

Lancaster Business Improvement District (BID) Renewal Ballot - City Council's Voting Intention

21 October 2015

Report of Chief Officer (Regeneration & Planning)

PURPOSE OF REPORT

The ballot of local town centre ratepayers on Lancaster BID's proposal to renew the Business Improvement District in Lancaster will run from 28 October to 25 November 2015. This report provides information for a decision on the use of the council's voting entitlement in the ballot.

This report is public

RECOMMENDATIONS

- 1) Members agree to use the council's voting allocation in favour of Lancaster BID's Renewal Proposal.**
- 2) The Chief Officer (Resources) is instructed to complete the ballot papers accordingly and submit them by the end of the ballot period on 25 November.**

1.0 Introduction

1.1 Business Improvement District's (BIDs) were introduced to the UK in 2002 as a funding generating mechanism to support improvements in defined commercial areas. BIDs are based on the principle of charging an additional levy - typically 1% to 2% of rateable value - on business ratepayers in a defined area following a positive majority vote by those ratepayers. BIDs are time-limited, running for up to 5 years before requiring a renewal vote. Local partnerships are developed to undertake work on:

- Deciding the BID area and what improvements they want to make;
- How the implementing partnership will manage it and what it will cost;
- How long it will last

- 1.2 At present there are well over 200 BIDs in the UK. Examples of services or projects funded from UK wide BID initiatives include: Street/business security; Public realm improvements; Street, alley, and pavement cleaning and graffiti removal; Promotions/ public events/ expanding tourism; Marketing; Retail retention and recruitment; Development of parking facilities, pedestrian shelters, public amenities, fountains, parks, kiosks, lighting, benches, and litter bins.
- 1.3 Members will be aware a Lancaster Business Improvement District (Lancaster BID) was voted in by local businesses at the end of November 2012 and has been running since April 2013. The initial period agreed was for 3 years to run until 31 March 2016 and Members will be aware of the contribution that Lancaster BID has made to events and initiatives during its existence.
- 1.4 Lancaster BID is seeking local ratepayer approval for the renewal of the BID arrangements. This requires a Renewal Ballot, conducted under the same statutory provisions - The Business Improvement Districts (England) Regulations 2004) (refer to the link in Background Papers - as the original ballot. The Renewal Ballot is scheduled to be held over November 2015 and is a simple "Yes" or "No" choice.
- 1.5 BID Regulations instruct the BID proposer to notify the billing authority (the City Council) of its Renewal Proposals. The billing authority must be content that Renewal Proposals meet the information content and policy tests detailed in the 2004 Regulations before it can give its formal authority and issue instructions for a ballot to proceed. Lancaster BID has reviewed its activities, delivery structure and scope, consulting with current and prospective levy payers in detail over the current term. The result of this work is the Lancaster BID Renewal Proposal (Appendix 1). It is this document that is issued and voted upon by those ratepayers that have to pay the levy.
- 1.6 Cabinet endorsed a draft Lancaster BID Renewal Document at its meeting in August 2015 (minute ref: 12) and the Chief Executive confirmed the regulatory compliance of the Final Proposals under delegated decision on 4 September 2015. Electoral Reform Services have been instructed to undertake the ballot which will run from 28 October to 25 November (the last date completed ballots can be returned).
- 1.7 The council is liable for BID levy on the rateable property it occupies/holds should a ballot be successful (see Financial Implications). As a potential levy payer the council has a voting entitlement and blank ballot papers are currently held by the Chief Officer (Resources) as the council's officer with responsibility for National Non Domestic Rates (NNDR) liabilities and payments.
- 1.8 In the first BID ballot in 2012 Members recommended that the council vote "Yes". This report provides information for Members to consider how to use the council's available vote in the forthcoming Renewal Ballot.

2.0 Lancaster BID Renewal Proposal

- 2.1 The Renewal Proposal (Appendix 1) builds on the work undertaken by Lancaster BID over its initial 3 year term. The document contents follows best practice guidelines from British BIDs, a respected organisation that

reviews and reports on national BID activities, and covers the following key areas:

- Reference to achievements against the original BID Business Plan with evidence of delivery and performance against the planned services.
- An analysis of the impact on the BID area and for those businesses within it.
- A clear outline of any differences between existing and proposed services and/or the previous BID area together with reasons as to why such changes have been made.

2.2 Key changes and alterations to operational matters are being proposed:

- The term proposed is 5 years, the maximum allowed under statute and will run from 1st April 2016 to 31st March 2021.
- Total term revenue increases to approximately £1.3M from £620K.
- The BID area is extended - the majority of the city centre east of the inner ring road up to the canal bank, and the Castle and Priory environs to the west are now included.
- Lancaster BID proposes to incorporate as a company limited by guarantee and will take over as the accountable body for BID levy funds from North West Chamber of Commerce.
- The ballot period is scheduled for between 28th October 2015 and close at 5pm on 25th November 2015.

The BID levy (1.5%), how it is calculated, collected and who is eligible to pay remain the same as the previous term.

2.3 For the BID to be renewed two threshold tests have to be met in the ballot:

- More than 50% of votes cast (turnout) must be in favour of the BID and:
- The positive vote must represent more than 50% of the Rateable Value (RV) of the votes cast.

It is currently estimated the proposed BID area has an RV of around £15.92M taken from 368 voting eligible +£10K RV hereditaments (the rateable unit, where each hereditament has one vote).

2.4 The council's holding in the defined BID area currently amounts to £887K RV across 17 hereditaments. While this represents around 5.5% of the potential total RV in play (and 17 votes out of a potential 368) it should be noted that BID voter turnout has rarely exceeded 60% nationally, and below 50% is normal. The council's property holding, both in terms of RV and number of hereditaments, could therefore be significant in determining the ballot outcome. For Members' information the 2012 ballot key statistics are shown in the following table. On that occasion a "Yes" vote would have been secured without the city council's support.

Total number of votes cast in the ballot, excluding any given on ballot papers rejected	137
Aggregate rateable value of each hereditament in respect of which a person voted in the ballot	£5,228,000
Total number of votes cast in favour of the proposed Business Improvement District	84
Aggregate rateable value of each hereditament in respect of which a person voting in the ballot has voted in favour of the proposed Business Improvement District	£3,485,750

3.0 Details of Consultation

- 3.1 The consultation process undertaken to date by Lancaster BID to evidence and secure the support from local businesses for the planned expenditure has been extensive. It has included detailed independent review and evaluation of past performance, questionnaire surveys, general meetings and events aimed at different sectors and different geographical sub-areas of the city.
- 3.2 Membership of the Lancaster BID Management Committee includes representation from the City Council as well as large, medium and small businesses in the area. The BID has consulted and engaged on a satisfactory level and will continue to do so through the pre- and post ballot stages, and in development of formal delivery arrangements should the renewal ballot be successful.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 Support for BIDs is a key feature of current council policy (see Relationship to Policy Framework). A 'no' vote is therefore considered by officers to be an inappropriate option. However, it is still appropriate for Members to consider an option of 'abstention' and the options are therefore as follows:

	Advantages	Disadvantages	Risks
Option 1 (Preferred Option): Vote in favour of Lancaster BID Renewal	In line with current city council policy to support Lancaster BID on a tangible basis. Provides significant weight of rateable value and number of hereditaments for the 'yes' vote. Increases the likelihood of BID ballot success and the continuing delivery of additional services described in the Lancaster BID Renewal Proposal document.	The city council position will be at odds with the section of the business community who oppose the BID. Should the renewal vote be unsuccessful the council could be seen as being 'out of touch' with the business community. A successful BID means the council will be liable for an estimated £13.3K annual levy, which would need to be allowed for in the budget process.	The risk is mainly reputational where the council is seen to be on the 'wrong side' of the voting outcome. However, the wider business community already expects the council to vote in favour.

<p>Option 2: Abstain from voting on Lancaster BID Renewal</p>	<p>Council is seen to take a neutral position on the final outcome.</p> <p>No risk of being seen to be on the 'wrong side' of the voting outcome.</p> <p>Can be seen to support the position that the Lancaster BID is "business led".</p>	<p>The weight of the council's Rateable Value and number of hereditaments/votes is not used to support a 'Yes' vote.</p> <p>In a close contest this may mean that the BID Renewal could fail under ballot.</p> <p>Appears at odds with the council's position as an active member of the Lancaster BID Management Committee and its role in community leadership.</p> <p>A BID may be successful without council voting support with £13.3K pa levy liability in any case.</p>	<p>The council's reputation could be damaged in the eyes of that section of that business community which supports Lancaster BID.</p>
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5.0 Officer Preferred Option (and comments)

- 5.1 Over its current initial term Lancaster BID can be seen to have provided an effective and valuable Mechanism for the business community to directly engage and provide meaningful positive influence over their own commercial environment. Independent survey work has shown that in the recent economic downturn it provides welcome assistance to business and trading conditions. There are provable financial advantages accruing to local businesses' 'bottom-line' sufficient to suggest that, for most, the effect of the BID levy has been, effectively, cost-neutral. Lancaster BID has also enabled further positive engagement and improved communication and joint working between business, local authorities and other stakeholders.
- 5.2 The Renewal Proposals should actively support the council's corporate objectives particularly in the areas of Economic Growth, Clean Green & Safe Places and Community Leadership. The informal work of Lancaster BID in canvassing opinion and consultation appear to show a good level of support for the way the BID Renewal Proposals have been shaped. Lancaster BID's decision to incorporate and take on formal accountable body status is a natural progression and one which the majority of national BIDs have taken at the outset or at renewal. The current unincorporated body Lancaster BID, while not formally accountable for BID funds, already acts as employer to the paid BID staff. The current Lancaster BID Management Committee believes incorporation will allow it to achieve significant administrative savings, better value for money and greater local control.
- 5.3 The informal work of Lancaster BID in canvassing opinion appears to show a good level of support for the BID Renewal Proposals and continuing with the development of activities under broad objectives with some specific highlighted actions. However, Members should be aware that a 'Yes' vote outcome is not guaranteed even where there is a clear lead and support from respected sections of the local business community.

- 5.4 The Lancaster BID Renewal Proposal has been independently developed by local businesses and the group has a widely recognised mandate and identity in the commercial heart of Lancaster. However, the overall voting result, and perhaps the council's voting decision itself, depends on Lancaster BID being persuasive and clear about the planned benefits and how they will be delivered. Only if businesses and local stakeholders see true additional value in a BID will they be willing to provide their support.
- 5.5 Officers consider the Lancaster BID will continue to be effectively implemented, and build on the initial term improvements brought to the local trading environment. The **preferred option is Option 1** that Members vote in favour of the Lancaster BID Renewal, instructing the Chief Officer (Resources) to complete the BID ballot papers accordingly.
- 5.6 There is no guarantee that a BID Renewal Ballot will be successful. If there is a 'no' vote any remaining funds from the first BID term will be returned to the council who will distribute it back to levy payers under the procedure detailed in the 2004 BID regulations.

6.0 Conclusion

- 6.1 The Lancaster BID Renewal Proposal presents an opportunity for the business community to continue to deliver additional services and activity in Lancaster City Centre on its own terms. The business representatives and Lancaster BID team at the heart of the proposal have worked hard to ensure their proposal reflects local issues and the activities proposed will have meaningful local impact. Members are therefore advised to approve use of the councils' voting entitlement to in support of the Renewal Propos

List of Appendices

Appendix 1 - Lancaster BID Renewal Proposal

RELATIONSHIP TO POLICY FRAMEWORK

In working towards implementation of Business Improvement Districts the council will be achieving and/or reviewing and improving upon a number of its corporate objectives/outcomes as defined in the Corporate Plan 2015 -18. The draft BID Renewal Proposals will actively support Sustainable Economic Growth, Clean Green & Safe Places and Community Leadership outcomes, success, measures and actions.

Support for a BID in Lancaster is a Priority Action in the Lancaster Cultural Heritage Strategy.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Health & Safety: The BID has sponsored events and has directly delivered events, and this is anticipated to continue in the future. All major public events planned are discussed through the local Events Safety Advisory Group (ESAG).

Equality & Diversity: None

Human Rights: It is assumed from nationwide BID activity, and through its continuing application within the UK, that activities properly undertaken within the BID legislation are compatible with the Human Rights Act.

Community Safety: If renewed Lancaster BID will continue to support projects which will have a positive impact on community safety/business security matters.

HR: Council officer resource will need to be applied during BID Proposal and post ballot stages as outlined in the report. In the main the implications will be on the NNDR service in continuing administration and dealing with billing of the levy.

Sustainability: None

Rural Proofing: None

LEGAL IMPLICATIONS

Consideration and endorsement of the final BID Renewal proposal and instruction to proceed to ballot has been achieved as highlighted in the report.

Ballot management is being undertaken via Electoral Reform Services who will meet the necessary prescribed ballot regulations defined in the Business Improvement Districts (England) Regulations 2004

The ballot itself is secret and, while ERS will conduct the ballot, its conduct is still the responsibility of the local authority (the 'ballot holder' as termed in the BID Regulations). The ballot holder cannot reveal how individual ratepayers voted - but during the 28 day ballot period Lancaster BID is allowed to encourage businesses to vote.

A BID Renewal will require amendments to the current legal agreements, developed for the purposes of formalising arrangements between the city council and BID delivery body, to reflect the incorporation of the Lancaster BID company – the key documents being an Operating Agreement and Baseline Agreement. Should the council be involved as a service delivery partner, Complementary Services agreements may be appropriate – that is, contractual agreements for those services provided by the council solely for the improvement or benefit of the BID area, funded using the BID levy or other contributions to the BID body.

Should there be a successful ballot the levy will continue to be a statutory debt subject to the usual principles of rate collection, reminder notices and enforcement action for non-payment. Revenues shared service experience of BID collection/enforcement matters will be valuable in this regard. The timetable for reminders and enforcement will follow that of the existing NNDR system.

FINANCIAL IMPLICATIONS

There are a number of costs in relation to BID implementation that should have no bottom line impact on the council's budget:

- 1) The costs to Electoral Reform Services for undertaking the ballot are to be paid

through the current Lancaster BID budget.

- 2) Staff time/resources in identifying hereditaments within the extended BID boundary and producing a listing of all those rateable properties within the revised boundary; have been absorbed within current council budgets.
- 3) Updating the NNDR system to support the collection of additional BID levies; with the extension of the BID area there will be an estimated 368 billable hereditaments. The current software model is able to accommodate this increase at no additional cost.
- 4) Costs associated with collection of and administering the BID levy: time spent in support of this is monitored by Council officers and agreed with the BID body so that any charges are clearly defined in the Renewal Proposal. This is currently budgeted at around £10K per annum and is detailed in a letter to Lancaster BID and kept under regular review.

The main bottom line impact of a successful renewal will be the additional cost to the council for the levy on its own properties for which it holds NNDR liabilities within the increased BID area. At a 1.5% levy the council will incur a charge of £13.3K. The current £8.8K charge included in the 2015/16 revenue budget will therefore need to be revised from 2016/17 onwards as part of the annual budget process.

OTHER RESOURCE IMPLICATIONS

Human Resources:

The main operational issues will primarily involve NNDR officers in managing the levy billing arrangements if the BID Renewal proposals are successful. Legal Services officers will be involved in reviewing and dealing with formal agreements between the council as billing authority and the new BID body. Regeneration and Planning officers will continue to provide the contact point for the council's input into the Lancaster BID project programme if it is renewed through ballot.

Information Services:

Following a successful ballot updates to the billing software used by the council to generate and administer levy bills will be required.

Property:

The city council will continue to be liable for the BID levy on rateable property which it occupies/holds should a renewal ballot be successful. The continuing improvement to the environment of the area through a successful BID ballot could benefit the businesses within the city centre and may also improve the take up of the council's empty commercial property, reducing its general business rate liabilities in the long run.

Lancaster BID currently leases accommodation within the council owned offices at CityLab, Dalton Square, if the BID renewal ballot was successful then it is hoped that BID will continue to occupy this space.

Open Spaces:

The extended BID area includes city centre areas defined as 'open space'. The potential improvement to the environment of any open space as intended by the BID Proposals should be a benefit to the council's corporate objectives, businesses and the community.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

The Business Improvement Districts
(England) Regulations 2004

[http://www.legislation.gov.uk/uksi/2004/2443/
contents/made](http://www.legislation.gov.uk/uksi/2004/2443/contents/made)

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