

City Council - 8 July 2024

Report of the Portfolio Holder for Skills, Growth and Economic Development

Corporate Director/ Director:

Corporate Director for Growth and City Development

Report Author and Contact Details:

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Title: Establishment of a New Accommodation Business Improvement District (Accommodation BID)

Does the report form part of the Budget or Policy Framework?

Yes No

Commissioner Consideration

Has this report been shared with the Commissioners' Office? Yes No

Any comments the Commissioners wish to provide are listed below.

Does this report contain any information that is exempt from publication?

No

Relevant Council Plan Key Outcome:

Green, Clean and Connected Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Living Well in our Communities	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input checked="" type="checkbox"/>
Better Housing	<input type="checkbox"/>
Serving People Well	<input type="checkbox"/>

1. Summary

- 1.1 This report outlines the key stages involved in establishing a new Accommodation Business Improvement District (Accommodation BID) for Nottingham City and seeks approval from Council to delegate authority to the Corporate Director for Growth and City Development to receive and consider the Accommodation BID proposals and to authorise entering into an Operating Agreement with the newly established Nottingham Accommodation BID Company in the event of a successful outcome of the BID Ballot.

2. Recommendations

- 2.1 Authorise the Corporate Director for Growth and City Development, in accordance with the requirements of The Business Improvement Districts (England) Regulations 2004 ("the Regulations"), to:

- (i) receive the Accommodation BID proposals from the Nottingham BID Company (“the BID Proposer”) on behalf of Nottingham City Council (“the Council”);
- (ii) consider the proposals to establish whether or not they are of the view that the proposals conflict with Council policy, and if so to notify the BID Proposer of any such conflict;
- (iii) approve the Accommodation BID 5 year Business Plan;
- (iv) instruct the Council’s Returning Officer as Ballot Holder to hold a BID ballot for the proposed Accommodation BID;
- (v) in the event of a vote in favour of the Accommodation BID proposal to consider whether any prescribed circumstances as defined in the Regulations apply and if so to decide whether or not to exercise a veto having regard to matters prescribed in the Regulations;
- (vi) in the event of a vote in favour of the Accommodation BID proposal and subject to any veto, to enter into an Operating Agreement under which the Council will collect the levy due on behalf of the BID.

3. Reasons for recommendations

- 3.1 Delegated authority is recommended as the Nottingham BID Company (“the BID Proposer”) is currently in the process of finalising its new Accommodation Business Improvement District (Accommodation BID) proposal documentation and consulting with accommodation businesses in the proposed BID area. The next scheduled meeting of Council is 9 September, which would not allow the time required to be ready for the BID’s proposed ballot period, which the BID Proposer has indicated they would like to be held between 2 September 2024 and 30 September 2024. Delaying this decision would result in the project development timescales not being met and consequently the delay in the planning and delivery of projects and services in early 2025. The existing Nottingham BID Company also enters the renewal process period in 2025, for the current Nottingham City Centre BID, “It’s in Nottingham” and having both ballots near to each other could prove confusing for the electorate.
- 3.2 In the event that the recommended delegation is approved and to ensure transparency, the decision will be taken and 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 Proposer 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. If the Council concludes that it does conflict with Council policy it must notify the BID Proposer as soon as possible. In the event that the Accommodation BID proposals are approved at ballot the Regulations give the Council a power of veto in specified circumstances. In paragraph 3.6 below are the key priorities that the Council would want to see addressed in any Accommodation BID proposals. These are presented to Council for information. The ‘approval’ of the Accommodation BID proposals only occurs in the event of a ‘yes’ vote by the eligible voters. A majority by both number and rateable value is required, of those that vote.
- 3.4 The Regulations also require that the Council must hold a BID ballot on receipt of the following which must be in compliance with the Regulations:
 - the Accommodation BID proposals;
 - a summary of the following:
 - i. consultation which has taken place;

- ii. proposed Business Plan;
- iii. details of the financial management arrangements for the Accommodation BID;
- iv. information to the satisfaction of the Council that the BID Proposer has sufficient funds to meet the costs of the ballot; and
- v. notice from the BID Proposer to instruct the Ballot Holder (“the Council’s Returning Officer”) to hold a BID ballot in accordance with the process set out in the Regulations.

It is anticipated that the Council will be in receipt of the above in July.

3.5 More generally, the Council has been a key partner of the Nottingham BID Company since its inception. The Nottingham BID Company currently operates a BID in the city centre, It’s in Nottingham, which is in year 4 of its current 5 year term. It’s in Nottingham activities focus on marketing and promotion of the retail and leisure offer, as well as targeting security, the night-time economy and cleansing.

3.6 The new Accommodation BID’s proposed activities are anticipated to build on the activity of It’s in Nottingham, helping to create new events and additional activities that will attract more people to visit and stay in Nottingham City, expanding the City’s visitor economy and enhancing visitor experience. The new Accommodation BID’s anticipated activities provide an excellent opportunity for the Council to work in partnership to support the realisation of aspirations for Nottingham in terms of the following Council Plan Strategic Priorities:

Green, Clean and Connected Communities

Ensuring Nottingham remains a popular visitor destination. Helping build strong and cohesive communities through delivering and promoting cultural, sporting and faith events. Continue to raise the profile of the city and contribute to its economy by attracting and supporting national and international events. Keeping the city centre and our neighbourhoods clean.

Improve the City Centre

Ensuring the city centre has something for everyone to enjoy with vibrant, welcoming venues and events that cater for students, visitors and families of all ages. Nottingham will provide access to ancient and modern heritage plus a wide range of cultural experiences.

3.7 The Council and the BID Proposer propose to work together and advance opportunities to deliver projects and services, alongside other partners and bodies. The Accommodation BID proposals will be scrutinised to ensure they do not conflict with any policies adopted by the Council. The BID Proposer is expected to identify how businesses that fall into both BIDs will be treated.

3.8 A requirement under the Regulations is that the Council must provide for the imposition, administration, collection, recovery and application of the BID levy, and it is understood that for an Accommodation BID this will be based on the occupancy levels of accommodation providers. Collection of the BID levy will be the responsibility of the Growth and City Development Department for the Accommodation BID. The terms under which the Council provides these services will be set out within an Operating Agreement between the Council and the BID Proposer and will be at no cost to Nottingham City Council, as any associated costs will be refunded by the BID. The terms of any agreement between the Parties will be negotiated and finalised in the event of a favourable ballot result for the Accommodation BID.

3.9 Costs associated with holding the ballot will be at no cost to Nottingham City Council. It is anticipated that Civica will be commissioned to run the ballot on behalf of the local authority, the cost of which will be recharged to the BID Proposer.

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 to whether or not they are in conflict with Council policy, and when in receipt of the information set out in paragraph 3.4 of this report in accordance with the Regulations, the Council is then under a legal requirement to hold a BID ballot. Not receiving the Accommodation BID proposal 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, as opposed to 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.

5. Consideration of Risk

5.1 Risks posed to the Council once the Accommodation BID is established are minimal, as demonstrated during the past seventeen years of a city centre BID being in operation. The risk of the Accommodation BID not being successful at ballot is that the City will lose circa £1.7m pa of potential financial resource which would be spent on marketing and operational projects to make the City a great place to visit and do business.

6. Best Value Considerations

6.1 The Regulations require that the Council must receive and consider BID proposals when submitted. Therefore, Best Value in this regard is about enabling the establishment of a new Accommodation BID to deliver mutually beneficial services and projects, in partnerships with the Council.

7. Background (including outcomes of consultation)

7.1 The current city centre BID, It's in Nottingham, is a democratically elected business based organisation that currently brings in around £1m pa of investment into the City. It's in Nottingham works in collaboration with the 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 businesses in the city centre.

7.2 The proposed new Accommodation BID is expected to raise circa £1.7m pa of investment into the City. Potential projects include:

- Attracting high-quality business and consumer events into the city
- Investing in the city's brand, marketing proposition, and digital presence
- Investing in city centre management
- Creating a visitor experience which matches the welcome our guests receive
- Increasing stakeholders' ability to influence city-based infrastructure developments

Ultimately accommodation providers will decide what goes into the final business plan alongside governance and management details.

- 7.3 The Council has not yet seen the Accommodation BID proposal, but it is understood that in voting for the BID, eligible accommodation providers will pay a mandatory levy that will be used to invest back into the City to deliver the proposed Accommodation BID activities. The Levy is based on a £2 per night/per room. This would be based on the occupancy levels of the accommodation providers and would be paid in arrears and reflect actual performance. The Regulations require the performance assessment method to be robust, fair and equitable. The new proposed Accommodation BID would come 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.
- 7.4 The establishment of a new Accommodation BID offers significant opportunity for inclusive business involvement and full engagement for the Council at both strategic and operational (project and service delivery) levels.
- 7.5 The first BID in Nottingham City, Nottingham Leisure Partnership, came into being in 2007. This 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. In 2023 the Nottingham BID rebranded and became It's in Nottingham. The proposed new Accommodation BID will be City-wide and will sit separately to It's in Nottingham.
- 7.6 The BID Proposer is a legally constituted not for profit Company, governed by a BID Board. The Accommodation BID has a Shadow Board that takes responsibility for the new Accommodation BID development process. The Council will continue to be a key partner of BID Proposer.

8. Commissioner comments

- 8.1 Commissioners support the report.

9. Finance colleague comments (including implications and value for money)

- 9.1 This report seeks to establish a new Accommodation Business Improvement District (BID) which is being proposed by the Nottingham BID Company, of which Nottingham City Council is already a key partner.
- 9.2 The Accommodation BID will be voted for by accommodation providers that fall into the defined electorate, in a ballot that the BID Proposer has indicated they would like to be held between the dates of 2 September 2024 and 30 September 2024. There is no cost to Nottingham City Council, with the cost of the Ballot covered by the Nottingham BID Company.
- 9.3 Subject to a 'yes' vote, it is anticipated that the Accommodation BID will start in 2025, for an initial 5 year term. The new Accommodation BID's intended activities will enable the Nottingham City Council Plan Strategic Priorities detailed above (in point 3.6), and so is supported.

- 9.4 Accommodation providers within the City boundary and with a rateable value of £35,000 and over will be invoiced the BID levy by Economic Development within Nottingham City Council, based on a £2 per night/per room, estimated to generate circa 1.7m in funding per year. In accordance with BID regulations these monies will be passed onto the newly established Accommodation BID, with Nottingham City Council acting as an intermediary.
- 9.5 Economic Development will receive accommodation occupation data and bill in arrears, with a later repayment date to the Accommodation BID. This delay is required as to perform due diligence reconciliations on the data. This will ensure compliance with the scheme, with the work reimbursed from the fees. It is anticipated staff time will be required and we currently have a E grade at 2 days per week (0.4 FTE) earmarked for this role, however time spent on the project may vary due to volume of transactional data. This is to be reviewed after a 12 month period. If the Accommodation BID is successful at ballot, a system is required to obtain occupation data, which will be the Accommodation BID's responsibility, at no costs to Nottingham City Council.
- 9.6 Regarding the monies held by the Council in arrears, the department will ensure correct accounting treatment is adhered to, in line with the CIPFA framework, and is reflected in the budget and forecast for the service.
- 9.7 As per table below - Regarding the value and profiling this will be reviewed annually - During the 5 years term there will be no growth or attrition unless the scheme gains or loses an accommodation provider or if an accommodation provider extends its number of rooms through redevelopment. So £1.7m per year to be assumed throughout the term.

Total number of available rooms	3,160 rooms
75% Occupancy Assumed	2,370 rooms
75% occupancy of available rooms (in days p.a.)	865,050 rooms p.a.
Total revenue @ £2 visitor charge p/night (per annum)	£1,730,100 p.a.

Advice provided by Paul Rogers, Commercial Finance Business Partner, 17 June 2024

10. Legal colleague comments

- 10.1 The steps taken to date to progress the establishment of the Accommodation BID have been in compliance with the Regulations, and the future steps described in the Report also appear to be in compliance with the Regulations.
- 10.2 The recommendations set out in the Report appear to be in compliance with the Council's Constitution and will allow the Council as relevant billing authority to comply with its requirements to instruct the ballot holder to hold a BID ballot, subject to the BID Proposer first complying with the requirements of Regulations 4 (1) and 4 (2) of the Regulations.
- 10.3 The Council is also required to consider whether it is of the view that the Accommodation BID proposals conflict with a policy formally adopted by the Council, and if so to notify the BID Proposer of this as soon as reasonably practicable after

receiving the Accommodation BID proposals, and this is provided for in the recommendations.

10.4 The BID Proposer is required to provide the Council with such information as it shall reasonably require to satisfy itself that the BID Proposer has sufficient funds to meet the costs of the BID ballot, should it be required to do so under Regulation 10 of the Regulations. It is understood that the BID Proposer has confirmed that it will cover the cost to the Council of the BID ballot whether or not the Accommodation BID proposals are approved at ballot.

10.5 As set out in the Report, in the event that the Accommodation BID proposals are approved at ballot the Regulations give the Council a power of veto in specified circumstances, should this be required and this is provided for in the recommendations.

10.6 As set out in the Report, in the event that the Accommodation BID proposals are approved at ballot, and subject to any veto, the recommendations also provide for the Council to enter into an Operating Agreement with the BID Proposer which will set out the arrangements for collection of the levy due on behalf of the BID.

Advice provided by Tamazin Wilson, Senior Solicitor, 14 June 2024.

11. **Other relevant comments**

11.1 Not applicable

12. **Crime and Disorder Implications (If Applicable)**

12.1 Not applicable

13. **Social value considerations (If Applicable)**

13.1 Not applicable

14. **Regard to the NHS Constitution (If Applicable)**

14.1 Not applicable

15. **Equality Impact Assessment (EIA)**

15.1 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.

16. **Data Protection Impact Assessment (DPIA)**

16.1 Has the data protection impact of the proposals in this report been assessed?

No



A DPIA is not required because this will be assessed when the Accommodation BID proposal is received and considered.

17. Carbon Impact Assessment (CIA)

17.1 Has the carbon impact of the proposals in this report been assessed?

No



A CIA is not required because this will be assessed when the Accommodation BID proposal is received and considered.

18. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

18.1 None

19. Published documents referred to in this report

19.1 The Business Improvement Districts (England) Regulations 2004.

Councillor Ethan Radford

Portfolio Holder for Skills, Growth and Economic Development