

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

13 April 2016

Report of Chief Officer (Regeneration & Planning)

PURPOSE OF REPORT

The ballot of local town centre ratepayers on Morecambe BID's proposal to initiate a Business Improvement District in Morecambe is scheduled to run from 28 April to 26 May 2016. This report provides information for a decision on the use of the city 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 the Morecambe BID 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 26 May 2016.**

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.
- 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 of the work by Lancaster District Chamber of Trade and Commerce (Lancaster Chamber) to develop the BID concept, building on the momentum generated by the Portas Pilot Initiative. At its meeting on 2 September 2014 Cabinet resolved (minute ref:36):
- To support the intention of Lancaster District Chamber to lead on BID development in Morecambe.
 - To approve reinstatement of £40K for Morecambe town centre BID development to the Lancaster Chamber.
 - To nominate the Regeneration Portfolio holder to sit on the Morecambe BID Steering Group.
- 1.4 Over the 18 month period following this decision Lancaster Chamber formed a broad based Steering Group and has been focusing on:
- Deciding the BID area and what improvements they want to make
 - How the partnership will manage it and what it will cost
 - How long it will last
 - Consulting widely with business interests
- 1.5 The result of this work is the Morecambe BID Business Plan (Appendix 1). It is this document that is issued and voted upon by those ratepayers that will have to pay the levy. As required by statute, Cabinet endorsed a draft Morecambe BID business plan at its meeting in January 2016 (minute ref: 63) and the Chief Executive confirmed the regulatory compliance of the Final Proposals under delegated authority on 24 February 2016.
- 1.6 Morecambe BID is now able to seek local ratepayer approval for the BID arrangements. This requires a formal Ballot, conducted under statutory provisions of the BID Regulations (refer to the link in Background Papers). Electoral Reform Services have been instructed to administer a ballot, which will run from 28 April to 26 May (the last date completed ballots can be returned) and it will be is a simple “Yes” or “No” choice on the ballot paper.
- 1.7 The city council will be 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 will be sent to the Chief Officer (Resources) as the council’s officer with responsibility for National Non Domestic Rates (NNDR) liabilities and payments.
- 1.8 This report provides information for Members to consider how to use the council’s available vote in the forthcoming Renewal Ballot.

2.0 Morecambe BID Proposal

- 2.1 The Morecambe BID Proposal (Appendix 1) follows best practice guidelines from British BIDs (a respected organisation that reviews and reports on national BID activities), and its key operational parameters are as follows:
- The term proposed is 5 years, the maximum allowed under statute and will run from 1 October 2016 to 30 September 2021.
 - Total annual revenue is estimated at approximately £130K pa.

- The BID area is relatively extensive - the majority of the Town Centre, Frontierland site to the south, Morecambe Town Hall to the north and the eastern town centre approaches are included.
- The BID levy will be fixed at 1.5% of Rateable Value (RV) and applied to premises with an RV of £3.5K and upwards with 50% levy relief for charities with property in the proposed BID zone.
- Morecambe BID proposes to incorporate as a company limited by guarantee to act as the accountable body for BID levy funds.

2.2 In summary, the areas of work and objectives for the BID are as follows:

- *An attractive town* – improving cleanliness and maintenance and tackling grot spots
- *A safer town night and day* – liaison with local police and working for continued CCTV coverage.
- *Lively Nights* – promoting the evening economy and encouraging people to stay and spend their money
- *Shouting Out* - marketing and promotional activities
- *Getting people in and about* – initiatives on parking, wayfinding and footfall.

It is expected that a successful BID will be able to work positively with the council to add value and complement its services

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

- More than 50% of votes cast (turnout) must be in favour:
- A 'Yes' vote must represent more than 50% of the Rateable Value (RV) of the votes cast.

It is currently estimated the proposed BID area has a total RV of around £8.56M taken from 333 voting eligible +£3500 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 £388K RV across 22 hereditaments. While this represents around 4.5% of the potential total RV in play (and 22 votes out of a potential 333) it should be noted that BID voter turnout has rarely exceeded 60% nationally, and below 50% is the norm. The council's property holding, both in terms of RV and number of hereditaments, could therefore be significant in determining the ballot outcome.

3.0 Details of Consultation

3.1 The consultation process undertaken to date by Morecambe BID to evidence and secure the support from local businesses for the planned expenditure has been extensive. It has included detailed workshops, questionnaire surveys, general meetings and events aimed at different sectors and different geographical sub-areas of the town.

3.2 Membership of the Morecambe BID Steering Group includes representation from the city council as well as large, medium and small businesses and

charity sector representation. The BID has consulted and engaged at many levels and scales and will continue to do so through the pre- and post ballot stages, and in development of formal delivery arrangements should the 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
<p>Option 1 (Preferred Option): Vote in favour of Morecambe BID.</p>	<p>In line with current city council policy to support Morecambe BID on a tangible basis.</p> <p>Provides significant weight of rateable value and number of hereditaments for the 'yes' vote.</p> <p>Increases the likelihood of BID ballot success and the delivery of additional services described in the Morecambe BID Business Pan.</p>	<p>The city council position will be at odds with any section of the business community who oppose the BID.</p> <p>Should the renewal vote be unsuccessful the council could be seen as being 'out of touch' with the business community.</p> <p>A successful BID means the council will be liable for an estimated £5.8K annual levy, which has to be allowed for in the city council's budget.</p>	<p>The risk is mainly reputational where the council is seen to be on the 'wrong side' of the voting outcome.</p> <p>However, the wider business community already expects the council to vote in favour.</p>
<p>Option 2: Abstain from voting on Morecambe BID.</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 Morecambe 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 could fail under ballot.</p> <p>Appears at odds with the council's position as an active member of the Morecambe BID Steering Group and its role in community leadership.</p> <p>A BID may be successful without council voting support in any case.</p>	<p>The council's reputation could be damaged in the eyes of that section of that business community which supports Morecambe BID.</p>

5.0 Officer Preferred Option (and comments)

5.1 Over the feasibility stage Morecambe BID has already provided an effective and valuable mechanism for the local business community to directly engage and have meaningful discussions over how they can improve their own

commercial environment. Morecambe BID has enabled positive engagement and improved communication and joint working between business, local authorities and other stakeholders.

- 5.2 The BID proposals should actively support the council's corporate objectives particularly in the areas of Economic Growth, Clean Green & Safe Places and Community Leadership. The work undertaken by Morecambe BID in canvassing opinion appears to show a good level of support for the BID proposals and the development of activities under key objectives with some specific highlighted actions.
- 5.3 The Morecambe BID has been independently developed by the Chamber in association with local businesses, and the group has a recognisable mandate and identity in Morecambe. However, the overall voting result, and perhaps the council's voting decision itself, depends on Morecambe 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. Members should understand 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 Officers consider the Morecambe BID will be effectively implemented, and bring long-term improvements to the local trading environment. The **preferred option is Option 1** that Members vote in favour of Morecambe BID, instructing the Chief Officer (Resources) to complete the BID ballot papers accordingly.

6.0 Conclusion

- 6.1 The Morecambe BID proposal presents an opportunity for the business community to deliver additional services and activity in the town on its own terms. The business representatives 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 in support of the Morecambe BID Business Plan.

List of Appendices

Appendix 1 – Morecambe BID Business Plan

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 BID proposals will actively support Sustainable Economic Growth, Clean Green & Safe Places and Community Leadership outcomes, success, measures and actions.

Support for a BID in Morecambe 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 will seek to sponsor events and potentially directly deliver events. 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 enacted Morecambe BID will 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. The main implications will be on the NNDR service in administration and dealing with billing of the new levy.

Sustainability: None

Rural Proofing: None

LEGAL IMPLICATIONS

Consideration and endorsement of the final BID proposal and instruction to proceed to ballot has been achieved as noted 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 Morecambe BID is allowed to encourage businesses to vote and can receive details of who has submitted a ballot paper.

Formal legal agreements are required for the purposes of formalising arrangements between the city council and BID delivery body when constituted – 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 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 little or no significant impact on the council's budget:

- 1) The costs to Electoral Reform Services for undertaking the ballot are to be paid through the current Morecambe BID feasibility budget.
- 2) Staff time/resources in identifying hereditaments within the BID boundary and producing a listing of all those rateable properties within that boundary; have been absorbed within current council budgets.
- 3) Updating the NNDR system to support the collection of additional BID levies as Morecambe BID adds an estimated 333 billable hereditaments on top of the hereditaments already billed as part of Lancaster BID. The current software needs to be updated to accommodate this increase at an additional one off cost of £9K. It is intended that this is reimbursed from the subsequent levy spread over the period of the BID.
- 4) Costs associated with collection of and administering the BID levy: an annual subsidised fee to the city council from Morecambe BID to partly offset time and resource implications of supporting collection/administration has been agreed by Cabinet and the charges are clearly indicated in the proposal document and subject to annual review. The fee will be reimbursed to the council via the levy on the same percentage of levy as applies to Lancaster, albeit that the fee charged for Morecambe will be less than that which applies to Lancaster as the percentage is applied to the rateable value base for each BID (with Morecambe's RV being approximately half that of Lancaster).
- 5) Potential costs of supporting the BID body operation post ballot; from the BID proposal it is not anticipated the council will incur additional costs in operational support to the Morecambe BID. However, any direct involvement requested and agreed would need to be financed via an administrative fee from the levy.

The main bottom line impact of a successful renewal will be the cost to the council for the levy on its own properties for which it holds NNDR liabilities within the BID area. At a 1.5% levy the council will incur a charge of around £5.8K per annum (and £2.9K for the half year periods) on its property with an RV of £388,600 and will therefore need to be treated as a base budget adjustment from 2016/17 onwards for the duration of the proposed BID period.

It should be further noted that if the administrative workload associated with collection of and administering of the Morecambe BID becomes disproportionate to the levy being applied, then this will need to be looked at again during the annual review process.

OTHER RESOURCE IMPLICATIONS

Human Resources:

Internal council human resources will be used to support Morecambe BID as outlined in the report. The main operational issues will primarily involve NNDR officers in managing the levy billing arrangements if the BID proposals is successful, with some administrative support by Accountancy officers. Legal Services officers will be involved in reviewing and dealing with formal agreements between the council as billing authority and the new incorporated BID body. Regeneration and Planning officers will continue to provide the

contact point for the council's input into the Morecambe BID project programme if it is enabled through the 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 be liable for the BID levy on rateable property which it occupies/holds should a ballot be successful. The continuing improvement to the environment of the area through a successful BID ballot should benefit the businesses within the town centre and may also improve the take up of the council's commercial property.

Open Spaces:

The BID area includes areas defined as 'open space' and the central Promenade area. 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>

Contact Officer: Paul Rogers

Telephone: 01524 582334

E-mail: progers@lancaster.gov.uk

Ref: