

CABINET

15 June 2011

BUSINESS IMPROVEMENT DISTRICTS: SECOND BID BALLOT AND RENEWAL ARRANGEMENTS

REPORT OF ASSISTANT DIRECTOR (ECONOMIC PROSPERITY)

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RECENT REFERENCES:

[CAB1240](#) - Winchester Business Improvement District, 22 March 2006

[CAB1430](#) - Segensworth Business Improvement District (BID), 7 March 2007

[CAB1450](#) - Winchester BID Development Update, 11 April 2007

EXECUTIVE SUMMARY:

There are currently two Business Improvement Districts (BIDs) in the Winchester District. One involves only a small number of Winchester businesses, and straddles the border with Fareham Borough Council at Segensworth and was effective from July 2007. The other encompasses 637 businesses in Winchester City Centre and was effective from April 2008. Both were brought about through a formal referendum (Bid Ballot) of the businesses in each area, in line with national BID Regulations.

Because BIDs have the power to generate a sustainable income through a levy on National Non Domestic Rates (Business Rates), they can fund a range of projects and programmes which businesses value but which other local agencies are not able to provide. Both BIDs have funded and/or effectively delivered against their agreed business plans, with activities ranging from street dressing to safety, and from advocacy to marketing.

A BID can only be established for five years. In order to benefit from the BIDs for a further five years, another Bid Ballot must be held in Segensworth and in Winchester in 2012. This report provides more detail on both BIDs, and seeks Member support both for the principle of a second Bid Ballot and for the essential arrangements involved in bringing each referendum about.

## RECOMMENDATIONS:

That Cabinet :

1. supports the principle of a BID Ballot in 2012 to determine whether there will be a second Segensworth BID;
2. authorises the Head of Revenues to make arrangements for Fareham Borough Council to continue to collect the Segensworth BID levy, should the Ballot be successful;
3. supports the principle of a BID Ballot in 2012 to determine whether there will be a second Winchester BID;
4. approves the principle of reclaiming in full the cost of the Winchester BID levy collection from the Winchester BID company;
5. informs the Winchester BID company that in drawing up the baseline statement for 2012/13, it is recommended that the Winchester City Council grant to the Winchester City Centre Partnership be reduced by 25%;
6. informs both BID companies that in the current economic situation it cannot commit to the continuation of the baseline services throughout the life of the BID.
7. That a further report on the draft business plans and exact areas for each BID be brought to Cabinet so it can consider whether to confirm its continued support prior to any BID Ballot.

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### BUSINESS IMPROVEMENT DISTRICTS: SECOND BID BALLOT AND RENEWAL ARRANGEMENTS

#### REPORT OF ASSISTANT DIRECTOR (ECONOMIC PROSPERITY)

##### DETAIL:

- 1 Introduction: What is a Business Improvement District?
  - 1.1 The concept of Business Improvement Districts (BIDs) was introduced to the UK through the [Local Government Act 2003](#) and the Business Improvement Districts (England) Regulations 2004. The legislation allows for businesses in a defined area or business sector(s) to generate resources for additional services in which they choose to invest, in order to improve their trading environment.
  - 1.2 BIDs are operated by not-for-profit partnership organisations, and can only be established through a referendum of businesses in the defined BID area in which there is a majority in terms of both votes cast and the rateable value of votes cast.
  - 1.3 The vote is open to each business property in the BID area. A successful BID Ballot entitles the local authority to levy a small additional percentage on top of the standard National Non Domestic Rates ('Business Rates'). Payment of this amount (typically around 1.5% of NNDR) is mandatory, and all levy monies are passed back to the BID company. The BID company spends the monies on programmes and projects which are largely defined before the vote in the form of a five year business plan.
  - 1.4 Before the business plan is compiled, the various public bodies operating in the BID area must detail the core services they provide in the form of a 'baseline statement' to which they can commit in general terms and subject to the usual budgetary processes. This ensures that the BID monies are spent on additional activities to enhance the trading environment and not to offset budget shortfalls elsewhere. However, in the current economic situation the Council will need to indicate that it will not be able to guarantee particular levels of service.
  - 1.5 A BID is established for five years, at the end of which time a new BID Ballot must take place and another majority vote must be declared in order for the BID to continue.

1.6 In the Winchester District there are two BIDs. One is a cross-border BID covering the Segensworth business park, and the other serves Winchester City Centre. Both BIDs are planning now for the second vote. This report explains the support needed from the City Council and seeks Member approval to provide it.

## 2 The Role of Local Councils in BIDs

2.1 Local authorities play an important role in facilitating the creation and maintenance of BIDs and in particular are charged with legal responsibilities. These include:

- a) the provision of ratings data to calculate the BID levy;
- b) the collection and enforcement of the BID levy via a ring-fenced BID revenue which is then passed in full to the BID company;
- c) the organisation of the formal ballot;
- d) the preparation and commitment to the baseline statement.

2.2 Because there are only thirteen properties from the Winchester District included in the Segensworth BID area, Fareham Borough Council took responsibility for (b) and (c) above. For the Winchester City Centre BID, the City Council carried out all of the above roles.

2.3 There is a legal requirement for any expenses incurred in relation to the holding of a BID ballot to be met by the relevant billing authority. There is no provision in the regulations for recovering the costs, except in circumstances where there is a “no” vote and less than 20% of those entitled to vote have voted in favour, or where the Secretary of State declares a BID ballot void.

2.4 The local authority can, however, reclaim from the BID company the ongoing administration costs associated with levy collection.

2.5 For any local authority hosting a BID, the financial and staffing implications are minimal in comparison with the potential benefits arising from a sustainable income stream and collective business action. The City Council has excellent relations with both BIDs, and the BID concept sits well with the current Government’s wish to see businesses taking the lead in developing the local economy as well as the Localism agenda.

## 3 Segensworth BID

3.1 The Segensworth Business Forum (SBF) was formed in 2005 with the aim of identifying common business issues and undertaking projects identified by the business community. Working in partnership with local businesses and the two local authorities, the SBF developed a [business plan](#) designed to address key issues associated with transport, the environment and security.

- 3.2 This business plan formed the basis of the Segensworth BID Ballot, held in May 2007. This returned a majority vote in favour of the BID, in terms of both business numbers and rateable value in both the Fareham (FBC) and Winchester (WCC) areas as below:
- Within FBC - 74% (56 premises) in favour (76 of 257 business premises voted, equivalent to a 30% turnout)
- Aggregate rateable value voting in favour - £3,705,000
- Aggregate rateable value voting against - £1,749,6000
- Aggregate rateable value in BID area - £15,325,850
- Within WCC - 100% (9 premises) in favour (9 of 13 business premises voted - 69% turnout)
- Aggregate rateable value voting in favour - £2,399,500
- Aggregate rateable value voting against - £Nil
- Aggregate rateable value in BID area - £3,131,500
- 3.3 The BID levy yields approximately £210,000 per annum to fund a broad programme of projects, and the BID company also provides a voice for business locally. The annual levy is collected by Fareham Borough Council and transferred directly to the SBF.
- 3.4 In accordance with the business plan, BID funds have been used for pavements, parking and security improvements; employment initiatives, such as joint training; transport initiatives to help alleviate travel congestion; environmental initiatives; and shared service initiatives to bring cost advantages to the local business community.
- 3.5 The BID will expire in July 2012 unless a successful renewal ballot enables the project to continue. The SBF has indicated that it wishes to seek to renew the Segensworth BID on the basis of a revised business plan. The 2006 boundary of the BID area is unlikely to change, with around 270 businesses involved. More than 90% of these businesses will be in the Fareham area, with the remainder in the Winchester District.
- 3.6 Fareham Borough Council has already formally offered its support for the second Segensworth BID Ballot. It will act as the responsible body for the organisation and administration of the ballot and, in the event of a vote in favour, the billing and collection of the levy. Moreover, Fareham Borough Council has opted not to recharge the BID company for the cost of administration of the BID levy (estimated at £5,000 per annum).
- 3.7 In order to avoid Fareham Borough Council's own election period, it is likely that the Segensworth referendum will take place in July 2012. This means

there may be a small gap between the termination of the current BID operation and the official start of any new one, but current BID personnel are confident that there will be surplus funds to support continued work during this period.

- 3.8 It is therefore requested that Members note the proposal for the Corporate Director (Governance) as Ballot Holder to the appoint the Ballot Holder at Fareham Borough Council to manage the Ballot for the Segensworth BID, in close consultation with the City Council's own Democratic Services Team.

#### 4 Winchester BID

- 4.1 The Winchester BID was first proposed by Winchester City Centre Partnership (WCCP) with the support of the North Hampshire Chamber of Commerce and Hampshire County Council. As a project, it benefited from an allocation of £50,000 in Local Authority Business Growth Incentive funds from Winchester City Council and a £5,000 contribution from Winchester Town Forum. This paid for an additional member of staff at WCCP, consultation meetings, printing of the BID prospectus and Ballot costs.

- 4.2 This business plan formed the basis of the Winchester Ballot, held in July 2007. This returned a majority vote in favour of the BID as follows:

Total votes cast (minus those rejected)	369
Total votes in favour	199 (or 54% of the votes cast)
Total rateable value of premises represented in the ballot	£27,544,301
Total rateable value of premises represented by 'yes' vote	£8,359,025
Total rateable value of premises represented by 'no' vote	£5,194,451

- 4.3 The BID has been an acknowledged force for good in the City Centre, investing in or leading projects which make Winchester a better place to do business. A selection of the [business plan](#) projects which are already being implemented is listed below:

- City dressing, including a completely new and extended set of Christmas lights and comprehensive network of summer hanging baskets as well as a contribution to the Parchment Street 'Kite Flyer' arch;

- Streetscene programmes, including deep cleans for the pavements, 'gum busting' and graffiti removal;
  - Safety, including the funding of five Police Community Support Officers to patrol the City Centre; an enhanced radio network for Shopwatch and Pubwatch members; support for the new Street Pastors scheme;
  - Marketing, generating a year-round programme of advertising and features in Winchester and the surrounding areas to stimulate shopping visits;
  - Sponsorship of events, ranging from First Thursdays (designed to support the early evening economy) to this year's Winchester Fashion Week, and from the annual Bonfire Night celebrations to the Easter Bunny Hop trail.
- 4.4 Importantly, the BID has become a coherent voice for a business community made up of many sectors with varying interests. The BID Board, which draws its membership from a range of member businesses as well as Hampshire County Council and Winchester City Council, is professional and productive. An inclusive BID Committee encourages businesses to take an active part in developing strategy and in taking forward projects.
- 4.5 At a time when public spending has been severely cut back, the BID is one of the few bodies operating in the City Centre which has a flexible budget to spend – and which has a remit to spend it specifically in Winchester. Over its five year life, the BID will have raised around £2 million in additional funds to invest in the City Centre. Consequently, the BID has increasingly become the driving force behind new initiatives to support the business community, and – as an organisation led by business for business – it is wholly in alignment with latest Government policy on economic development.
- 4.6 Officers therefore propose that the City Council supports in principle the Ballot for a possible second BID, without which the company will expire at the end of March 2013. There will be some relatively minor changes to the BID boundary, which currently includes 637 businesses (many of which own more than one premises). These changes will endeavour to ensure that businesses best able to benefit from the BID arrangement are included and those who are genuinely not able to benefit do not. The changes will be identified in a further report to Cabinet, along with an early draft of the BID business plan.
- 4.7 The BID company is currently planning for a Bid Ballot to take place on 25 October 2012. The Council's support will take the form of staff resource to co-ordinate all the activities listed at section 2.1 of this report, as well as a continued financial commitment to the BID company (should it continue) in the form of a service level agreement, a BID levy on City Council properties and the costs associated with the Ballot. These are detailed in section 6 below, Resources.

## OTHER CONSIDERATIONS:

### 5 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 5.1 The two BIDs directly support the community outcome of a Prosperous Economy, by generating income which is invested in enhancements to the trading environment. The Council has already adopted the Economic Prosperity Change Plan for 2011/12, which includes the second referendum for both BIDs.

### 6 RESOURCE IMPLICATIONS:

- 6.1 There are implications for staff time arising from both BID projects, but because staff across the Council are now familiar with BID regulations and procedures these can be planned for and absorbed into the workloads of the various teams involved. Particular care has been taken to avoid workload peaks, such as local Council elections and Council Tax billing.

- 6.2 In financial terms, the implications are as follows:

a) Segensworth BID:

Fareham Borough Council will cover the costs of the annual BID administration itself, as indicated above, but will recharge Winchester City Council approximately £300 a year in respect of the businesses in the Winchester District. It is proposed to pay this from existing economic development budgets rather than recharge the Segensworth BID company because of the very small sum involved. There are no other costs involved.

b) Winchester BID:

- i) in drawing up the baseline statement for the first BID, the City Council committed to an ongoing grant to the Winchester City Centre Partnership which is the 'host' company for the BID and which continues to maintain essential activities such as Pubwatch and Shopwatch. This SLA was renegotiated in April 2011, and although there is no reduction in the grant of £25,000 in 2011/12 the BID has taken on some additional responsibilities in order to support delivery of the Economic Prosperity Change Plan. In drawing up the baseline statement for 2012/13, it is recommended that the figure be reduced by 25%.
- ii) the costs to the Council of running the Ballot are £3,000, and relate mainly to postage and printing. These costs will be met from existing economic development budgets.
- iii) as the owner of a number of business premises, public toilets and car parks within the City Centre, the Council is also required



to pay the BID levy if the referendum is successful. In 2011/12 the amount payable in respect of this levy is £40,000. A breakdown of costs is shown at Appendix 1. This may well decrease in future years as the Council continues to divest itself of buildings such as Abbey Mill which is subject to a levy of £1,115.

- iv) the ongoing costs of administering the BID levy collection in 2010/11 was £8,500, including the annual licence costs for dedicated software. It is likely to be similar in future years, and it is proposed that the Council recharge this to the BID company as is permitted by BID Regulations.

## 7 RISK MANAGEMENT ISSUES

- 7.1 The risk of not approving the principle of the referendum for each of these BIDs is that the current BID companies will cease trading by the end of March 2013 and their funding will come to an end. This will mean many projects and initiatives which have or would have benefited from BID funds will either not happen or will require additional funding from the City Council at a time when it is working with very reduced budgets.
- 7.2 There is a reputational risk to the Council in not approving the principle, also, in that the Council would be seen to be pre-determining the future of two business- oriented organisations without allowing the businesses themselves to make their own decision. In the case of the Segensworth BID, where Fareham Borough Council has already approved the proposal for a referendum, the Winchester businesses would be excluded from any future BID and could feel they have been discriminated against simply by virtue of their geography.
- 7.3 There are no significant risks associated with the recommendations attached to this report. Each BID is required to have a, five-year business plan informed by thorough consultation, which in itself reduces risk by demonstrating a clear vision and an agreed programme of work.

### BACKGROUND DOCUMENTS:

- a) Files held by Revenues Team, Democratic Services Team and Economy and Arts Team
- b) The national BIDs advisory service can be found at [www.ukbids.org](http://www.ukbids.org)
- c) More detailed information on the legislation governing BIDs can be found on the council website at [www.winchester.gov.uk/Business/BusinessRates](http://www.winchester.gov.uk/Business/BusinessRates)
- d) Fareham Borough Council Executive [report](#) and [decision](#) - Minute 14, from 4 April 2011 confirming commitment to the next Segensworth BID ballot.

APPENDICES: Appendix 1 - Winchester City Council rateable properties under the Winchester BID

## **Appendix 1**

### **Winchester City Council rateable properties under the Winchester BID**

<b>Property</b>	<b>Year 1 2013/14 (1.5%)</b>	<b>Year 2 (1.55%)</b>	<b>Year 3 (1.59%)</b>	<b>Year 4 (1.64%)</b>	<b>Year 5 2017/18 (1.68%)</b>
<b>Car parks RV £1,279,500</b>	£19,193	£19,832	£20,344	£20,984	£21,496
<b>Council offices and premises RV £1,062,370</b>	£15,936	£16,467	£16,892	£17,423	£17,848
<b>Public conveniences RV £30,960</b>	£464	£480	£492	£508	£520
<b>Other RV £58,000</b>	£870	£899	£922	£951	£974
<b>Total</b>	<b>£36,463</b>	<b>£37,678</b>	<b>£38,650</b>	<b>£39,866</b>	<b>£40,838</b>

#### **Car Parks**

- Car Park, Chesil Street, Winchester, Hampshire, SO23 8BL
- Multi Storey Car Park, Chesil Street, Winchester, Hampshire, SO23 8HX
- Car Park, Colebrook Street, Winchester, Hampshire, SO23 9LH
- Multi Storey Car Park, Friarsgate, Winchester, Hampshire, SO23 8BH
- Car Park, Jewry Street, Winchester, Hampshire, SO23 8RY
- Car Park, Middle Brook Street, Winchester, Hampshire, SO23 8DQ
- Car Park, The Brooks, Winchester, Hampshire, SO23 8QY
- Car Park, Pt Grd Flrs Ashburton Court, Tower Street, Winchester, Hampshire, SO23 8TA
- Car Park, Upper Brook Street, Winchester, Hampshire, SO23 8AR
- Car Park, Worthy Lane, Winchester, Hampshire, SO23 7AB
- Car Park, The Lido, Worthy Lane, Winchester, Hampshire, SO23 7AB
- Coach Station, Worthy Lane, Winchester, Hampshire, SO23 7AB
- Car Park, Durngate, Winchester, Hampshire, SO23 8DX
- Car Park, Gladstone Street, Winchester, Hampshire, SO23 8TQ
- Car Park, St Peter's, Gordon Road, Winchester, Hampshire, SO23 7DD

#### **Council offices and premises**

- City Offices, Colebrook Street, Winchester, Hampshire, SO23 9LJ
- Abbey Mill, Colebrook Street, Winchester, Hampshire, SO23 9LH
- Abbey House, High Street, Winchester, Hampshire, SO23 9JX
- Winchester Guildhall, High Street, Winchester, Hampshire, SO23 9GH
- West Wing, High Street, Winchester, Hampshire, SO23 9BL
- Westgate, High Street, Winchester, Hampshire, SO23 9AP
- 75, Hyde Street, Winchester, Hampshire, SO23 7DW
- Former Parking Office, 2, Friarsgate, Winchester, Hampshire, SO23 8BH
- C P S Office, Middle Brook Street, Winchester, Hampshire, SO23 8DQ

- 8, Middle Brook Street, Winchester, Hampshire, SO23 8AQ
- Showcases 1-7 Near, 52, St George's Street, Winchester, Hampshire, SO23 8AH

**Public conveniences**

- Jewry Street, Winchester, Hampshire, SO23 8RY
- Market Lane, Winchester, Hampshire, SO23 9EP
- Middle Brook Street, The Brooks, Winchester, Hampshire, SO23 8DG
- Ladies' Abbey Grounds, High Street, Winchester, Hampshire, SO23 9AX
- Gents' Abbey Grounds, High Street, Winchester, Hampshire, SO23 9AP
- Coach Park Car Park, Worthy Lane, Winchester, Hampshire, SO23 7AB
- Tower Street, Winchester, Hampshire, SO23 8TA

**Other**

- Street Market, Middle Brook Street, Winchester, Hampshire, SO23 8DQ