

REPORT TO COUNCIL

REPORT OF: **Executive Member, Growth**

REPORT NO: **SEG23**

DATE: **17th November 2016**

TITLE:	Business Improvement District – Council vote on referendum	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	KEY DECISION	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Councillor Bob Adams Leader of the Council and Executive Member Growth	
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INITIAL IMPACT ANALYSIS: Equality and Diversity	Carried out and Referred to in paragraph (7) below	Full impact assessment Required:
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	Business Improvement Districts guidance: https://www.gov.uk/guidance/business-improvement-districts Business Improvement District Technical Guidance: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415990/BIDs_Technical_Guidance.pdf Go Grantham BID prospectus: http://www.go-grantham.co.uk/	

1. RECOMMENDATIONS

- 1.1 It is recommended that Members cast their individual vote in order to determine how the Council should vote in the ballot to be held.
- 1.2 It is recommended that authority is given to the Leader of the Council to complete the postal ballot votes received in respect to each of the Council's business properties within the Business Improvement District (BID) area.

2. PURPOSE OF THE REPORT

- 2.1 For Council to determine its vote in the ballot to establish a BID for Grantham as set out in the prospectus published by Go Grantham Limited in view of the Council's business properties included within the BID area.
- 2.2 A presentation on the BID prospectus was given by Go Grantham to the meeting of Council held on 22nd September. Growth PDG also received a presentation from Go Grantham at its meeting held on 14th July.

3. DETAILS OF REPORT

What is a BID?

- 3.1. A Business Improvement District is a legally and geographically defined partnership for area improvement and service delivery, funded by levy-paying businesses within that agreed boundary. It is managed and operated by a BID Company, usually a non-profit company run by and for its members.
- 3.2. BIDs are business-led initiatives supported by government legislation, which give local business the power to get together, decide what improvements they want to make within a defined area and how they will manage these. BID's have the power to raise and spend funds locally.
- 3.3. BIDs are typically run as not for profit companies and are controlled by the businesses and organizations that fund them. There is no limit on what projects or services can be provided through a Business Improvement District. The only requirement is that it should be something that is in addition to services provided by local authorities.
- 3.4. A BID's mandate is for a maximum of five years. A BID wishing to continue beyond that must reaffirm its mandate through re-ballot, based on a further proposal. There are currently over 250 BIDs operating across the Country with local examples being Lincoln and Melton.
- 3.5. The process of developing a BID involves widespread consultation by the BID promoter with businesses to ascertain what improvements they want and would be prepared to pay for. A BID proposal by the BID promoter is then produced and a 28 day postal ballot held where those eligible business ratepayers vote 'for' or 'against' the proposed programme. For the BID to go

ahead, two conditions must be met; firstly, a majority of those voting have to vote 'yes'; and secondly those 'yes' votes have to correspond to more than 50% of the total rateable value of all votes cast.

- 3.6. The local authority has a responsibility to support the development of BIDs and facilitate their establishment. This includes conducting the ballot and collecting and enforcing the levy. The authority must also confirm that the proposed BID does not conflict with an area's plans and schemes. If the local authority is of the opinion that the BID arrangements are likely to conflict to a material extent with an existing policy, or place a significantly disproportionate financial burden on ratepayers or the burden from the levy is unjust, then it can decide to veto the proposals. The local authority can only veto proposals within 14 days from the date of the ballot (i.e. 30th November 2016). At its meeting in June this year, Council delegated consideration of specific technical issues relating to BIDs in the District to the Strategic Director for Development and Growth. To date, no veto of the BID proposals have been made.
- 3.7. If a yes vote is achieved there is a requirement to ensure the BID body has good governance in place – the activities of the BID body will be scrutinised by the levy payers who fund the BID. In particular the BID will need to ensure the correct arrangements are in place relating to membership of the BID body, board elections and annual reporting mechanisms. Amendments to the memorandum and articles of association for Go Grantham Limited have been drafted and will be considered by the company in due course.

What are the benefits of the BID?

- 3.8 The BID's proposals are considered to be complementary to the Council's Economic Development Strategy which specifically looks to support the creation of a business-led BID for Grantham. It is common for many successful local economies with a strong business sector in the UK to have effective BIDs contributing to the economic well-being of the area. Depending on the nature of individual BIDs, the business benefits of BIDs include:
- BID levy money is ring-fenced for use only in the BID area;
 - businesses decide and direct what they want for the area;
 - business cost reduction, for example, from reduced crime and joint procurement;
 - improved liaison with the Council, County Council, the police and other public bodies;
 - increased footfall and staff retention;
 - place promotion; and
 - networking opportunities with other local businesses.

Go Grantham BID Proposal

- 3.9. Proposals to establish a Business Improvement District in Grantham have been led by Go Grantham Ltd. Although successful BIDs are now nationally widespread, this will be the first of its kind within South Kesteven. The Council has supported the initial development of these proposals through its

feasibility study and by providing loan funding for the development of the BID prospectus which will form the basis of the referendum of relevant business rate payers. The Leader of the Council has represented the Council at the Board responsible for developing the BID prospectus and business plan.

3.10. The BID prospectus sets out a number of key considerations, notably:

- The BID boundary map;
- The proposed BID Levy;
- Proposed themes for investment;
- Outline Business Plan.

3.11. It is proposed that all eligible businesses will pay a levy of 1.5% of the rateable value of the business. Smaller businesses with a rateable value of less than £7,000 will be exempt from paying the levy, alongside some other specific exemptions. Based on 1.5% levy the estimated revenue for the Business Improvement District is in excess of £2.6 million over the five year proposed duration of the BID. On average over the lifetime of a successful BID in the order of £430,000 per annum will be available to support the local economy (after allowing for contingency, administrative and collection costs).

3.12. The summary business plan highlights four key areas for investment from the BID. These are:

“Marketing Grantham – ensuring that Grantham is marketed efficiently as well as externally.

Supporting Grantham - looking at ways the BID can support our local business community as well as encouraging business investment, alongside working in partnership to ensure that Grantham has a strong business support and advice network.

Working in Grantham – addressing skills issues in Grantham to improve recruitment for businesses and employment for local people.

Visiting Grantham – pulling together all Grantham’s history and heritage as a way of attracting visitors to our parks, our churches and our canal in order to realise the potential and promoting of Grantham”.

3.13. Some more detail on the BID proposals is set out in the prospectus. This has been circulated previously to all Members and is also available at <http://www.go-grantham.co.uk/bidproposal/>. As a five year plan, the prospectus is intended to be flexible and will change over time depending on the needs of the business community. Go Grantham intend to have active steering groups who will advise the Board about other projects that could be undertaken assuming the BID moves forward.

- 3.14. As part of the BID process the Council is required to undertake baseline service statements which set out current levels of service provision within the BID area for both statutory and non-statutory provision. These allow the BID Company to understand the level of services currently in place so that it can provide services and projects that are additional. These statements are not legally binding but do provide an outline of the commitment to the provision of services.
- 3.15. The Council will be the organisation responsible for collecting the BID levy and subsequently will incur costs to administer the collection. The Council will charge the BID to cover the costs of these activities.
- 3.16. In order that the BID company can begin delivering projects as soon as possible, assuming a successful vote, it is possible that a sum may need to be provided by the Council to Go Grantham Limited in advance of future payment of the Levy, on the basis that this sum will be taken from future collections of the levy. This will be the subject of a separate decision once the outcome of the ballot is known.
- 3.17. The Council as the relevant billing authority will need to enter into an Operating Agreement with the BID which sets out the arrangements for collection, and distribution of the funds collected. This will set out the timing of the distribution of funds after collection. The costs of undertaking the collection will be recharged to the BID. A draft Operating Agreement has been prepared and a final operating agreement will need to be determined should there be a successful vote. This will be the subject of a separate decision once the outcome of the ballot is known. The bid ballot is being administered by the Council. The applicable Regulations state that the BID proposer may be liable for the costs of the ballot if less than 20% of those businesses eligible to vote support the BID proposals.
- 3.18. If there is a successful outcome then a new board of directors will be appointed to Go Grantham Limited, with its memorandum and articles of association amended accordingly. The Council will be able to attend Board meetings as an observer and has the opportunity to nominate an appropriate person for election by eligible levy-payers to the Board.
- 3.19. The BID postal ballot is being held during the period from 2nd November to 30th November 2016. The poll will close at 5pm on Wednesday 30th November. The ballot is a secret ballot and Members are asked to cast their individual vote to determine how the Council, as a levy payer in the proposed BID, should vote. As a secret ballot, authority should be delegated to the Leader to cast the BID ballot vote on behalf of the Council. Whilst individual Members may debate how they intend to vote the vote of the Council as a whole must remain secret during the ballot process.

4. OTHER OPTIONS CONSIDERED

- 4.1 The options for the Council to consider are whether to vote 'for' or 'against' the proposal from Go Grantham to establish a Business Improvement District in Grantham. Like all eligible levy-payers, the Council needs to consider whether the benefits to itself and the local economy outweigh the additional costs that would entail through a successful outcome to the ballot.
- 4.2 These proposals are being promoted by Go Grantham Limited and will need to gain a majority of eligible levy-payer support to enable the scheme to be implemented. The Council's Economic Development Strategy approved by the Executive in July 2016 highlights the importance of creating Grantham as a leading sub-regional centre and the role that a BID can play in supporting this objective.
- 4.3 Whilst there is an additional cost to the Council of around £11,000 per annum, a successful BID will generate expenditure on programmes and projects to support businesses and the local economy generally in the order of £430,000 per annum across the lifetime of the BID. Whilst further discussions are to take place, the BID could also offer an opportunity for the Council to take advantage of through initiatives related to the commercialisation of its services.
- 4.4 Clearly the BID is for a defined area within and around Grantham. If successful through the ballot, it could however act as a positive pilot should businesses in other parts of the District wish to pursue a BID.

5. RESOURCE IMPLICATIONS

- 5.1 This report sets out the proposals to develop a Business Improvement District (BID) in Grantham and outlines the potential role and impact on the Council, if businesses identified as bid levy payers vote to proceed with a BID.
- 5.2. In the event that the ballot secures a decision to proceed, a non-profit BID company will oversee the delivery of the BID. The company will be fully resourced from the levy that it places on the BID area. The proposal indicates that the BID could generate in excess of £2.6million over the duration of the BID based on a levy of 1.5%.
- 5.3. Within the BID area the Council has a number of hereditaments and therefore it is a potential levy-payer itself. Based on the Go Grantham proposal, the BID Levy is estimated to cost the Council circa £11,000 per annum (based on its current hereditaments within the BID area) for the duration of the BID assuming a successful ballot.
- 5.4. The Council will have a key role in supporting the BID Company through the setting-up and management of a separate 'BID Revenue Account'. The Council will be responsible for billing, collecting and enforcement matters in

connection with the BID Levy. In order to support this function specialist software will need to be purchased, installed and tested ahead of the agreed billing date. It is important that sufficient time and the appropriate level of resources are set aside to complete these critical tasks.

- 5.5. Detailed discussions have taken place with the Council's software suppliers. This should enable a detailed project plan to be agreed to implement the software required. The cost to the Council of this will be £5,000 which is fully recoverable from Go Grantham Limited.
- 5.6. The Council and BID company's respective roles, responsibilities and obligations will be fully set-out in the Operating Agreement and associated schedules. A draft agreement has been prepared. It is understood that these arrangements are to be concluded on the basis that the Council will be fully reimbursed for all costs incurred in setting-up, operating and reporting on BID Levy matters.
- 5.7. The BID Regulations provide that all BID income and expenditure is accounted for through a separate 'BID Revenue Account'. This includes amounts which remain outstanding following enforcement action, details of which will be passed onto the BID Company to consider as part of debt management procedures. Therefore, the Council will not be responsible for any deficits arising within the BID Revenue Account.
- 5.8. Once approved the BID Levy will operate for 5 years after which a re-ballot is required to continue the BID Levy, otherwise the Operating Agreement will terminate.

6. RISK AND MITIGATION

- 6.1 Risk has been considered as part of this report and there are no specific high risks to the Council. The Council will be the ballot holder and is able to draw upon its expertise in elections alongside the experience of other authorities in holding BID ballots in order to minimise the risk to the Council. The financial risks to the Council prior to the outcome of the ballot are set out in the report and again liability on the Council has been minimised.

7. ISSUES ARISING FROM IMPACT ANALYSIS

- 7.1 The postal ballot may impact on persons with certain disabilities. Alternative formats of instructions can be provided on request and proxy voters can be appointed if required.

8. CRIME AND DISORDER IMPLICATIONS

- 8.1 The BID could provide an opportunity for the enhancement of existing community safety initiatives within Grantham.

9. COMMENTS OF FINANCIAL SERVICES

- 9.1 Based on current rateable values in respect of the properties occupied by the District Council, the estimated annual contribution is in the region of £11,000. The Council will be responsible for the billing, collection and maintenance of the BID area which will incur additional software, billing and recovery activity. It is anticipated that this additional work will be incorporated into existing resources but the Council will seek a contribution towards the costs incurred. The Council will be required to undertake the procuring of the billing software and its configuration prior to the BID ballot outcome and has secured the underwriting of these costs by the BID Company.

10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

- 10.1 The proposed ballot will be held in accordance with the Business Improvement Districts (England) Regulations 2004. The regulations determine that the ballot will be a postal ballot and that each person entitled to vote shall have one vote in respect of each business property occupied or owned in the BID ballot area and as determined in the BID prospectus. The person who signs the ballot paper must sign to confirm that they are entitled to vote on behalf of the body which they represent. There is a requirement for secrecy in the BID ballot process.

11. COMMENTS OF OTHER RELEVANT SERVICES

- 11.1 Baseline statements for relevant services have been provided to the BID promoter to ensure any service provided by a successful BID is additional to current provision. These can be made available to Members if so required.