

<b>Report to:</b>	<b>LEADER AND ACTING STRATEGIC DIRECTOR OF PLACE</b>
<b>Report of:</b>	<b>Acting Director of Regulation and Enforcement</b>
<b>Date of Decision:</b>	<b>19 October 2016</b>
<b>SUBJECT:</b>	<b>ERDINGTON BUSINESS IMPROVEMENT DISTRICT RENEWAL BALLOT - 2017 TO 2022</b>
<b>Key Decision: <del>Yes</del> No</b>	<b>Relevant Forward Plan Ref: N/A</b>
<b>If not in the Forward Plan: (please "X" box)</b>	<b>Chief Executive approved X O&amp;S Chairman approved X</b>
<b>Relevant Cabinet Member:</b>	<b>Councillor John Clancy, Leader</b>
<b>Relevant O&amp;S Chairman:</b>	<b>Councillor Mohammed Aikhlaq, Chair of Corporate Resources and Governance O&amp;S Committee</b>
<b>Wards affected:</b>	<b>Erdington</b>

<b>1. Purpose of report:</b>
1.1 To obtain support for the renewal of the Erdington Business Improvement District (BID) for a further five year term, commencing 1 <sup>st</sup> July 2017.
1.2 To set out and seek agreement and support to the relevant implications for the City Council.

<b>2. Decision(s) recommended:</b>
<p>That the Leader, jointly with the Acting Strategic Director of Place:</p> <p>2.1 Supports the outline draft proposals for the Erdington Business Improvement District (BID) ballot for its third term (BID3).</p> <p>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:</p> <p>One-off ballot cost (£1,500) and IT set up charges (£20,180) estimated total at £21,680 to be funded from Policy Contingency</p> <p>Levy payments on six City Council interests, detailed in paragraph 3.1, estimated at £8,000 per annum for five years (£40,000 total) to be funded by the relevant Directorates</p> <p>BID levy collection costs for Service Birmingham estimated at £15,450 per annum for five years (£77,250 total) funded from Policy Contingency.</p> <p>2.3 Authorises the City Council to enter into an Operating Agreement, Service Level Agreements, Memorandum of Understanding and Data Sharing Agreements with the Erdington BID Company Limited.</p> <p>2.4 Authorises the Chief Executive or his designated Officer to vote 'yes' in relation to the City Council's total of six votes in relation to the BID ballot specified.</p> <p>2.5 Authorises the Interim City Solicitor to negotiate, execute and complete all relevant documents to give effect to the above recommendations in relation to the BID.</p>

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### **3. Consultation**

#### **3.1 Internal**

Consultation on the content and implications of this report has taken place with the Deputy Leader, the Chief Executive, the Strategic Director for Finance and Legal and the Interim 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 has 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 term finishes 30<sup>th</sup> June 2017 and building on the success of this term, the Erdington BID Company Limited as the BID proposer has undertaken extensive consultation with businesses and stakeholders to demonstrate support for a third term. The development work for BID3 has been funded by the BID directly who have commissioned Central Management Solutions (CMS) for technical support and guidance to the BID through the re-ballot process. CMS are satisfied that the BID Manager and their team have conducted their preparation properly and that the business plan addresses the needs of businesses in the area. Business engagement will continue through the ballot period, this will commence 14<sup>th</sup> October 2016 and run until 10<sup>th</sup> November 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+ The work of the BID currently and its proposals for the third term align with the Council's priorities particularly Thriving Local Communities and A Strong Economy

#### **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) One-off ballot and IT Set Up costs estimated at £21,680 to be funded from Policy Contingency
- (ii) Levy payments on six City Council interests estimated at £8,000 per annum for five years (£40,000 total) to be funded by the relevant Directorates
- (iii) BID levy collection costs, estimated at £15,450 per annum for five years (£77,250 total) to be funded from Policy Contingency

#### **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 the Erdington BID Co Ltd and the City Council notified.
- (iii) A formal request to hold the BID ballot has been made by the Erdington BID Co Ltd to the City Council.

- (iv) Businesses within the BID area are being consulted on the draft BID3 Proposal. The final proposals will be submitted to the City Council.
- (v) As with all BIDs in Birmingham to date, the BID ballot will be conducted by an Independent Scrutiniser; Electoral Reform Services, on behalf of the City Council.
- (vi) The City Council has eleven properties in the Erdington BID area, however we only have liability for business rates payments in six property interests, equating to six 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) The approved Erdington BID3 will be implemented by the Erdington BID Co Ltd a BID Company, which will be independent, private sector led and not for profit. The BID will have a Board of Directors, comprising representatives from the area's business community, together with stakeholders including a local ward councillor.
- (viii) The City Council will enter into an Operating Agreement, Service Level Agreements, Memorandum of Understanding and Data Sharing Agreements with the Erdington BID Co Ltd.
- (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

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 EA001267) 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 or third 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 business, visitors and local communities using the centres.
- 5.5 In 2016 BIDs in Sutton Coldfield, Northfield and Acocks Green have already balloted successfully for further terms. Retail Birmingham is currently out to ballot for a 3<sup>rd</sup> term with the ballot ending the 27<sup>th</sup> October 2016.
- 5.6 In its first two terms, Erdington BID has delivered a variety of projects with over £820,000 being invested into the local centre. Projects have centred upon marketing, events, public safety and cleanliness of Erdington. Details are shown in Appendix 4.
- 5.7 The BID's second term will finish 30<sup>th</sup> June 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 has been developed which follows on from the current activities. The vision is to further enhance the local communities, welcome more 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.

## **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 private 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 Erdington BID for a third five year term
- 7.2 To obtain agreement to the relevant implications for the City Council

<u>Signatures</u>		<u>Date</u>
Leader	..... Cllr John Clancy	.....
Acting Strategic Director of Place	..... Jacqui Kennedy	.....

**List of Background Documents used to compile this Report:**

1. Business Improvement Districts in Birmingham – Report to Cabinet 25<sup>th</sup> July 2011
2. Submission of BID proposal by the Erdington BID Co Ltd

**List of Appendices accompanying this Report:**

1. Financial implications for the City Council
2. Equality Analysis reference EA001252
3. The Principles of a BID, BIDs in England, Scotland and Wales and existing Birmingham BIDs
4. Erdington BID – Outline of the BID 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 ballot for Erdington is estimated at £1,500 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 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. A sum for cleansing the present database is estimated at £1,500 together with testing and revised set up estimated at £18,680.
- 2.3 For the running costs there is an annual charge of £5,460 (being £17.90 per hereditament for 305 Hereditaments) together with an annual IT charge for recovery work of £9,991.
- 2.4. The City Council can recharge costs to BIDs, however no charge is currently made to any of Birmingham's existing BIDs for levy collection, set up or 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 will have to be considered. 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 support that has been provided to the existing BIDs is extended to the Erdington BID 3<sup>rd</sup> term, 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. City Council owned / occupied premises in the BID area will also be subject to the BID levy. The table below shows the BID levy costs for the council owned premises.

<b>Property/Address</b>	<b>Directorate</b>	<b>Levy pa £</b>	<b>Notes</b>
67, Sutton New Road	CAB	£5,688	RV £325,000
101 Sutton New Road	Place Adult Education	£1,111	RV £63,500
Erdington Pool	Place Strategic Sport	£569	RV £32,500
Machin Rd Car Park	Place Car Parks	£130	RV £7,400
Library	Place Libraries	£346	RV £19,750
Harrison Rd / Church Rd	Place Car Parks	£145	RV £8,200
Sutton New Rd Reservation	Place Car Parks	£0	Not in Rating at present
Erdington Skills Centre	Let	£0	No liability unless vacated
Six Ways House	Let	£0	No liability unless vacated
The Pheonix Centre	Let	£0	No liability unless vacated
St Barnabus Cemetery	Place Cemeteries	£0	Not in Rating
<b>Total annual liability for BCC</b>		<b>£7,985</b>	<b>Estimate for liability £8,000 per annum</b>

- 3.2 Whilst Birmingham City Council presently operates the swimming pool, it is envisaged that a new Leisure Centre will be constructed within the next five years and this levy may cease to be paid, by the City Council, at some point in the Erdington BID3 term. It is also expected that all presently let properties will remain let and therefore no levy liability will need to be attributed to the City Council. Finally, at present the Sutton New Road Central Reservation Car Parking, provided free of charge, does not warrant a rateable value assessment however this will provide a levy consequence should this situation change
- 3.3 The number of property interests where business rates are payable 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 six.

#### **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 or existing 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 Erdington these include:-

- Fleet and Waste Management Services
- Highway Services, in conjunction with Amey - street maintenance, lighting,

The Erdington 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 will be an agreement directly between the BID and other public bodies.

## 6. Summary of Proposed Financial Support

6.1 The tables below summarises the proposed City Council financial support for the Erdington BID over the 5 year 3<sup>rd</sup> term, 1<sup>st</sup> July 2017 – 30<sup>th</sup> June 2022.

Support	Unit Cost	Over Five Years
<b>One-off Costs</b>		
Ballot costs	£1,500	£1,500
Businesses Database (cleansing of data)	£1,500	£1,500
Levy collection set up costs	£18,680	£18,680
<b>Annual Costs</b>		
Levies due on City Council premises	£8,000	£40,000
Levy collection costs annual charge	£9,990	£49,950
Levy collection costs per hereditament	£5,460	£27,300

	2016	2017	2018	2019	2020	2021
Ballot	£1,500					
Database	£1,500					
Set up	£18,680					
Levy payments		£8,000	£8,000	£8,000	£8,000	£8,000
SB IT charge		£9,991	£9,991	£9,991	£9,991	£9,991
SB collections		£5,460	£5,460	£5,460	£5,460	£5,460
Total	£21,680	£23,451	£23,451	£23,451	£23,451	£23,451
Cumulative Total	£21,680	£45,131	£68,582	£92,033	£115,484	£138,935

## 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 11 BIDs – 5 in the city centre (Colmore Business District, Jewellery Quarter, Retail Birmingham, Southside, Westside) and 6 in local centres (Acocks Green, Erdington, Kings Heath, Northfield, Soho Road, Sutton Coldfield).
- 3.2 Birmingham's BIDs have raised in excess of £20 million of additional private sector investment.

## **APPENDIX 4**

### **Erdington BID – Outline of Proposal**

This has been prepared by Erdington Town Centre Partnership as the BID proposer

#### **Background**

The Erdington Business Improvement District is a defined geographical area incorporating the town centre shopping sector and within the Erdington, Birmingham constituency.

In accordance with the Local Government Act, Business Improvement Districts (England) Regulations, 2004), businesses voted in 2007 to invest collectively in local improvements to promote their trading environment.

Following a successful first BID a second ballot was held in 2012 and businesses voted once again for the Erdington BID to continue.

Erdington was one of the first local centres in the country to opt for BID status, and set a template for town centres with emphasis on collective marketing and events, additional street cleaning and security, plus a united lobbying voice and representation to the statutory bodies.

The Erdington BID was funded from a BID levy charge of 1.5% of rateable value during BID 1 and 1.75% during BID 2. (Because of changes to the rating system during 2010, it actually meant that the BID levy was unchanged over the 2007-2017 period.

No inflationary charge has to date been applied to the BID levy.

The BID area comprises of approximately 305 businesses.

#### **BID 1<sup>st</sup> Term 2007-2012**

The first BID was very successful in bringing the businesses together and creating a 'community' where levy payers could see and measure improvements from the BID, from what was back then a new concept.

This initiative created the basis for the second successful BID in 2012. The original BID was focused on a remit of making the BID area 'Cleaner, Safer, Greener, and successfully crystallised levy payers aspirations of a united and successful business environment.

The first Erdington BID created an investment of over £500,000 with more than £170,000 also being gained through grants and added income.

#### **BID 2<sup>nd</sup> Term 2012 - 2017**

BID levy payers voted by a 70% majority to continue the work of BID1 with an ambitious remit to improve the business environment even further. So far in the second period (to March 2015) an additional £150,000+ has been added to the 5 year total of the full term BID amount of £500,000, thus demonstrating the pulling power of BIDs.

The main areas of activity focussed on the following areas:

- 1) **Marketing** – A BID magazine for Erdington (called 'Erdington') was created in 2009 with a view to promoting the BID area to shoppers and visitors, in order to extol the wide range of shops. The magazine is produced 9 times a year and circulation is 10,000, hand delivered to houses and businesses in the area. Since Erdington does not have its own newspaper, the magazine has developed into an important media source for the area, whilst promoting the 'shop local' ethos. The magazine is supported by an active website and 'busy' social media outlet.
- 2) **Events** – The BID was instrumental in bringing back a carnival day to Erdington – the Erdington Village Fete. The fete encompasses the whole BID area and with live music at its centre, recognising the musical heritage of the area. The BID funded a blue plaque in 2013 for a former iconic music venue in the High Street.

- 3) **Security** – The BID has created a crime prevention partnership with local police by employing a highly experienced town warden to tackle retail crime and anti-social behaviour. The BID also manages the 40 radios operating in the area to this end.
- 4) **Greening** – The BID has instigated a number of projects in the area to reclaim green areas and enhance the view for shoppers. Working with the City Council the BID was instrumental in the removal of a vandalised fountain, replaced by tasteful paving to create a seating and performance area. The BID funded the installation of benches and planters for the full length of the High Street.
- 5) **Cleaning** – The BID supports council street cleaners with additional resources and funded 30 new (BID monogrammed) bins to replace 22 damaged bins in 2014.
- 6) **Street enhancement** – The BID funds Christmas lighting and hanging baskets
- 7) **Management** – The BID provides town centre management.

### The next BID Summary of actions proposed for 2017 - 2022

The current BID will end on June 30 2017, with voting taking place by levy payers between 14<sup>th</sup> October and 10<sup>th</sup> November 2016.

It is being proposed that the BID levy will remain at 1.75%. However minor boundary changes and the ability to raise external funding will enable a budget of £118,000 per annum for investment in Erdington Town Centre.

<b>BID Elements - Expenditure</b>	<b>Itemised Programme</b>	<b>Budget</b>
Marketing and Promotions	'Erdington' magazine Web site and social media Erdington Village Fete Seasonal events Christmas lights	£35,000
Greening	Hanging baskets Ground level planting Town Centre Improvements	£20,000
Security	5-day warden provision Radio link	£20,000
BID Management & admin	BID Manager Office and admin overheads	£38,000
Contingency		£ 5,000
<b>Total</b>		<b>£118,000</b>
<b>BID Income</b>		
BID Levy		£104,000
New leisure centre (estimated)		£ 4,000
Expected Funding		£ 10,000
<b>Total</b>		<b>£118,000</b>
Reserves (carried forward)		£11,000

### **The future vision for the Erdington BID**

It is fair to say that the High Street area for Erdington was in slow decline before 2007. It is fair to say also that the BID has halted that decline and helped to maintain what is a very vibrant and busy shopping area. With a good mix of small independent businesses and 'nationals', plus a reputation as a 'bargain' centre, Erdington is not short of shoppers.

However, the town does not have a 'big four' supermarket, or a budget version, which alongside the 6 or 7 out-of-town shopping centres all within 5 minutes' drive from the BID area, means there are challenges a-plenty.

For the third BID, the vision is to help move the area forward by encouraging inward investment. The BID management has already started this process by producing its own promotional brochure, being circulated to all major retailers in the UK.

The BID has already been instrumental in bringing together property owners, architects and investors with ideas for development. There are a number of retail sites in the BID area, which are of a 1960's vintage and as such outliving their use, and the BID management is working with these parties with a view to modernisation and renewal.

This process will continue into the third period.

The initiatives created during the BID 2 will also flow into 2017-2022

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**Partnership  
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