smaller element of the BID's budget targeted for security and cleansing. The BID's proposed activities and the BID levy rules contained within the Business Plan will provide an excellent opportunity for the Council to work collectively with the city centre retail sector towards the realisation of aspirations for World Class Nottingham and Working Nottingham. The Council and BID Company propose to work together and have significant opportunity to capitalise on opportunities to deliver projects and services outlined in the Business Plan, alongside other partners and bodies including the Police and the Crime and Drugs Partnership. The BID proposals have been scrutinised and do not conflict with any formally adopted and published authority of the Council.

(Note : The (Draft) BID Business Plan Prospectus is available for consultation with proposed levy payers and copies will be available in the Members' Room one week prior to this Council meeting).

- 3.2 As defined by the Regulations, the billing authority has to provide for the imposition, administration, collection, recovery and application of the bid levy. This is achieved by the terms of the Operating Agreement. This agreement has been drafted by the Council's Legal Services in consultation with the BID Steering Group, and is to be signed by both parties prior to the announcement of the BID ballot at the end of September.
- 3.3 The Council falls within the class of non-domestic rate payer liable for the BID levy described within the BID proposals by way of its rating liability for the Victoria Centre Market. To discharge its duty of entitlement to vote, the Council is required to nominate a proxy eligible to vote on behalf of the Council. The proxy voter will receive, complete and return the BID ballot papers within the period of the ballot, 4 November – 2 December 2010.

#### **4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 4.1 A BID embracing the retail sector will represent a significant step forward for Nottingham's retail sector by enabling the establishment of a democratically elected business based organisation that will bring circa £3.3M investment into the city. The BID will be able to work in collaboration with the City Council to improve Nottingham's position as a world class city and will provide added value for Nottingham's visitors and shoppers. It will also complement the activities of the existing Leisure BID and provide further strong and

committed business investment by over 500 retail businesses in the city centre.

- 4.2 In voting for the BID, eligible retail businesses elect to impose a mandatory levy that will be used to invest back into the retail trading environment. Experience shows that collection levy rates are high, and therefore the BID has a reliable level of income that is sustained throughout its five year term. Towards the end of the five year term the BID will go back to a re-ballot for a further term, thus creating a sustainable core funding stream through an extension to the levy and other sources of income it will attract.
- 4.3 The establishment of the Retail BID offers significant opportunity for inclusive business involvement and full engagement for the Council at both strategic (as a Board Member) and operational (project and service delivery) levels. Risks posed to the Council once the BID company is established have been evaluated as minimal.

## **5 BACKGROUND**

- 5.1 A BID is a business led organisation involved in the delivery of services that bring direct benefit to the commercial or trading environment within the boundary of a defined BID area. It is financed by the eligible businesses within the BID area by an annual levy payable to the BID that is linked to the rateable value of the property occupied by the business. The BID company comes into operation following a ballot of eligible businesses and when the outcome of the ballot secures a majority. The balloting process is conducted under two separate count procedures, therefore there is a need to secure a straight majority and then by majority of rateable value.
- 5.2 Nottingham has adopted a sector led BID development programme, and the first BID, Nottingham Leisure Partnership, came into being in 2007/8. The Leisure BID embraces 260+ licensed premises in the city centre and focuses on delivering services to improve the evening economy. The Retail BID proposes to improve the city's retail performance and improve the shoppers' experience, thereby strengthening the City's important retail sector and regional economy, and help the Council to deliver World Class Nottingham and Working Nottingham through the improving performance of a key sector.
- 5.3 The BID promoter is the Nottingham City Centre Retail Association

(NCCRA) and is the established representative body for retailers in the city centre. The City Council is a key partner, in both development of the BID in line with statutory regulations and as a funding partner. The BID Steering Group is responsible for the development of the Retail BID. Once established the BID will be a legally constituted not for profit Company, governed by a BID Board on which the City Council will have a future nominated representative or Board Member.

## **6 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)**

- 6.1 Regulations in respect of BID's state that the cost of administration, collection and recovery of the BID levy may be charged to the BID Company, although this is not mandatory. The cost for the Retail BID is likely to be a maximum of £20,000 to £25,000. A precedent has been set in that costs in relation to the existing Leisure BID are charged to the Company.
- 6.2 The Council's liability for business rates on properties that fall within the definition of retail is limited to the Victoria Centre market for which the BID levy payable (at 1.25% in Year 1) will be £1,350 in 2011 rising to a maximum of £1,519 in year 2015 in line with the BID levy inflation rules. The amount payable takes into account a 50% discount for the property as a shopping centre tenant. This will be chargeable to the Communities budget. In addition, there may be future liabilities where the Council, as a landlord, may be responsible for empty rates when retail properties become vacant. This is unquantifiable but is unlikely to be significant.

## **7 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)**

- 7.1 The Council is one of the key funding partners in the overall development of the Retail BID, having ring-fenced finances in the financial years 2009/10 and 2010/11 and drawn down matched funding from East Midlands Development Agency. In the event of a 'no' vote at the forthcoming BID ballot, the BID Promoters will respond primarily to any failure to secure the BID, however, there are reputational issues for the Council as a development partner. These risks are limited to the loss of opportunity in the creation of a new company in which the Council would be a key partner and have future aspirations for the city, as well as the loss of potential

investment of circa £3.3M that the BID would have invested.

- 7.2 The steps taken to date to progress the Retail Business Improvement District have complied with the Business Improvement District (England) Regulations 2004. Future steps will be in compliance with those regulations.
- 7.3 The impact and outcomes for the Council may be summarised as follows :
- (i) Minimal resource implications in terms of a financial levy liability.
  - (ii) Council Services involved in the delivery of the Operating Agreement will be delivered at nil cost to the Council, as the BID will re-imburse for collection, recovery and management of the BID Revenue Account.
  - (iii) Considerable opportunity for the Council to deliver mutually effective projects in association with the Retail BID and to bring a positive impact to citizens as city centre users through enhanced retail performance and an improved shopping offer.

## **8 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

- 8.1 Report of Interim Corporate Director of Development to Corporate Leadership Team 10 August 2010.

## **9 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

- 9.1 The Business Improvement Districts (England) Regulations 2004.
- 9.2 Guidance notes and best practice relating to BID development as provided by British BID's and UK BID's Advisory Service.
- 9.3 Industry Criteria and Guidance Notes for BID's (2010) published by British Retail Consortium, Inter Bank Rating Forum and British BID's.
- 9.4 Report of the City Centre Area Committee 18 May 2009.

**COUNCILLOR ALAN CLARK  
PORTFOLIO HOLDER FOR NEIGHBOURHOOD REGENERATION**