

## **City Council - 9 March 2020**

### **Report of the Portfolio Holder for Finance, Growth and the City Centre**

#### **Nottingham Business Improvement District (BID) Renewal**

## **1 Summary**

- 1.1 This report outlines the key stages involved in the renewal of the Nottingham BID and seeks approval from Council to delegate authority to the Corporate Director of Development and Growth in consultation with the Portfolio Holder for Finance, Growth and the City Centre to receive and consider the BID renewal proposals, to authorise entering into an Operating Agreement with the BID Company; and to nominate the Portfolio Holder for Finance, Growth and the City Centre to hold the proxy vote on behalf of the Council.

## **2 Recommendations**

- 2.1 Authorise the Corporate Director of Development and Growth, in consultation with the Portfolio Holder for Finance, Growth and the City Centre to:
- (i) receive the renewal proposals from Nottingham BID Company on behalf of the City Council;
  - (ii) consider the renewal proposals ensuring that they do not conflict with Council policy;
  - (iii) approve the Nottingham BID Business Plan; and
  - (iv) enter into an Operating Agreement under which the Council will collect the levies due on behalf of the Nottingham BID.
- 2.2 Nominate the Portfolio Holder for Finance, Growth and the City Centre to hold the proxy vote on behalf of the Council as an eligible levy payer in the BID ballot.

## **3 Reasons for recommendations**

- 3.1 Delegated authority is recommended as the BID Company is currently in the process of finalising its renewal proposal documentation after undertaking significant consultation with businesses in the proposed BID area. Unfortunately, Full Council is not now scheduled to meet again until late May 2020. If this report was submitted to that later meeting it would not allow the time required to be ready for the BID's proposed ballot period, which is anticipated to be held between the dates of 18 June 2020 until 16 July 2020. Delaying this decision would result in a ballot period being held over the summer holiday period which is likely to have a negative impact on the turnout for the ballot and may result in a loss of momentum and support that has been gained from businesses for the proposals during the consultation period.
- 3.2 In the event that the recommended delegation is approved and to ensure transparency, the decision will be published on the Council's website via the Council's delegated decision making process.
- 3.3 The Business Improvement Districts (England) Regulations 2004 ("the Regulations") set out the documentation that the BID Company must send to the Billing Authority (the Council) for its consideration. The Council then has the power to consider those proposals including the business plan ensuring that they do not conflict with Council policy. Detailed in paragraph 3.6 below are the key priorities that the Council would

want to see addressed in any BID renewal proposals. These are presented to Members for information. The 'approval' of the BID proposals only occurs in the event of a 'yes' vote by the BID electorate.

- 3.4 The Regulations also require that subject to being satisfied that the BID proposals do not conflict with Council Policy, the Council must then on receipt of notice from the BID Company instruct the Ballot Holder ("the Council's Returning Officer") to hold a BID ballot in accordance with the process set out in the Regulations.
- 3.5 More generally, the City Council has been a key partner of the Nottingham BID, based in Nottingham city centre, since its inception. The Portfolio Holder for Finance, Growth and the City Centre currently sits as an observer on the BID Board, which takes responsibility for the renewal process.
- 3.6 The BID's proposed activities are anticipated to have a continued focus on marketing and promotion of the retail and leisure offer, as well as targeting security, the night time economy and cleansing. The BID's proposed activities and the BID levy rules provide an excellent opportunity for the Council to work collectively with the city centre retail and leisure sectors towards the realisation of aspirations for Nottingham in terms of the following Council Plan Strategic Priorities:

The UK's most liveable city - clean, green, great to live, work and enjoy

- Improved retail offer
- Family appeal, with range of appeal – history, local Nottingham, rebels, creative
- Low cost community and cultural events
- Better quality events – more for everyone
- Cut crime and anti-social behaviour
- Cleanest big city
- Net zero carbon by 2028 – first in UK

- 3.7 The Council and BID Company propose to work together and advance opportunities to deliver projects and services, alongside other partners and bodies including the Police and Marketing NG. The BID proposals will be scrutinised to ensure they do not conflict with any policies adopted by the Council.
- 3.8 A requirement under the Regulations is that the Council has to provide for the imposition, administration, collection, recovery and application of the BID levy. The terms under which the Council provides these services are set out within an Operating Agreement between the Council and the BID Company. The terms of any renewed agreement between the Parties will be negotiated and finalised in the event a favourable ballot result for the BID.
- 3.9 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 properties it owns and occupies within the BID area. 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 Other options considered in making recommendations**

- 4.1 It is a requirement of the Regulations that the Council must receive and consider BID proposals when submitted. Once those proposals are assessed as not in conflict with Council Policy, the Council is then on receipt of Notice from the BID Company, under a

legal requirement to hold a BID ballot. Not receiving the BID proposals is therefore not an option for consideration.

- 4.2 The reasons for requesting delegated authority for the Corporate Director to receive the proposals and consider them in consultation with the Portfolio Holder, as opposed to full Council consideration have been explained as resulting from the need to be able to hold the BID ballot within timescales that fit the project and it would also allow some flexibility in the event of project slippage or in the event that matters require further attention by the Council.
- 4.3 Not appointing a person to act as Proxy for the Council's vote would not be in the best interests of the Council. The Council is part of the BID electorate by way of holding properties within the BID area.

## **5 Background (including outcomes of consultation)**

- 5.1 The Nottingham BID is a democratically elected business based organisation that currently brings in around £850,000 investment into the city. The BID works in collaboration with the City Council to improve Nottingham's position as a world class city and to provide added value for Nottingham's visitors and shoppers. It provides further strong and committed business investment by almost 800 retail and leisure businesses in the city centre.
- 5.2 In voting for the BID, eligible businesses elect to impose a mandatory levy that will be used to invest back into the city centre retail and leisure environment. Collection levy rates during the BID's first and second term have been high – around 99% - and therefore the BID will have a reliable level of income that is sustained throughout its next five year term. The current BID five year term ends in December 2020. The BID is now going 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.
- 5.3 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.
- 5.4 The Nottingham BID offers significant opportunity for inclusive business involvement and full engagement for the Council at both strategic and operational (project and service delivery) levels. Risks posed to the Council once the BID company is established are minimal, as demonstrated during the past ten years. The risk of the BID not being renewed is that the city centre will lose around £850,000 of potential additional income which would be spent on marketing and operational projects to make the city centre a great place to shop, visit, live and do business.
- 5.5 The first BID, Nottingham Leisure Partnership, came into being in 2007. The Leisure BID included around 260 licensed premises in the city centre and focused on delivering services to improve the evening economy. The Retail BID was created in 2010 and covered over 700 retail premises in the city centre, with the aim of improving the city's

retail performance and shoppers' experience. When the Leisure BID was due for renewal in 2012, it was decided to combine the Leisure and Retail BIDs into a single Nottingham BID, covering both sectors, to provide a clearer message to city centre businesses and strengthen and improve the performance of the retail and leisure sectors. The BID's 2020 vision was: *"To transform Nottingham into a regional and national city of choice for shopping, leisure, work and study"*.

5.6 The BID promoter is the Nottingham BID and is the established representative body for retail and leisure businesses in the city centre. The Nottingham BID is a legally constituted not for profit Company, governed by a BID Board, the Council currently sits as an observer. The Council is a key partner in the BID, in line with statutory regulations and as a levy payer. The BID Board takes responsibility for the renewal process.

## **6 Finance colleague comments (including implications and value for money)**

6.1 Regulations in respect of BIDs 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 Council currently charges the Nottingham BID approximately £23,000 for its levy collection services. The cost for the next BID term may change dependent on the number of hereditaments within the BID area. It is not yet possible to quantify this cost until the Council is in receipt of the renewal proposal.

6.2 The Council is liable for business rates on properties that fall within the defined geographical area and business sectors identified within the BID proposals. A BID levy will be payable on these properties at 1.25% in Year 1, with an annual increase of around 3%, in line with the BID levy inflation rules, to around 1.41% in Year 5. The Council is currently liable to pay the BID levy on 14 properties including: The College Street Centre, Angel Row Library, 3 car parks, Victoria Centre market offices, The Council House, The Royal Centre, The Guildhall, Byron House, Victoria Centre Bus Station, 31/33 Warser Gate and 24/32 Carlton Street - a total of £56,120 in 2020. This is chargeable to the Communities and Development budgets. 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.

6.3 The Regulations state that all expenditure relating to the ballot must be paid by the relevant billing authority for the BID area. The Council is therefore liable to pay the cost of administering the ballot. The cost – which is estimated to be around £5,000 - will be met from existing resources within the Development department budget. If the voter turnout at the ballot is less than 20%, the Council is permitted to recover the ballot costs from the BID according to the regulations.

## **7 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

7.1 The Council was one of the key funding partners when the original Retail BID was developed, and has been fully committed to working in close partnership with the Nottingham BID, in terms of marketing and promoting Nottingham city centre as a great place to shop and visit, and making the city centre a safer and cleaner destination. In the event of a 'no' vote to secure a third term at the forthcoming BID ballot, the Nottingham BID company will have to wind up its operation in December 2020, with the loss of 12 full time and 3 part time jobs. It will mean the loss of opportunity of around £850,000 of funding for projects to support the city centre. It will mean the loss of a

representative and lobbying organisation for city centre businesses, and the Council will lose a key partner in the delivery of its City Centre Strategy. It will result in increased pressure on limited Council resources to address business needs in the city centre.

- 7.2 The steps taken to date to progress the renewal of the Nottingham BID have complied with the Business Improvement District (England) Regulations 2004. Future steps will be in compliance with the Regulations.
- 7.3 The Nottingham BID currently funds projects to support the night time economy, in consultation with the Council, the Police and the Crime and Disorder Partnership, such as taxi marshals, street pastors, late night opening of public toilets, as well as the radio scheme and Shop Watch and Pub Watch to help combat crime against businesses. This supports the Council to deliver its duty under Section 17 of the Crime and Disorder Act to prevent crime and disorder.
- 7.4 The impact and outcomes for the Council are summarised as follows :
- (i) Resource implications – in terms of a financial levy liability on Council-owned buildings within the BID boundary, confirmation of the exact amount will not be known until receipt of the final renewal proposals.
  - (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 Nottingham BID and to bring a positive impact to citizens as city centre users through enhanced business performance and an improved shopping and leisure offer

## **8 Equality Impact Assessment (EIA)**

8.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because: an EIA will be undertaken alongside the delegated decision proposed in this report

## **9 List of background papers other than published works or those disclosing confidential or exempt information**

9.1 None

## **10 Published documents referred to in compiling this report**

10.1 Local Government Act 2003

10.2 The Business Improvement Districts (England) Regulations 2004.

**Councillor Sam Webster**  
**Portfolio Holder for Finance, Growth and the City Centre**