

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	THE LEADER JOINTLY WITH THE STRATEGIC DIRECTOR OF PLACE
Report of:	Assistant Director Regeneration
Date of Decision:	28 June 2016
SUBJECT:	RETAIL BIRMINGHAM BUSINESS IMPROVEMENT DISTRICT: RENEWAL
Key Decision: Yes / No	Relevant Forward Plan Ref: N/A
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member:	Councillor John Clancy, The Leader
Relevant O&S Chairman:	Councillor Mohammed Aikhlaq, Corporate Resources & Governance
Wards affected:	Ladywood

1. Purpose of report:
1.1 To obtain support for the renewal of the Retail Birmingham Business Improvement District (Retail BID) for a further five year term, commencing 1 st April 2017.
1.2 To set out and seek agreement and support to the relevant implications for the City Council.

2. Decision(s) recommended:
That the Leader , jointly with the Strategic Director of Place;
2.1 Supports the outline draft proposals for the Retail Birmingham Business Improvement District (Retail BID) ballot for its third term (BID3).
2.2 Approves the detailed provisions relating to finance and services contained in paragraph 4.2 and Appendix 1 (principally subject to a successful BID ballot) specifically;
<ul style="list-style-type: none"> a) one-off ballot cost estimated at £ 2,806 to be funded from Policy Contingency b) one-off cost for cleansing of data estimated at £1,500 to be funded from Policy Contingency c) a total estimated annual cost of £8,027 for five years in relation to the cost of the levy on four City Council interests across the BID area to be funded by the relevant Directorate d) one-off set up costs estimated at £18,680 to be funded from Policy Contingency e) BID levy collection costs estimated at £17,768 per annum for five years funded from Policy Contingency.
2.3 Authorises the City Council to enter into an Operating Agreement and Service Level Agreement with the BID proposer; Retail Birmingham Limited.
2.4 Authorises the Chief Executive or his designated Officer to vote 'yes' in relation to the City Council's total of four votes in relation to the BID ballot specified.
2.5 Authorises the City Solicitor to negotiate, execute and complete all relevant documents to give effect to the above recommendations in relation to the BID.

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3. Consultation

3.1 Internal

Consultation on the content and implications of this report has taken place with the Leader, Deputy Leader, the Chief Executive, the Strategic Director for Finance and Legal and the City Solicitor. All have confirmed their support for this report proceeding towards an executive decision. The relevant budget holders for Council properties in the BID area have been advised. The local ward members have been informed and support the proposal to proceed to a third term.

3.2 External

The current BID terms ends on 31st March 2017, and building on the success of its first and second terms, Retail Birmingham Limited, as the BID proposer has undertaken extensive consultation with businesses and stakeholders to demonstrate support for a third term. Business engagement will continue up to and through the ballot period which will run from 19th September 2016 to 27th October 2016.

4. Compliance Issues

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

The establishment of BIDs is consistent with the Council Business Plan and Budget 2016+, in particular, Outcome One: a strong economy. The work of the BID currently and its proposals for the second term align with the Council's priorities particularly the clean, green and safe agenda.

4.2 Financial Implications

(Will decisions be carried out within existing finances and resources?)

An analysis of the financial implications for the City Council (principally subject to a successful BID ballot) is set out in Appendix 1. The key points are:-

- (i) The City Council as the ballot holder is required to fund the cost of the ballot – this is estimated at £2,806 and funded by Policy Contingency.
- (ii) The Council is required to provide data to the BID for its preparatory work, cleansing of the data is estimated to cost £1,500 funded by Policy Contingency.
- (iii) The collection of the BID levy will be undertaken by Service Birmingham through its contract with the City Council. The set up costs of the database for BID3 are estimated to be £18,680 in 2016/17 funded through Policy Contingency.
- (iv) The total annual cost of the BID levy collection is currently estimated at £17,768, also to be funded from Policy Contingency.
- (v) The BID Proposal, if approved, requires that all relevant businesses must pay a BID levy. In total there are four City Council owned/occupied premises in the BID area and these will also be subject to the appropriate BID levy. Based on the outline proposal the estimated cost per annum would be £8,027 for five years to be funded through relevant Directorates.
- (vi) Funding for subsequent BID terms will be subject to the prevailing policy in place on the administration and collection costs of the BID levy.

4.3 Legal Implications

- (i) All BIDs must be established in accordance with the provisions contained within the Local Government Act 2003 and the Business Improvement District (England) Regulations 2004.
- (ii) In accordance with the BID Regulations, the 'Notification of Intention to Submit a BID Proposal for Balloting Purposes' must be submitted in a timely fashion to the Secretary of State for the Department of Communities and Local Government. This has been served by Retail Birmingham Limited and the City Council duly notified.
- (iii) Businesses within the BID area are being extensively consulted on the BID3 proposals.
- (iv) Retail Birmingham Limited will formally request the City Council to hold the BID ballot in June 2016 and this will be accompanied by a substantial draft of the BID3 Proposal document.
- (v) As with all BIDs in Birmingham to date, the BID ballot will be conducted by an Independent Scrutineer, Electoral Reform Services on behalf of the City Council.

- (vi) The City Council has four property interests in the area, which equates to four votes in the forthcoming BID ballot. The Chief Executive or his designated Officer is to be authorised to vote 'yes', in support of the BID's third term.
- (vii) An approved third term will be implemented by the existing Retail Birmingham Limited, an independent and private sector led not for profit company. The BID will continue to have a Board of Directors, comprising representatives from the area's business community, together with stakeholders including a local ward member and Co-optees from the City Council.
- (viii) The City Council will enter into an Operating Agreement and Service Level Agreement with Retail Birmingham Limited.
- (ix) The decision on whether BIDs are established or renewed rests with the businesses eligible to vote in a BID ballot. As a key partner, the City Council will work towards a positive outcome in any BID ballot and the process.

4.4 Public Sector Equality Duty (see separate guidance note)

BIDs are intended to support all businesses within their boundaries and provide improvements that benefit local business and the wider community using the centre. An equality analysis has been undertaken and no adverse implications have been identified from the actions recommended in this report. The analysis (ref EA001250) can be found in Appendix 2.

5. **Relevant background/chronology of key events:**

- 5.1 A BID is a precisely defined area within which the local business community work together to collectively invest in projects and services to improve the business environment. They provide a vehicle for developing the partnership between business ratepayers and the local authority as well as assisting businesses to play a more central role in managing and maintaining their local environment. Further information on the basic principles of a BID and the existing BIDs in Birmingham can be found in Appendix 3.
- 5.2 BIDs represent a very significant advance in the management of a centre bringing benefits from focussed and committed public / private sector partnerships. They have the potential to make a major contribution by targeting additional and more long-term resources on the management of specific areas and assisting businesses to play a more central role in identifying local needs and managing and maintaining their local environment.
- 5.3 The City Council pioneered the introduction of BIDs in Birmingham, using the initiative as an innovative, business-led approach to improving the management and marketing of the city centre and its local centres. The City Council played a leading role in the National BIDs Pilot and, in 2005; the Broad Street BID became Birmingham's first BID as well as being one of the first ten BIDs in the UK.
- 5.4 Birmingham currently has 11 BIDs with a number having entered second terms. The BIDs in total have raised in excess of £20 million of additional private sector funding that has been invested in enhancing their localities and so improving the environment for businesses, visitors and local communities using the centres. In 2016, the BIDs for Sutton Coldfield, Erdington, Northfield and Acocks Green will also be balloting for their renewals.
- 5.5 The Retail BID's second term, which commenced on 1st April 2012, worked with an overall budget of around £2.8m funding a variety of additional projects and services, including high profile events and campaigns to drive footfall, street scene improvements, business support and representing its members at a local, regional and national level. The BID was instrumental in supporting the business community during the development periods for Grand Central and Midland Metro Extension.

- 5.6 The BID's second term ends on 31st March 2017, and ahead of this, the BID is seeking to proceed to ballot for a third term. Through the development work for BID3, a business plan is being developed. This follows on from the current activities with the vision to make the area cleaner, safer and more welcoming for visitors and to ensure that businesses are given every opportunity to succeed, trade and grow through representation, support and investment. The outline proposal for BID3 is detailed in Appendix 4. The third BID term is expected to bring in an additional £2.1m of private sector investment over its five years.
- 5.7 To date, the City Council has supported all Birmingham BIDs through the funding of the levy collection costs, enabling all of the income raised by the BIDs to be invested on additional projects and services to benefit their localities. Given the severity of the City Council's forward financial position this is under a review for BIDs going to ballot in 2017 onwards.

6. Evaluation of alternative option(s):

- 6.1 There is currently no alternative option available to the BID model that provides continued guaranteed longer term investment for specific activities in specific areas funded and prioritised by eligible businesses. The BID model is therefore seen as the preferred way to provide additional and more sustainable resources for the management of specific areas, which is why local partnerships have been encouraged to explore the viability of BIDs and likely level of support from businesses.

7. Reasons for Decision(s):

- 7.1 To obtain support for the Retail BID for a third five year term.
- 7.2 To obtain agreement to the relevant implications for the City Council.

Signatures

Date

The Leader

Councillor John Clancy:

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Strategic Director of Place

Jacqui Kennedy:

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List of Background Documents used to compile this Report:

1. Business Improvement Districts in Birmingham – Report to Cabinet 25th July 2011
2. Submission of the emerging BID proposals by Retail Birmingham Limited.

List of Appendices accompanying this Report:

1. Financial implications for the City Council
2. Equality Analysis reference EA001250
3. The Principles of a BID, BIDs in England, Scotland and Wales and existing Birmingham BIDs
4. Retail BID – Outline of the BID3 Proposal and boundary map

APPENDIX 1

Financial Implications for the City Council

1. Ballot Costs

- 1.1 In accordance with the BID Regulations, the City Council is liable for the cost of holding the ballot, except where the number of persons voting in the ballot is less than 20% of the number of persons entitled to vote and the proposals were not approved.
- 1.2 The cost of the renewal ballot for the Retail BID is estimated at £2,806 to be funded from Policy Contingency.

2. Levy Collection Costs

- 2.1 The City Council is responsible for collecting the BID levy, and paying over any sums not spent on BID related activities to the BID company.
- 2.2 The set up costs, both for renewals and new BIDs relate to the IT costs involved in setting up and testing the new databases needed for each BID. These costs vary depending on the amount of work required to set each one up. Costs for the Retail BID are estimated at £18,680. In addition, there is a one-off cost for the cleansing of data at a cost of £1,500.
- 2.3 For the running costs there is an annual charge of £17.90 for the 420 hereditaments in the BID area plus an annual IT and a charge for recovery work of £10,250 giving a total estimated annual cost of £17,768.
- 2.4. The City Council can recharge all such costs to BIDs, however no charge is currently made to any of Birmingham's existing BIDs for levy collection (set up and running costs), with all such costs currently being funded from Policy Contingency. However as a result of the financial constraints that the City Council is facing, a new model for levy collection is to be proposed and an initial consultation on this has taken place, to be effective for BIDs going to ballot from 2017 onwards.
- 2.5 The preparation of a new model recognises that BIDs preparing for ballot in 2016 required clarity and certainty at the start of their preparation in 2015. Therefore the consultation on recharging was explicit that the support that has been provided to the existing BIDs is extended to the Retail BID renewal ballot, with the set up costs of £18,680 and the estimated annual running costs of £17,768 being funded from Policy Contingency.

3. BID levies payable by Birmingham City Council

- 3.1 The BID Proposal, if approved in the relevant BID ballot, requires that all eligible businesses must pay a BID levy.
- 3.2 City Council owned / occupied premises in the BID area will also be subject to the BID levy.
- 3.3 The table on page 7 shows the current known impact of the BID levy for the Retail BID area.

City Council property interests in the Retail BID area

Property/Address	Directorate	Levy pa £
Brunel Street Car Park	Economy	2,725.00
Navigation Street Car Park	Economy	342.00
Open Market, Edgbaston St	Place	2,160.00
St Martin's Market, Edgbaston St	Place	2,800.00
Total annual liability for BCC		£8,027.00

- 3.4 The number of property interests in a BID area equates to the number of votes available in a BID ballot. The number of City Council interests/votes in the forthcoming ballot will be four.

4. BID Revenue Account

- 4.1 The City Council is required to maintain a BID Revenue Account for each BID, for all financial transactions in relation to the BID levy.
- 4.2 Payments to the BID are proposed as with existing BIDs i.e. two advance payments and a balancing payment in each year. BID operating bodies are advised to consider possible loss on collection and bad debt when conducting their business planning exercises.
- 4.3 These arrangements will be formalised in an Operating Agreement between the City Council and the operating body for the new BID.

5. Baselined City Council Services

- 5.1 In accordance with the BID Regulations, a statement of the existing baseline services (if any) provided by public authorities must be included in the BID Proposal. This helps businesses understand what they are paying for with their BID levies. For the Retail BID these include:-

- Waste management services
- Highway services, in conjunction with Amey - street maintenance, lighting,

The Retail BID will reference these in its consultation with the BID levy payers and in the BID Proposal. However given the financial challenges being faced by the City Council it will be made explicit that city wide services may be reduced or changed and if so this would also apply in a BID area. In such an instance the BID may choose to fund these services.

- 5.2 This relevant baseline information will be brought together under Service Level Agreements between the operating body for the BID and the City Council.
- 5.3 The services of other public bodies e.g. West Midlands Police will also be baselined and it is likely that the caveat on budget reductions will apply here also. This is an agreement directly between the BID and the Police.

6. Summary of Proposed Financial Support

- 6.1 The table below summarises the proposed City Council financial support for the Retail BID over the five year term 2017 – 22.

Support	Unit Cost	Over Five Years
Ballot costs	£ 2,806	£ 2,806
Levy collection set up costs – one off	£18,680	£18,680
Levies due on City Council premises	£8,027	£40,135
Annual collection costs	£17,768	£ 88,840
Businesses Database (cleansing of data)	£1,500	£1,500
ESTIMATE OF TOTAL SUPPORT	£ 48,781	£ 151,961

Note the calculation of the collection cost is based on £17.90 per hereditament represents a reduction negotiated by Revenues with Service Birmingham in 2015.

APPENDIX 2

Please see attached Equality Analysis.

APPENDIX 3

1. The Principles of a BID

- 1.1 Business representatives in an area develop a BID Proposal including objectives and targets for the BID, the finance to be raised and how it will be invested. The intention is that businesses should have a greater input into improvements where they are prepared to pay for them. This last point is crucial, as core funding for the BID is derived from a statutory payment, known as the BID levy, made by eligible non-domestic ratepayers in the BID area.
- 1.2 BID arrangements cannot come into force unless they are approved by a ballot of non-domestic ratepayers in the proposed BID who are to be liable for the proposed BID levy. Approval requires a majority 'yes' vote in both number of votes cast and rateable value of votes cast. This 'dual-key' mechanism means that a scheme cannot be forced through by larger businesses against the wishes of the smaller businesses, or vice versa.
- 1.3 A legal requirement is that BID arrangements will have a maximum term of five years and will then be subject to a renewal ballot. This aims to protect levy payers from an indefinite commitment but also provides a powerful incentive for BID management to deliver best value.

2. Business Improvement Districts in England, Scotland and Wales

- 2.1 There are now over 225 BIDs operating in towns and cities across the UK and Republic of Ireland.
- 2.2 Locally, formal BIDs include Wolverhampton, Coventry, Leamington Spa, Derby, Stratford-upon-Avon, Nottingham and Solihull. Other major cities which have developed a BID include Liverpool, Manchester, Edinburgh and various London boroughs.

3. Business Improvement Districts in Birmingham

- 3.1 Birmingham currently has eleven BIDs – five in the city centre and six in local centres. Westside (followed on from the Broad Street BID) Colmore Business District, Retail Birmingham, Jewellery Quarter, Southside, Acocks Green, Erdington, Kings Heath, Northfield, Soho Road and Sutton Coldfield.
- 3.2 Birmingham's BIDs have raised in excess of £20 million of additional private sector investment (two terms for Broad Street, Colmore Business District, Erdington, Retail Birmingham, Southside and Kings Heath) and the City Council continues to work in partnership with existing BIDs and developing new ones.

APPENDIX 4

The emerging Retail BID plans for their third term from 2017 - 2022 include;-

The Basics - ensuring the city centre is safe, attractive, accessible.

Community Building - Member communications and visits, enhancing local skill training and building on Smile! Birmingham's work.

Building the Birmingham Experience - building destination appeal and increasing linked trips through more leisure, evening economy, cultural opportunities and the creation and support for City Centre events, to complement the shopping environment.

Promoting Birmingham city centre - through all media channels and activity, including digital, print and airtime, increasing Birmingham's online 'discoverability' on a local, national and global scale.