

<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>Thursday 26 September 2019</b>
<b>Title of report:</b>	<b>Hereford BID2</b>
<b>Report by:</b>	<b>Cabinet member environment, economy and skills, Cabinet member commissioning, procurement and assets</b>

## **Classification**

Open

## **Decision type**

Key

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

## **Wards affected**

Central & Widemarsh

## **Purpose and summary**

To agree to vote in favour of Hereford BID for the second, five year term.

To agree to pay the levy on Herefordshire Council properties in the BID area to the value of £21,495 per annum.

This report is to request cabinet approval to vote 'yes' to the second term of Hereford Business Improvement District in the forthcoming ballot. Via levy contributions by BID members, the continuation of the BID will have a budget of £1.765m to deliver a programme of projects in the city centre. These projects and improvements have been clearly defined in the BID Business Plan (Appendix 1) and are additional to any services that are funded by the local authority. There are extensive benefits, not only to the businesses, but also to the local authority, residents and visitors alike. These are outlined in key considerations. Herefordshire Council is required to

make an additional annual contribution of £14,790 (compared to 2019/20) as a levy on its properties in the BID area.

The projects proposed by the BID have been in consultation with BID businesses and Herefordshire Council. The projects provide value added services and do not duplicate existing activity. The projects also meet the council's aspirations for improving the city centre and it is noted that they will enhance the city's overall offer

## **Recommendation(s)**

**That:**

- (a) the Economic Development Manager be authorised to vote in favour of Hereford BID for the second, five year term (2020-2025);**
- (b) payment of the levy on Herefordshire Council properties in the BID area be approved, valued at £21,495 in year one (an increase of £14,790 on the current levy paid) for a period of up to five years; and**
- (c) The Director of Economy and Place (liaising with Legal Services) be authorised to finalise and arrange for the execution by the Council of all necessary contract documentation relating to the BID extension.**

## **Alternative options**

1. That Herefordshire Council does not vote in favour of the Hereford BID - this option would leave the Council vulnerable to adverse publicity, as it has been fully supportive of HBID during the development phase and first, five year term.
2. That an allocation is not made available within the annual budget for years 2020-2025 to cover the levy payments of 1.5% on rateable value of Council owned hereditaments (property and car parks) within the BID area - this option is discounted because Herefordshire Council will have to pay the levy on its hereditaments should the BID go ahead, irrespective of whether or not it has voted yes. It should be noted that there are benefits to both the Herefordshire Council and the continuation of the BID, which are mentioned later in the report.

## **Key considerations**

3. BIDs are controlled by legislation which was passed in 2004 and there are now over 180 BIDs around the country. Many BIDs are now going into their 2nd or 3rd five year term.
4. BIDs are usually started by a Town Centre Partnership or group of businesses with a vision for the future, a willingness or financial self-interest in their town, and they use the levy to deliver projects that businesses are prepared to vote and pay for. The projects are additional to the services provided by the public sector and are not a replacement for existing services.
5. BIDs are a way for businesses to invest in their own futures by making an additional contribution (in the form of a levy) on top of business rates. Businesses within a defined area contribute a supplementary business rate based on each property's rateable value. In the first term (2015-2020), Hereford BID set the levy of 1.2% of rateable value which resulted in an overall budget of £1.5m. All properties with rateable value of less than £7,500 were exempt from paying but could make voluntary contributions.

6. The HBID has proposed to raise the levy to 1.5% of rateable value to deliver projects in the Business Plan (2020-2025). In addition the exemption threshold will be increased from £7,500 to £10,000 so that businesses with a rateable value of less than £10,000 will not be required to pay the levy. This will result in an overall budget of £1.765m.
7. HBID2 will also see the inclusion of professional services within the BID area paying a levy. Currently, professional services are exempt, however, they will be required to pay the levy upon a 'yes' vote from 2020.
8. For the BID to be implemented a ballot of businesses within the proposed BID area is held. For the Hereford ballot an independent organisation, Electoral Reform Services, ran the ballot in 2015 and will also run the ballot for HBID2. The deadline for Herefordshire Council to cast its 25 votes will be by 5 pm on 24th October 2019.
9. Each hereditament within the BID area carries one vote; therefore, Herefordshire Council will have 25 votes in the ballot.
10. BIDs are managed by national legislation and this will give Herefordshire Council the right to challenge the BID at any time during its term if it the BID does not deliver against the Business Plan.
11. The projects proposed by the BID have been in consultation with BID businesses and Herefordshire Council. The projects provide value added services and do not duplicate existing activity. The projects also meet the council's aspirations for improving the city centre and it is noted that they will enhance the city's overall offer.
12. It is worth noting - even if Herefordshire Council decide to vote 'No' and the BID receives a majority 'Yes' vote, the Herefordshire Council and all BID based businesses are obliged to pay their respective levies regardless.

## **ROLE OF THE COUNCIL**

13. There is a national decline in high street retail due to the changing shopping habits of consumers; Hereford shares these challenges and the council is taking steps to improve the footfall, vibrancy, and generally enhance the shopping experience within the city. The BID team are looking to capitalise on this and add to this offer with private sector investment. This approach is in line with local and national government policies and represents a significant opportunity to continue to enhance the city centre.
14. The collection of the levy is managed through an operating agreement between Herefordshire Council and HBID. As well as being a levy payer, the Herefordshire Council has responsibility to collect the BID Levy and transfer it to the BID Company. This role is defined in the operating agreement between the Herefordshire Council and HBID. The operating agreement is being reviewed for the second term but there are no fundamental changes being proposed to the agreement. The Director for Economy and Place has previously been delegated authority to sign this off.
15. The operating agreement outlines the procedures for collecting the levy and the roles of each partner during the BID term, it is proposed that Herefordshire Council's Revenues and Benefits Department will act as the Collecting Agent and will produce the annual levy invoices and collect the levy. An amount of £21.80 per hereditament per annum is being charged to the BID for this service.
16. The BID proposers will work closely with the public sector to ensure that the BID will represent good value for money. Herefordshire Council has already supported the BID in its

first term and has benefitted from increased footfall in the city centre, improvements to the public realm, improved safety within the city centre, enhanced civic pride and a better working relationship with the city's many businesses. The projects the bid has delivered during its first term are in the appended Business Plan.

17. Any significant changes to service delivery and implications affecting Herefordshire Council will be subject to negotiation and mutual agreement between the Herefordshire Council and HBID and will be dealt with in the change control measures within the operating agreement.

## **THE OPPORTUNITIES AND BENEFITS**

18. If there is a "Yes" result for HBID2 the following range of benefits are expected:
19. A successful "Yes" vote would raise an additional £1.765m over five years through private sector contributions to the BID levy. The HBID Business Plan outlines activities that are in addition to the suite of council services that are delivered across the city. This investment will be used to support the development of the visitor and shopping experience within the city, helping to increase the footfall and improve the performance of local businesses.
20. A well-organised and balanced voice for businesses in the city centre which the Local Authority can consult with on key issues affecting the city centre.
21. An opportunity to see projects delivered which will benefit Hereford, but which fall outside the scope of the council's resources.
22. In its first term (2015-to date), HBID successfully delivered the projects and services it set out to in the in the original Business Plan in the following five areas:

### Increasing footfall

Introduction of Ferrous Festival of Artist Blacksmithing which attracted 10,000 new visitors in 2017 and 45,000 new visitors in 2019;

The Hereford City Life Brand for all consumer communications which had 50,000 consumer visits;

Free Wi-fi around the city centre, which allows communications to 12,000 people who have signed up;

Introduction of footfall tracking for day and night time economies – footfall increased by 3% and dwell times by 8 minutes over last three years;

Christmas advertising to 88,000 homes.

### Herefordshire experience

Appointment of Handy Team who remove chewing gum, paint street furniture and clean the public realm;

Painted alleyways at Mansion Walk, Union Passage and Capuchin Lane;

Providing gull-proof sacks and new waste bins;

Eighty extra Christmas trees and lights;

Attractive window vinyls on high profile empty shops and over 720 hanging baskets and window boxes.

#### Getting here, getting about

New pedestrian signage including 13 visitor map boards and 23 finger posts;

Parking information and promotion of Ringo on website and maps to encourage longer stays;

Co-ordinated voice for city centre businesses on issues such as parking, cycling and other incentives;

Free parking promotions during certain seasons to encourage more customers;

#### Safety and security

Targeted campaigns to reduce anti-social behaviour in hot spots;

Team Hereford working in partnership with the Police and Council to target and reduce crime;

Street pastors for the daytime to provide a friendly welcome and signposting service to visitors;

Rollout of DISC (online app) which 140 businesses have joined to record and share information about anti-social behaviour and crime;

Support to Vennture to gain Purple Flag Status.

#### Profit: your bottom line

Subsidised training courses on social media, marketing, first aid, merchandising, display and security;

A pilot scheme to reduce business overheads;

Increasing footfall into the city and providing footfall data with businesses;

Regular newsletters and e-bulletins to keep businesses up to date with what is happening in the city;

Champion groups and networking events providing opportunities to meet with other businesses;

Business Award event with the Hereford Times.

23. A more attractive city encourages inward investment and increases footfall, which can have a positive effect on business rates and car parking income. Also, improvements to trading conditions and the city centre as a whole will greatly improve Hereford's chances of moving up the National Retail Index, which opens up opportunities for investors.

24. It is considered that the benefits outlined in this section of the report provide a reasonable justification to recommend a vote in favour of the establishment of the HBID2 in Hereford and

to allocate the level of finance, identified below, which would result as a consequence of a successful “Yes” vote.

## **Community impact**

25. The projects in the appended Business Plan are intended to make the city centre more attractive and provide a clean and safe environment, a positive sense of place and enhanced feeling of safety and well-being benefiting businesses, visitors and residents alike.
26. Making improvements to the public realm will create a more appealing environment for employees, improving staff retention and adding to the quality of life experience.
27. The BID provides the basis for better co-ordination of the business community within the BID area and promotes opportunities for collaboration.
28. The BID carries out a number of marketing campaigns, which helps to promote the town centre as a destination, to develop its identity and increase visitor numbers.
29. The BID provides a platform to develop a better partnership between the public and private sector.
30. The BID encourages corporate social responsibility among its members and produces benefits for the greater good.

## **Equality duty**

Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Acceptance of the recommendations in this report will not have a detrimental impact on any of the nine protected characteristics. By working together, the BID and Herefordshire Council will achieve common goals and benefit from value added services (improved public realm and an improved local trading environment). The benefits realised, such as social well-being and improved overall quality of life for businesses, visitors and residents, will be accessible to all.

## **Resource implications**

31. There are 25 council owned hereditaments (properties and car parks) in the proposed BID area. The rateable value of these totals £1,433,000.

32. The levy (amount that businesses have to pay) for the next five year term is set at 1.5% of rateable value, therefore, the annual cost to the council is £21,495 – an increase of £14,790. Please note - the Business Plan makes a provision for an increase of 3% or RPI each year (p. 20 point 5 of the BID rules). Approximately £25,000 may be payable by Year 5, provided that inflation does not exceed 3% per annum.
33. The increase of £14,790 per annum on the existing HC annual contribution is a result of the levy increasing from 1.2% to 1.5% between the two bid terms and the inclusion of additional council properties due to a slight change in the bid boundary between the HBID1 and HBID2.

Revenue budget implications	2019/20	2020/21	2021/22	Future Years	Total
<b>This will be the difference between the existing BID levy which is already funded within budget and the new levy.</b>	<b>£000</b>	<b>£14,790</b>	<b>£14,790</b>	<b>£44,370</b>	<b>£73,950</b>
<i>There is a negative impact on the Property Services Business Rates budget of £14,790 per annum compared to contributions Herefordshire Council currently pays during the first five year term.</i>					
<b>TOTAL</b>	<b>£000</b>	<b>£14,790</b>	<b>£14,790</b>	<b>£44,370</b>	<b>£73,950</b>

## Legal implications

34. Herefordshire Council's BID is regulated by The Business Improvement Districts (England) Regulations 2004 and the Business Improvement Districts (England) Regulations 2004.
35. Herefordshire Council is the billing authority for the purposes of the Local Government Act 2003 and is responsible for collecting the BID levy and administering the BID revenue account, which shall be used towards the operation of the BID within the area of Herefordshire Council and the funding of the BID arrangements.
36. The BID company is responsible for the operation of the BID and for using the BID levy for the purposes of achieving the BID arrangements.
37. An Operating Agreement between the BID company and the Council establishes the collection regime in relation to the Bid Levy and provides for the monitoring of the regime by a Monitoring Group consisting of an equal number of representatives of both the

Council and the BID company. The Council is to use reasonable endeavours to collect the Bid levy and transfer it to the BID Company, earning a fee for doing so.

38. There will be no allowances applicable to the BID Levy corresponding to NNDR Mandatory Reliefs nor to NNDR Discretionary Relief, NNDR Hardship Relief, NNDR (Section 44A) (Partly Occupied) Relief, NNDR Small Business Rate Relief or NNDR Transitional Phasing.
39. A Baseline Agreement for the Provision of Standard Services clarifies Standard Services provided by the Council within the BID Area. These Services are to be excluded from the ambit of the projects to be promoted by the BID company under the Operating Agreement and ensures that there is no double counting in the collection of rates/Bid levy relevant to each. A Standard Services Review Panel reviews the provision of the Standard Services. The Panel consists of an equal number of representatives from the Council and from the BID company.
40. The governance arrangements of both the Monitoring Group and the Standard Services Review Panel are to be reviewed.
41. The arrangements contain provisions relating to the protection of confidential information and a basic liaison process in relation to responding to requests under the Freedom of Information Act 2000. A more detailed working protocol in relation to these matters is to be developed.
42. The rights of the Council to terminate the BID arrangements early are set out in Section 18.1 (a) of the Business Improvement Districts (England) Regulations 2004. These rights are limited to situations where the BID Company does not have sufficient resources to meet its liabilities and there has been a consultation with the payers of the Bid Levy.

## Risk management

Risk / opportunity	Mitigation
<p>HC opts to vote 'No'</p>	<p>There would be a negative reputational risk if Herefordshire Council did not accept the recommendations within this report. To date, the Herefordshire Council has supported the concept of the BID and voted in favour of the HBID. The recommendation is to vote 'Yes'</p> <p>It is worth noting - even if HC decide to vote 'No' and the BID receives a majority 'Yes' vote, the Herefordshire Council and all BID based businesses are obliged to pay their respective levies regardless.</p>
<p>The continuation of HBID may lead to a co-ordinated, representative and influential body that may lobby for service improvements or activities that could have financial implications for Herefordshire Council.</p>	<p>Herefordshire Council carries voting rights and a council officer is a board member on the HBID Board. Furthermore, the first term of HBID has allowed a relationship to develop between Herefordshire Council and the Hereford city business community to</p>



jointly resolve issues.

If the BID receives a no vote this will result in £1.765m (in the main) private sector investment being used on projects within the city. It is likely that Herefordshire Council will be approached to provide the value added services having further budget implications.

Vote in favour of HBID2

## **Consultees**

43. There has been no response received from Members to the Political consultation.

## **Appendices**

Appendix 1 - HBID Business Plan 2020 – 2025.

## **Background papers**

None.