

Title of report: HBID Third Term Ballot Decision

Decision maker: Cabinet Member – Economy and Growth

Decision Date: 30 September, 2024

Report by: Economic Development Manager

Classification

Open

Decision type

Non-key

Wards affected

Central; and Widemarsh

Purpose

To agree to vote in favour of the Hereford Business Improvement District (HBID) for the third, five year term (2025 – 2030).

To agree to pay the levy on Herefordshire Council hereditaments in the HBID area, to the value of £32,085 per annum, an annual increase of £7,900, compared to current levy payments.

This report is to request cabinet member approval to vote 'yes' to the third term of Hereford Business Improvement District (HBID) in the forthcoming ballot (October, 2024). The HBID will raise a five year budget £1.769 million, via levy contributions, to deliver a programme of projects in the city centre. These projects and improvements are clearly defined in the HBID 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 council, residents and visitors alike.

Recommendation(s)

That:

- a) the Service Director for Economy and Growth be authorised to sign voting papers and vote in favour of Hereford BID for the third, five year term (2025-2030);**
- b) payment of the 1.99% levy on 31 Herefordshire Council properties in the HBID area be approved, amounting to £32,085 per year, plus inflation, for a period of five years; and**

- c) the Corporate Director for Economy and Environment (liaising with Legal Services) be authorised to finalise and arrange for the execution by the Council of all necessary contract documentation relating to HBID's third year term.**

Alternative options

1. The council could decide to abstain from voting in the ballot, or to vote 'no'. It should be noted that, irrespective of which way the council chooses to vote, it will still be required to pay the levy on its properties (hereditaments), should the ballot achieve a successful outcome. It should be further noted that there are benefits to Herefordshire Council and BID businesses from the continuation of the BID, which are mentioned later in the report.

Key considerations

2. BIDs are controlled by legislation which was passed in 2004. There are over 335 in UK and they continue to grow in number each year. Herefordshire supports two BIDs, the Hereford Business Improvement District, if successful in the upcoming ballot, will be entering into its third, five year term; and Herefordshire Destination Business Improvement District, currently in its first, five year term. 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 the BID does not deliver against the proposed Business Plan.
3. 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. The BID is proposing a 1.99% levy on rateable value and has identified 585 hereditaments within the BID boundary (see boundary map, p.29, Appendix 1), which will result in a total levy income of £1.769million. In addition, the BID is looking to raise other income from grant sources and voluntary contributions and this will provide an overall budget of £1.911million (2025-2030).
4. Each hereditament within the BID area carries one vote, therefore, Herefordshire Council will have 31 votes in the ballot (see Appendix 2 – List of HC properties). It is worth noting that, even if Herefordshire Council decides to vote 'No' and the BID receives a majority 'Yes' vote, Herefordshire Council and all BID based businesses are obliged to pay their respective levies, regardless. The levy of 1.99% on council hereditaments equates to £32,085 per annum.
5. For the BID to be implemented a ballot of businesses within the proposed BID area is held. An independent organisation, Civica Election Services will run the ballot, as per previous terms. The deadline for Herefordshire Council to cast its 31 votes is 5pm on Thursday 31 October 2024.
6. Proposals within the Business Plan have been developed in consultation with levy paying businesses and other stakeholders, including 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, increasing footfall and expanding its cultural offer, and it is noted that the proposed projects will enhance the city's overall offer.
7. The benefits of BIDs are wide-ranging and are not limited to, but include:
 - Businesses decide and direct what they want in their area
 - Businesses are represented and have a voice in issues affecting their trading area
 - BID levy money is ring-fenced for use only in the BID area
 - BID projects increase footfall and spend
 - BID projects enhance marketing and promotion of the area

- BID projects add value and do not duplicate existing activity; the projects are complementary to local initiatives, including sustainability and environmental initiatives
- BID projects add value to place shaping vision activities
- BIDs offer facilitated networking opportunities, with a large group of businesses within a defined area, making communication on important matters easier
- BIDs assist in dealing with the Council, Police and other public bodies and initiatives can result in the reduction of crime

8. Since its inception in 2015, Hereford BID has established itself as a force for action, responding to very turbulent trading conditions resulting from the Covid19 pandemic. The BID's response to the lockdowns was adaptive and responsive and resulted in a number of new projects which helped to kick start city centre trading. The BID secured an additional £130,000 in additional festival support, enabling them to put on a comprehensive events programme to increase footfall and support local trade.

9. During its current term, the BID has delivered a comprehensive suite of projects, grouped into three themes: High Profile Hereford, The Hereford Experience, and Business Voice. Full details can be found within the new Business Plan (p.10 of Appendix 1). These are outlined in brief below:

High Profile Hereford

- Hereford Gift Card encouraged visits to shops, pubs, restaurants and cafes – current spend £112K
- Christmas, Ferrous and Applefest Festivals* – attracted in the region of 300,000 people across the BID term to experience an extensive programme of events and entertainment, with many staying overnight and adding significantly to total spend
*Applefest is a partnered event with Hereford City Council
- Loyal Free APP – features offers from BID members that reward loyalty, such as a free coffee with a certain number of purchases. The app has over 4000 users
- Trails – put on over 50 family trails involving stamping and ticking off visits, rewarded with a prize at the last stop. 10,000 people took part over the last 5 years and the project also raised the profile of city centre businesses
- Promoting Hospitality – hired a professional film maker to create an enticing promotion of Hereford's restaurants, pubs and clubs in the city. Ran the 5th Hereford Bull Trail with 1000 participants taking part over the BID term
- City Life Presents – over 50 live performances of rock, pop and string groups helping make Hereford 'buzz' with atmosphere from May to September
- City Maps – 15,000 specially commissioned and created tourist maps distributed to help visitors discover and explore the city
- Love Hereford Day – an annual 'Love Hereford event' to celebrate Valentine's Day and bring in shoppers with the enticement of a Council negotiated free parking pass, as well as live music and entertainment
- Seasonal Events – from 'Dino Days' with roaming dinosaurs to spooky Halloween gardens and ghostly scarecrows, offering fun packed days out in Hereford
- Marketing Services – employed a full-time marketing specialist to promote and support members by creating engaging content that is used on the BID's consumer branded

website and other channels, including Hereford City Life. Over 300 members have used this service to date

The Hereford Experience

- Over 200 businesses used the DISC app to report crime, identify individuals from the BID's database supporting security measures within the city. Over 1000 crimes were reported through the app, helping the Police and BID businesses understand potential threats to their businesses
- Team Hereford – Chaired and led by the BID, has hosted over 40 meetings in the current term, welcoming businesses, Police, CCTV, Vennture and others to discuss and help reduce crime, for the benefit of businesses and stakeholders
- Hanging baskets installed across the city with 2 free per business; during the 5 years 2,600 baskets have been installed on member shop frontages, adding colour as well as providing a welcoming space for visitors and shoppers
- City-wide Planting – investment in cedar wood planters along Blueschool Street and planted extensively with an abundance of colourful flower arrangements. Undertook deep cleaning in the area, taking away almost 20 bags of garden waste
- Deep Clean Pavement Buster – invested in a powerful pavement cleaning machine to tidy up the seasonally, unsightly mess caused by gulls, as well as remove engrained staining. Also provided a reactive service for members requesting that their commercial yards be cleaned
- Christmas Trees & Decorations – over 700 trees have been installed in key locations at Christmas, to brighten up the city and make it enticing for shoppers
- Chewing Gum and Graffiti Removal – The 'handy team' have routinely swept the area to ensure gum and graffiti is removed as soon as it's discovered, making Hereford attractive and welcoming

Business Voice

- A New BID Website – providing clear and effective updates on BID activity, helping members to stay connected with opportunities and news
- Weekly Footfall Reports – for day and evening/night-time economies, the reports are detailed and accurate and show seasonal trends and activities during major events
- Digital & Printed Newsletters – providing opportunities to get involved with BID campaigns and take advantage of grant offers or projects
- Lobbying & Support – Representing businesses on at least 20 occasions to city stakeholders such as West Mercia Police, Herefordshire Council and others on issues including the redesign of Broad Street, anti-social behaviour in Eign Gate and proposed parking meters in Commercial Road
- Networking & Training – Ran free training courses and network seminars for businesses, covering performance management tips for staff, managing anxiety at work and other managerial workshop

10. Looking forward to the next five year term, the BID has undertaken extensive consultation. In February 2024 they launched a consultation survey, inviting all levy payers to take part and share experiences and perceptions. They have also had many one-to-one meetings, as well

as holding two open sessions in June 2024. The research and engagement highlighted areas that matter most to local businesses and stakeholders. These are as follows:

- 25% Events and festivals
- 21% Tourism marketing
- 18% Marketing and promotion
- 15% Town safety and crime
- 9% Flowers, trees and planting
- 7% Clean and maintained city
- 5% Business voice

The new BID Business Plan has been developed, based on feedback from the consultation, and proposals have been grouped into three strategic themes; Destination Hereford – Vibrant and Prosperous, The Visitor Experience – Welcoming, Clean and Safe and A Business Voice – Lobbying Voice. Further details on the proposals can be found on p.16 of the Business Plan (Appendix 1).

Community impact

11. 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.
12. 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.
13. The BID provides the basis for better co-ordination of the business community within the BID area and promotes opportunities for collaboration.
14. The BID will carry out a number of marketing campaigns, which helps to promote the city centre as a destination, to develop its identity and increase visitor numbers.
15. The BID encourages corporate social responsibility among its members and produces benefits for the greater good.
16. The BID provides a platform to develop a better partnership between the public and private sector. Partnership working is the underpinning theme in the Herefordshire Council Plan 2024-2028 and is described as follows *'Partnership working is central to Herefordshire Council's success and to delivering the best results for our residents. We are stronger together and the council will always work to build strong, effective partnerships to ensure our county is much more than the sum of its parts'*. This is very aligned to the BID's commitment to partnership working.

Environmental impact

17. The BID has undertaken a number of projects that have had a positive environmental impact, including:
 - Removal of graffiti and gum, clearing litter and removal of leaves and weeds, which can cause hazards in public areas
 - Installed and planted hanging baskets and planters, which not only provide a better welcome and improved aesthetic, but also encourage biodiversity within the city's built environment

- Providing gull resistant waste bags and removal of gull mess from streets through more frequent cleaning
- Launch of the DISC app which has been instrumental in reducing anti-social behaviour within the city; it is contributing towards the protection of the city's historic and culturally important built environment. Reduction of crime and the feeling of safety within the city will encourage residents and visitors to spend more time in open spaces
- The BID undertakes numerous marketing campaigns, which help to promote local independent food establishments and further supports the local sourcing of food and drink that make up the locally distinctive food offer

Equality duty

18. 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 –

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
19. 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.
20. When organising events, the BID works with event organisers to ensure there is access for wheelchairs and pushchairs. The BID has also organised and supported campaigns for 'quiet hour' shopping and also actively promotes and participates in PRIDE festival.

Resource implications

21. There are 31 council owned hereditaments (properties and car parks) in the proposed BID area. The total rateable value is £1,612,300.
22. All hereditaments with a rateable value of £9,000 or more will be liable for payment of the levy. The following types of business are exempt from paying the levy:
- Hereditaments used solely for industrial, manufacturing and workshop purposes
 - Private car parking spaces rented by the month or longer
 - ATMs, communication masts and advertising hoardings
 - Hereditaments with an RV of less than £9,000
23. The levy (amount that businesses have to pay) for the next five year term is set at 1.99% of rateable value, therefore, the annual cost to the council is £32,085. The BID levy may increase by an annual inflation factor that reflects an increase of no more than the Consumer Price Index

(CPI) as of September in the preceding financial year, to be agreed by the BID Board of Directors on an annual basis. The figures below are calculated in line with the Business Rates income as per the Business Plan, circa 2%.

24. The increase in levy from 1.5% in the current term, to 1.99% in the next term, will have an impact on the levy payable. To illustrate, the levy currently payable, at 1.5% on council properties is £24,185, therefore there will be an additional budget pressure of £7,900 in year in 2025 with an uplift to a 1.99% levy. The budget difference between the 1.5% levy and 1.99% is illustrated in table 1. The full revenue impact is detailed in table 3.
25. The levy payable will also fluctuate based on whether council properties are vacant or occupied and, furthermore, whether they are occupied for Herefordshire Council use, or occupied by third party tenants.

Revenue or Capital cost of project (indicate R or C)	2025/26	2026/27	2027/28	Future Years	Total
N/A	£	£	£	£	£
(R) Difference between 1.5% levy & 1.99% levy	£7,900	£9,057	£9,238	£19,034	£45,229
TOTAL	£7,900	£9,057	£9,238	£19,034	£45,229

Revenue budget implications	2025/26	2026/27	2027/28	Future Years	Total
	£	£	£	£	£
The impact on business rates budget (levy payments on council hereditaments allowing for circa 2% inflation)	£7,900	£9,057	£9,238	£19,034	£45,229
TOTAL	£7,900	£9,057	£9,238	£19,034	£45,229

Legal implications

26. The Herefordshire BID is regulated by the Local Government Act 2003 (LGA2003) and Business Improvement Districts (England) Regulations 2004, which legislates all aspects of development and operation of BIDs.
27. Section 54(2) of the LGA2003 allow BIDs arrangements to be extended for one or more periods of up to 5 years provided that the non-domestic ratepayers liable for the levy approve the arrangements.
28. This requires a majority decision under 50 LGA2003 of the ratepayers. The majority must be by both in numbers of ratepayers and the majority of the rateable value within the BID area.
29. If the outcome of the ballot supports the continuation of Hereford BID, the BID company will be responsible for the operation of the BID and for using the BID levy for the purposes of managing the BID and delivering the projects as outlined in the Business Plan.

30. 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, charging a collection fee for doing so. Hoople is the collecting agent on behalf of Herefordshire Council.
31. The rights of the Council to terminate the BID arrangements early are set out in Section 18.1 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 the Council has been a consulted with the payers of the BID levy.

Risk management

32. The following are the identified key risks and opportunities:

<u>Risk / opportunity</u>	<u>Mitigation</u>
Risk The BID ballot is unsuccessful	Should the BID ballot be unsuccessful, there is no alternative option available which would generate the equivalent level of funding required to support the breadth and scope of the projects being delivered by the BID to enhance the city centre's overall offer. The BID Board are actively consulting with the BID businesses to ensure they are committed and supportive of the projects within the proposed Business Plan. By deciding to vote 'Yes' the council is demonstrating its support for the BID proposals which will be seen positively by other voters.
Risk BID is formed by fails to deliver the Business Plan	If the Herefordshire BID ballot is successful, it will be managed by the BID Company (which already exists and has successfully delivered two previous five-year terms). The council can appoint a Director to the Board, as per the current Hereford BID Board. The council also has the right to veto under Regulation 12 of the BID regulations.
Opportunity £1,769m of funding for the city centre	The BID has the ability to attract £1,769million income from city centre businesses to deliver projects and enhance the immediate area of benefit. This gives businesses a greater level of control as to how the levy income is used.
Opportunity £1,769m of funding for the city centre	Herefordshire Council also benefits from projects delivered over the next five years that contribute to the city centre's overall offer and align with a number of corporate objectives.

Consultees

33. The HBID Board are consulting with all BID businesses up to the start of the ballot on 1st October, 2024. They launched a consultation survey in February 2024 and distributed to all BID members. They held two open consultation sessions in June, 2024.
34. Mike Truelove consulted with Cllr Graham Biggs on 7 June, 2024 and presented the draft Business Plan for 2025-2030.
35. Mike Truelove has consulted with Roger Allonby, Service Director for Economy and Growth and David Wright, Head of Economy and Regeneration on 27 February, 2024.

Appendices

Appendix 1 – HBID Business Plan 2025 – 2030

Appendix 2 – List of Herefordshire Council Hereditaments within the HBID boundary

Background papers

None identified.

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 20/09/2024
Finance	Louise Devlin	Date 20/09/2024
Legal	Sean O'Connor	Date 11/09/2024
Communications	Luenne Featherstone	Date 11/09/2024
Equality Duty	Harriett Yelling	Date 10/09/2024
Procurement	Carrie Christopher	Date 19/09/2024
Risk	Jessica Karia	Date 10/09/2024

Approved by	Click or tap here to enter text.	Date	Click or tap to enter a date.
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Please include a glossary of terms, abbreviations and acronyms used in this report.