

## **CITY COUNCIL - 9 MARCH 2015**

### **REPORT OF THE PORTFOLIO HOLDER FOR JOBS AND GROWTH**

### **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 Deputy Chief Executive/Corporate Director of Development and Growth in consultation with the Portfolio Holder for Jobs and Growth 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 Jobs and Growth to hold the proxy vote on behalf of the Council.

#### **2 RECOMMENDATIONS**

- 2.1 Authorise the Deputy Chief Executive/Corporate Director of Development and Growth, in consultation with the Portfolio Holder for Jobs and Growth, 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 adopted policy;
  - (iii) Approve the Nottingham BID Business Plan;
  - (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 Jobs and Growth 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 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 until late May 2015. 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 of 19 June 2015 until 16 July 2015. 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 gained from businesses for the proposals during the consultation period.
- 3.2 In the event that the recommended delegation is approved, the decision will be taken and recorded in accordance with the Council's Constitutional requirements and published online.
- 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 adopted policy. Set out in the Exempted Appendix to this report are the key priorities that the

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

- 3.4 The City Council has been a key partner of the Nottingham BID, based in Nottingham city centre, since its inception. It is fully engaged with the BID Renewal Steering Group which is overseeing the development of the Business Plan for the next 5 years activity
- 3.5 The BID’s proposed activities will continue to 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 will 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:
- Nottingham is a good place to do business, invest and create jobs
  - Nottingham offers a wide range of leisure activities, parks and sporting events
  - Cut crime and anti-social behaviour
- 3.6 The Council and BID Company propose to work together and capitalise on opportunities to deliver projects and services, alongside other partners and bodies including the Police and the Crime and Drugs Partnership and Experience Nottinghamshire/Place Marketing Organisation. The BID proposals will be scrutinised to ensure they do not conflict with any formally adopted and published authority of the Council.
- 3.7 As defined by the Regulations, the Council 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 is being 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 in June 2015.
- 3.8 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 The Regulations requires that Council consider the proposals and further that on receipt of notice from the BID Company to the Council it will instruct the Ballot Holder (the Council’s Returning Officer) to hold a BID ballot.
- 4.2 The Nottingham BID is a democratically elected business based organisation that 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.
- 4.3 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 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 2015. 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.

- 4.4 The Nottingham 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 are minimal, as demonstrated during the past five 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 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 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 vision is: "*To contribute to making Nottingham a shopping and leisure destination of choice in the East Midlands, maximise the city's full trading potential and enhance its national reputation*".
- 5.3 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 on which the Council has a nominated Board Member. The Council is a key partner in the BID, in line with statutory regulations and as a levy payer, and is a member of the BID Renewal Steering Group, which is responsible for directing the renewal process and the preparation of the Business Plan. The Business Plan will be approved by the BID Board.

## **6 FINANCIAL IMPLICATIONS (INCLUDING 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 if the number of hereditaments increases, as this will increase the collection work needed. However the proposed change to a chargeable day for collection may reduce the administration processes for the Council, therefore this could decrease the cost. It is not yet possible

to quantify this cost, but it is likely to be in the same region.

- 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 the Royal Centre, Angel Row Library, 14-16 Wheeler Gate, 9 Exchange Arcade, 22-26 Carrington Street and 112-114 Derby Road – a total of £9,527.50 in 2015. 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 Should the BID Business Plan be extended to cover all properties in the city centre, not just retail and leisure, the Council will also be liable to pay the BID levy on properties including the Council House, car parks, Greyhound Street toilets, Guildhall, Nottingham City Homes on Hounds Gate, Broadmarsh bus station, Victoria Centre market offices and Isabella Street offices. The Council would therefore be liable to pay an additional £27,894.38 of BID levy. This additional cost would need to be found from existing resources within Departmental budgets.
- 6.4 The BID 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, which will be coordinated by ERS in consultation with the Council. 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 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT 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 second term at the forthcoming BID ballot, the Nottingham BID company will have to wind up its operation in December 2015, with the loss of 9 full time jobs. It will mean the loss of opportunity of around £800,000 of funding for projects to support the Council's vision and strategy for the city centre as the shopping and leisure destination of choice. It will mean the loss of a representative and lobbying organisation for city centre retail and leisure businesses, and the Council will lose a key partner in the delivery of its city centre Retail 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 been assessed?

No – 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.

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