

Executive

30th July 2015

Report of the Director of Communities and Neighbourhoods

Portfolio of the Executive Member Economic Development and
Community Engagement

Business Improvement District for York City Centre

Summary

1. A Business Improvement District (BID) is a City-wide partnership initiative led primarily by local businesses, with the Council as the accountable body. What follows outlines requirements for essential ballot arrangements.
2. This paper seeks agreement from the Executive for a ballot to take place in November 2015 to allow local businesses to decide whether they would like to form a Business Improvement District for York City Centre.
3. This is the preferred date for the City Team York Executive (CTYE), the lead organisation for this initiative in York. If a ballot cannot be undertaken in November, it will need to be delayed until at least February 2016 so that the Christmas period, a busy time for most City Centre traders, is avoided for this poll. City Team York is keen to avoid any further delay of the Business Improvement District ballot.
4. The Business Improvement District will raise over £800,000 to be invested in the City Centre. Decisions on allocation of this investment will be taken by the business-led BID Board and will focus on areas such as improving the cleanliness of the City Centre, tackling anti-social behaviour and providing business and procurement support for City Centre businesses.
5. As it currently stands, the ongoing financial implications of the Business Improvement District are that the City of York Council annual contribution to the Business Improvement District will be £30,000 a year, beginning in the 2016/17 financial year. This cost will rise or fall in line with the overall rateable value of our property portfolio within the BID area. This will need to be addressed in the next full budget.

6. There are implications surrounding the ongoing cost of collection of the BID, but it is expected that the Business Improvement District will reimburse the administrative cost of collection. Further details are contained at the 'Financial' section of this report.

Recommendations

7. This report recommends the Executive take a number of decisions to ensure that a ballot for a Business Improvement District can take place in November 2015.

Executive is requested to:

- Support the City Centre BID and approve the draft Business Plan put forward by the City Team York Executive
- Confirm that the Executive is satisfied that the York BID proposals are not in conflict with any existing Council Policy, and that the proposed BID boundary has not been manipulated inappropriately
- Approve the Baseline Service Agreement which provides a legal commitment to maintain provision of relevant services in the BID area
- Approve the arrangements for the Council to operate the ballot and act as the collection agent for the levy
- Note the stages and timescales required to implement the decision as outlined in these recommendations.

Reason:

To support the continuing development of a Business Improvement District in York, and subsequent progression to ballot stage.

- Members are asked to agree to the release of £14k from contingency to fund the additional work outlined in the report.

Reason:

To provide a budget for necessary expenditure.

Background

8. A BID is a business-led partnership that enables coordinated investment in the management and marketing of a commercial area, and is a defined geographical area.

9. Governed by legislation to ensure fairness and transparency, a BID is created for a five year period following a successful ballot of local businesses.
10. During the term of the BID, all businesses defined within the BID Business Plan geography will be required to pay the mandatory levy, irrespective of whether they cast a vote in the ballot or not.
11. For a BID to be approved the vote needs to deliver a majority in favour, both in terms of the number of businesses, and the rateable value of the business premises.
12. BIDs have been successfully implemented in over 200 towns and cities in the UK, and also in the United States, Canada and Germany. Of the BID Ballots held in the UK, 85% have so far voted in favour of a BID.
13. Each BID proposal is different depending upon local needs and priorities, but usually undertakes a range of activities to enhance the role of their area as a business location, and as a retail and visitor destination.
14. For a BID to be successful it must be driven by businesses and other occupiers, such as universities, hospitals, cultural organisations, in partnership with the public sector.
15. The BID is steered by a private sector board. Typically, a BID company is formed by the private sector, working in partnership and sharing resources with the Local Authority.
16. For York, this work is being led by the City Team York Executive. CTYE is the executive committee of City Team York, a private-public partnership with a remit for developing a collaborative approach to achieving economic prosperity in the City Centre.
17. CTYE is proposing to set up a Business Improvement District with the aim of creating services and initiatives that will improve the economic vitality and environment in York City Centre, and raise the quality of experience for visitors, businesses and customers.

Input required from the Council

18. The Business Improvement District is being designed and led by City Centre businesses. While overall project management is being taken forward by the BID Project Manager and Make it York, there are a number of actions required from the Council to help support the development of the Business Improvement District.

19. The main purpose of this paper is to give authority for the Business Improvement District to go to a ballot in November 2015, and to approve the draft Business Plan for the BID. This report will give the authority for all necessary decisions for the forthcoming Operating Agreement between the Council and the BID including:
- a. baseline services that the Council will continue to provide. These should be linked to what the BID is trying to achieve, so at present is limited to street cleansing, evening economy, business growth and anti social behaviour
 - b. the framework on how the Council will collect and administer the BID levy.

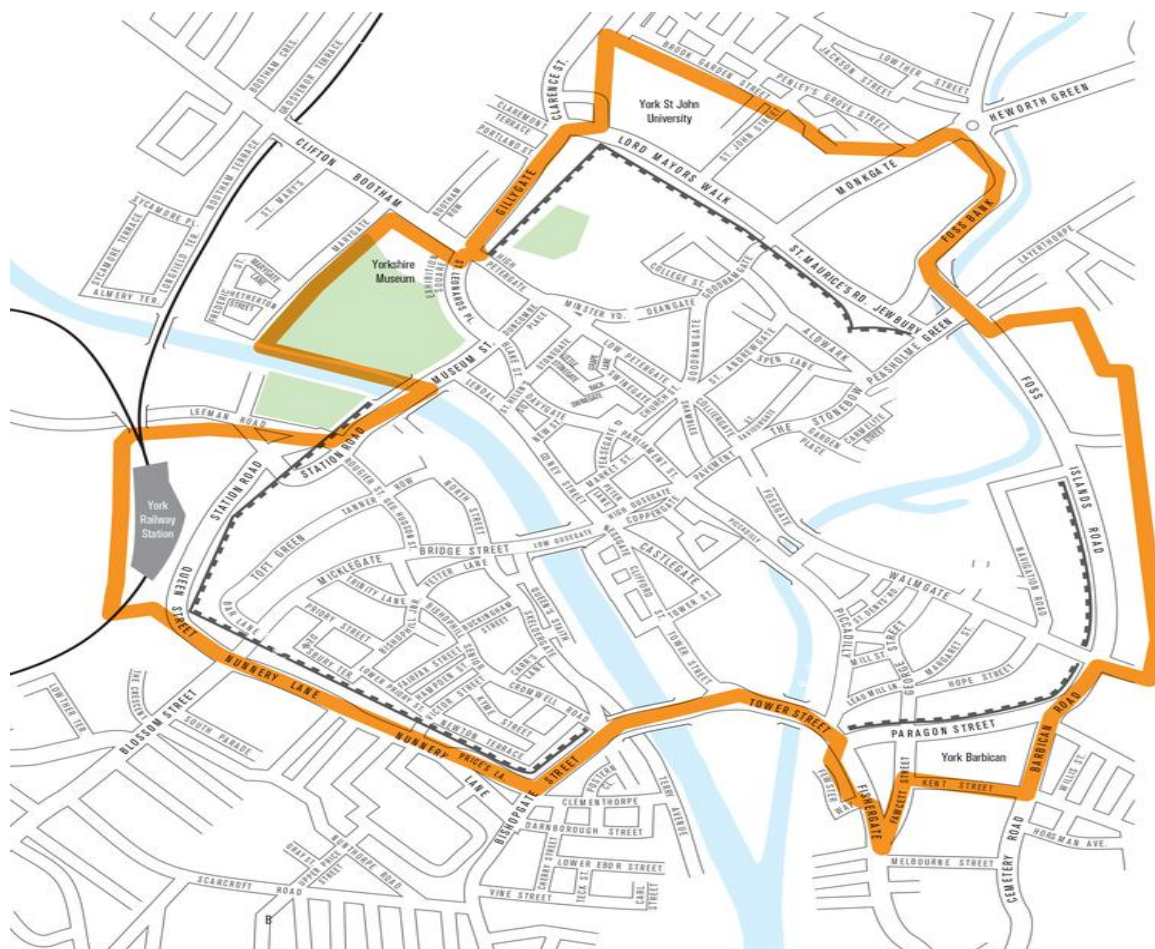
Benefits of the BID for York

20. There are many potential benefits of the BID to York's City Centre. This BID would:
- create a single source of funding of over £800,000 to be spent in the area
 - provide a Business Plan that outlines a focus on expenditure to address anti social behaviour, improving the area and providing business support to city centre businesses
 - improve the resilience of the City Centre to changes in the retail market and;
 - provide a City Centre that increases resident wellbeing and presents an improved business offer.

Progress to date

21. The business-led City Team York Executive has proposed the boundary for the York City Centre BID. This will include all businesses, shown on the map below in Figure 1, that:
- are generally within the City walls (but also include the large retailers on Foss Islands Road)
 - have a rateable value of over £12,500.

Figure 1. Proposed Boundary of York BID



22. This encompasses just under 1,150 businesses in the Guildhall, Micklegate and Fishergate Wards. Consent is required from a majority of all them, both in terms of rateable value and numbers of voters.
23. A Feasibility Study has been carried out by the York BID team and appears in this document as Annex 1.
24. The Council has already provided £35,000 to fund a BID Manager, including £25,000 from a recent EIF grant. So far the BID team have been working with some City Centre businesses to develop a prospectus. Following a consultation on this prospectus, the City Team found that the main issues for City Centre businesses were:
 - Anti social behaviour and addressing issues with the early evening economy
 - The need to represent City businesses on policy decisions (and on Parking in particular)
 - The public realm, including a gold standard cleaning service

Draft Business Plan

25. In light of this feedback, the City Team have now produced a draft Business Plan for consultation, in which it is proposed that the BID funds will be used to develop an enhanced City Centre offer, including:
- additional festivals and city centre events
 - developing the early evening economy
 - improved 'gold standard' street cleansing, and
 - measures to reduce the level of anti-social behaviour in the City Centre.
26. This draft Business Plan also includes arrangements on the Governance of the BID. It is proposed that a Member be nominated by the Executive to represent the City of York Council on the Business Improvement District Board.
27. The draft Business Plan is included in Annex 2, and Executive are asked to consider its approval.

Exemption of Small Businesses

28. York originally set the lowest BID threshold amount of £7,500, with small businesses with a rateable value of less than that sum within the BID geography exempt from paying a levy. To put this into context, the Leeds BID threshold is £60,000.
29. There was some concern expressed by some of the smaller businesses at the lower end of the threshold about the proposals for the Business Improvement District, so subsequent discussions have seen that amount raised to a threshold of £12,500. This means a possible 1,142 businesses with a potential annual income of £863k less running costs.
30. Businesses below the threshold will still benefit from investment in the BID. For example, the BID team are looking at potential advantages for small businesses, such as the bulk buying of waste services.
31. We are also encouraging the City Team Executive to consider:
- Creating a non-voting role on the BID board to represent businesses with a rateable value below £12,500
 - Creating BID champions for individual high streets within the BID area (e.g. Goodramgate, Micklegate and Fossgate)

Timescales to create the BID

32. Work to create a BID is governed by legislation. The table below summarises the next steps from a Council perspective.

Date	CYC
August	Issue notice for ballot (required 42 - 90 days ahead of actual ballot)
November 2015	Ballot
December	Results from BID ballot are published
December 2015 – February 2016	If a 'yes' vote: Ensure processes are in place for administration and collection of the Business Improvement District
February 2016	If a 'yes' vote: Issue BID levy bills to in scope rate payers
April 2016	If a 'yes' vote: Target date for BID to go live

Baseline Agreements

33. The proposed programme of services to be included in the BID should be clearly in addition to those provided by the local authority, complementing work already ongoing, and not used to replace existing public sector services.
34. The Baseline Agreement, developed with heads of service, includes the minimum service provided, as well as details of employees and equipment required. These services are a combination of statutory and discretionary.
35. The document is legally binding for four years, and during that time the Council will be required to continue to provide these services.
36. This can be used to reassure the minimum service delivery to be maintained by the authority and to show which services can be provided in addition as a benefit of BID funds.
37. Many Council activities that typically fall within the Baseline Agreement, such as City Centre Management, Culture and Economic Development are now within the remit of Make it York. As an authority, we are looking at the commitment we make in a number of areas, including:
- Street Cleaning
 - Streetlighting
 - Highways Maintenance
 - Parking Services
 - Make it York
38. Whilst this is a smaller baseline in terms of areas covered, it also refers to the

Make it York SLA which includes a much wider number of services for the City Centre, including City Centre management, the markets, business support and cultural festivals.

39. The City Centre would also like us to consider including a baseline for CCTV services. As agreed in June executive, CCTV procurement is under review. Once this process is complete, we recommend that we provide a baseline agreement for CCTV based on the outcome of this review.

Parking

40. City Team York are interested in exploring a change to the Council's approach to parking.
41. Appropriate management and control of on- and off-street parking in the central area of the City is critical to maintaining movement of traffic around the City and the continued vibrancy of the City Centre.
42. The availability of parking, and the charging regime, needs to balance three key objectives:
- environmental impact – particularly air quality,
 - economic impact on city centre activity (both charging levels and congestion) and
 - income levels to the Council.
43. The way that the Council operates its parking stock is currently being reviewed to ensure that it continues to provide the service required. Options such as the roll out of 'pay on exit' to further car parks will be considered as part of this review. A report will be presented to the Council later in the year identifying options for the future management of the service.

Running a Ballot

44. The Ballot is the single most important stage in getting the BID up and running. Without 50% agreement from local businesses, the BID will not be formed, and any further work will cease. This report assumes that the requisite number of local business votes supporting the BID have been won.
45. The Chief Executive has written to City Team York confirming that we will both run and fund the ballot. The ballot will be postal and run over a period of one month.

Work required by CYC for the Ballot

46. The BID team are aiming for a November ballot to allow the collection of the Paper to the Executive, York BID, July 2015/ OCE

BID levy to begin in the 2016/17 financial year.

47. To ensure that a ballot can take place in November, the BID team need to enter into a number of fundamental stages to ensure a robust process is established before committing ourselves to a ballot. The outline process for reaching ballot stage is detailed below, and will be down to the combined efforts of the BID team, Make it York and the Council.
48. We will need to write to all BID-eligible hereditaments¹ notifying them of a forthcoming ballot. This is usually 42 – 90 days before ballot day. The ballot is done by post and will run for about a month.
49. A 28 day period exists following the ballot, during which time the result can be challenged. The ballot must be supported by 50% of levy payers. If a challenge is successful, an investigation will take place which may require the result of the ballot to be overturned.
50. We have received a quote from the Electoral Reform Society (ERS) to run a ballot. The ERS have run ballots elsewhere and would have the advantage of being an independent body. We believe the quoted cost of £4,000 for the ballot is lower than the cost of running it internally. Therefore, it is recommended that we pay for the ERS to run the ballot.

Levy collection

51. In the BID legislation, the local council is required to be the accountable body to collect the BID fund. In most BIDs, the local council is reimbursed for the BID collection costs. We need to provide an estimate of the administrative cost for inclusion in the Business Plan.

a) Billing

52. Discussions are ongoing with the Customer and Exchequer Team on the process for the collection of the BID levy. At present, City Team York prefers that the BID levy statements are delivered to businesses at the same time as the annual business rates statement.
53. The intention is that the Council are the billing authority, so would collect and transfer funds to the BID company and carry out the administration function. Practicalities as well as cost implications are being explored.
54. It is important that we create a mechanism for collecting the BID that is effective whilst being the lowest cost solution to ensure that the BID has the highest level of funding after administration costs as possible. At present, we

¹ A 'hereditament' is a property taxation term used when a property fulfils the requirements to render it subject to a rating Paper to the Executive, York BID, July 2015/ OCE

are still developing our billing process for the first year of the BID, but we are working on the basis that it will cost a maximum of £30,000 in the first year.

55. We expect that costs in the first year are likely to be much higher than those in subsequent years. We will create an open and auditable process on the cost of this billing and aim to only charge the Business Improvement District for the administrative costs incurred.
56. This paper proposes that any initial set up costs are funded from contingency.

b) Timing

57. There is an issue with the timing of the collection of the levy in the first year.
58. If the bill is to be issued at the same time as business rates, we will need the software and processes in place by February 2016, and it takes 2-3 months to embed new systems. At present, there is a significant possibility that processes might not be in place by this point. However, subject to a yes vote on the BID, we aim to ensure billing takes place at the beginning of the next financial year.

Consultation

59. The impetus to develop a BID has been initiated by City Centre businesses and local partners.
60. The Baseline Agreement has been written with the input of relevant managers.
61. The BID Manager is responsible for building robust working relationships with all potential BID members and is required to engage businesses in every aspect of the process.

Options

62. The options for Executive to consider are around financial implications and how the Council manages any costs incurred whilst assisting the establishment of the BID. The options are:
 - a) Proceed as set out above and absorb any costs
 - b) Proceed as set out above but charge a one off fee for any work carried out
 - c) Negotiate that any fees or costs incurred by the Council are removed as part of our contribution to setting up the BID.

Council Plan

63. The 12 point plan proposed by the joint administration states that Frontline

Customer Services, Value for Money and Economic Development are their key priorities. The BID proposal would support these factors by raising the profile of the City and boosting local business.

Implications

Financial

64. There are a number of areas where there are financial implications for the creation of the Business Improvement District. Our current understanding of these is outlined in the table below.
65. It is worth being aware that many local authorities charge an administration fee to cover the cost of collecting and administering the Business Improvement District. Given the financial constraints we face, it is advisable that we also raise a charge against this.

	Estimated cost	One off/ ongoing	Notes
Ballot	£4k	One off for 15/16	Estimate based on quote from the Electoral Reform Society.
Administrative support to collect the BID funds	£10k £30k	Set up Ongoing	Based on full cost (including on costs) of a grade 6/7. Most other authorities charge an administration fee for the Business Improvement District and it is expected that we will charge the BID a maximum of £30k.
BID dues on all CYC city centre buildings	£29,872	Ongoing	Based on 1% of rateable value of CYC estate within the BID area.

66. There is no budget for the one off set up costs for the Business Improvement District. It is recommended that Members agree to the costs outlined above of (£14k) to be funded from the Council's Contingency. The contingency following the Council budget amendment earlier in July stands at £285k. Should Members agree to the release of (£14k) this will reduce the available level of contingency to £271k.

Human Resources (HR)

67. We anticipate that there might be a need for additional staffing to support the BID Levy collection, so we could consider creating a new Grade 6 role (£30k plus on costs and budget for post) to:
- a. Create and manage a separate database for the BID rates
 - b. Bill levy payers for the BID and be responsible for chasing up payments not made.
68. At this point, however, there is no budget in place to fund this position, and any such proposals would need to be ratified by Council. Given that the cost and workload is currently unknown, any resourcing would also need to be reviewed after 12 months to ascertain whether this work needs to continue.

Equalities

69. All equality implications will be managed through the BID process and representative governance will be sought.

Legal

70. Our legal protections are set out within a draft Memorandum of Understanding (MOU) drawn up by the Council's Legal Team. The baseline agreements and Operating Agreement also appear in these schedules. This MOU is necessary to cover the relationship between the Council and the BID Company.

Crime and Disorder

71. One of the key BID themes would be to introduce initiatives to try and tackle anti-social behaviour and the culture of afternoon drinking which is attracting large numbers of stag and hen parties to York. Discussions with representatives from the local Police force has shown that they would be keen to support this.

Information Technology (IT)

72. Not applicable at present.

Property

73. Not applicable.

Other

74. Not applicable.

Risk Management

75. Failure to achieve the number of 'yes' votes in the ballot will result in all administration costs being lost. An attempt at a second revised ballot will have further cost implications.
76. If a majority of votes is received and the ballot is successful 'no' voters who fall within threshold parameters will still be required to pay their share of the BID Levy

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**Report
Approved**

√ 21 July 2015

Specialist Implications Officer(s)

Not applicable

Wards Affected: *Fishergate, Guildhall and Micklegate*

For further information please contact the author of the report

Annexes

Annex 1 – Feasibility Study

Annex 2 – Business Plan

Annex 3 – Baseline Agreements