

Name of meeting: Cabinet
Date: 18 June 2019
Title of report: Huddersfield Business Improvement District (BID)

Purpose of report

This report is to note:

- a) progress on the development of the BID project in the run up to the forthcoming July BID ballot, and
- b) the financial implications and consider potential waiver of any eligible admin costs incurred by the Council.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes If there is a Yes vote to the BID then the Council will be obliged to pay the levy on its corporate and empty commercial properties over the 5 years. It will also have to undertake collection of the levy which will incur additional costs to the Council.
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	Yes 15.05.2019
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by Strategic Director & name	Karl Battersby - 5.06.2019
Is it also signed off by the Service Director (Finance)?	Eamonn Croston - 4.06.2019
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft - 4.06.2019
Cabinet member portfolio	Councillor Peter McBride

Electoral wards affected: Newsome

Ward councillors consulted: Cllr Karen Allison, Cllr Andrew Cooper & Cllr Susan Lee-Richards

Public or private: Public

GDPR – no personal or sensitive data; or other information covered by GDPR is included in this report

1. Summary

This report is to note:

- c) progress on the development of the BID project in the run up to the forthcoming July BID ballot, and
- d) the financial implications and consider potential waiver of any eligible admin costs incurred by the Council.

2. Information required to take a decision

2.1 Background

The Huddersfield BID is being led by Huddersfield Partnership with consultancy advice. The BID steering group is made up of representatives from a variety of stakeholders.

Huddersfield Partnership funded a feasibility study which was presented to the Council in October 2017 with a request for:

- a) funding of £27k to undertake further research and to develop the BID Business Plan to get it to ballot stage. This was approved in 2018.
- b) Council officer time to work with the BID Development Team. It was agreed that an officer would be identified to take on a co-ordination role between the Council and the BID Development Team up to ballot stage.

During 2018 and 2019 the BID Development Team has been speaking to Huddersfield Town Centre businesses through interviews, face to face surveys, workshops and meetings. The outcome of these discussions has led to the development of a Business Plan (see attached Appendix 1) and Prospectus which is on the BID website www.huddersfieldbid.co.uk.

The proposals are subject to ballot, to be held in July 2019n and if there is a Yes vote the BID will last 5 years. The area of the BID covers 2 zones within Huddersfield Town Centre ring road and the immediate surrounding areas (see pg 10 of the business plan).

The aim of the BID is to bring the Huddersfield business community together to act with one voice with an open policy to encourage dialogue and involvement from other businesses and organisations which may not be in the area but have a direct stake in the town centre.

The vision for the BID is:

“...to develop Huddersfield into an accessible, safe, vibrant and attractive destination which celebrates its culture and heritage, services its local business, university and residential community and is recognised nationally and internationally as a great place to be”.

After extensive research by the BID Development Team the Business Plan consists of 4 key objectives as follows:

- a) Promotion of a lively Huddersfield;

- b) Creating an accessible Huddersfield
- c) A safe and attractive plan to be; and
- d) A great business, leisure and cultural offer.

It is envisaged the BID will charge an additional levy on top of existing business rates of 1.5% or 0.75% for those businesses within the 2 Zones. The estimated total levy income is £2.16m. Wherever possible the BID company will seek additional funding to increase the benefits that can be delivered to businesses.

To succeed the ballot has to pass 2 tests. A simple majority vote of those who vote must register a YES and the aggregate rateable value of those who vote YES must be greater than that of those that vote NO. If these two criteria are met the business plan is activated and all businesses in the area concerned will be required to pay the levy.

The role of the Council in relation to a proposed BID is to:

- a) Undertake the ballot or sub-contract it to another party. The Council has engaged UK Engage to carry out the ballot and is bearing the costs of this;
- b) Provide baseline data for services it provides in the proposed zones; and
- c) Collect the levy if the ballot is successful.

If there is a Yes vote the Council will also have to pay the levy over the 5 years for its corporate buildings and any empty commercial buildings within the 2 Zones.

2.2 Options

The BID has been led by a collaboration of businesses and organisations from Huddersfield Town Centre. As noted in the BID (England) Regulations 2004, the Council has to support the development of the BID through providing National Non Domestic Rates (NNDR) information to the BID Development Team and timetabling and sub-contracting the ballot. This work has now been completed by the Council's Elections Service and Exchequer Service.

If the ballot is successful the local authority also has to collect the business levy through the annual business rates billing process.

The Council has also to complete BID baseline services agreements which set out existing levels of service provision they undertake, this will enable the BID to demonstrate the additionality it will provide over its lifetime. These include:

- Festive lighting
- Markets and street trading
- Marketing, events and tourism
- Highway maintenance and signage
- Highways parking on and off-street
- Town centre compliance (includes Environmental Health and Licensing)
- Environmental Services (including street cleansing, waste collection, fountains and statues)
- Grounds maintenance and arboricultural services
- Community safety (including wardens and public area CCTV)

These baselines will be reviewed annually.

2.3 Cost Breakdown

Within the Business Plan there is a detailed section on the levy criteria (pgs 32 to 36). Any business within the 2 Zones will have to pay a levy of 1.5% (Zone 1) and 0.75% (Zone 2). There are exemptions including:

- a) Any businesses who have a rateable value of under £12,000.
- b) Any factory, warehouse or workshop.

The levy by objective, is set out in the business plan as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% to total
Income							
BID levy revenue (Note 1)	£ 415,544	£ 423,855	£ 432,332	£ 440,979	£ 449,798	£ 2,162,508	91%
Other Income (Note 2)	£ 40,000	£ 40,800	£ 41,616	£ 42,448	£ 43,297	£ 208,162	9%
Total Income	£ 455,544	£ 464,655	£ 473,948	£ 483,427	£ 493,095	£ 2,370,669	100%
Expenditure							
Objective A: Promotion of a lively Huddersfield	£ 85,000	£ 85,726	£ 86,466	£ 87,221	£ 87,991	£ 432,403	19%
Objective B: Creating an accessible Huddersfield	£ 92,593	£ 93,383	£ 94,190	£ 95,012	£ 95,851	£ 471,029	20%
Objective C: A safe and attractive place to be	£ 130,000	£ 131,110	£ 132,242	£ 133,396	£ 134,574	£ 661,322	28%
Objective D: A great business, leisure and cultural offer	£ 36,774	£ 37,088	£ 37,408	£ 37,735	£ 38,068	£ 187,073	8%
Central Management Costs, Administration, Office (Note 3)	£ 80,000	£ 81,600	£ 83,232	£ 84,897	£ 86,595	£ 416,323	18%
Levy Collection costs	£ 10,400	£ 10,608	£ 10,820	£ 11,037	£ 11,257	£ 54,122	2%
Contingency (Note 4)	£ 20,777	£ 21,193	£ 21,617	£ 22,049	£ 22,490	£ 108,125	5%
Total Expenditure	£ 455,544	£ 460,707	£ 465,974	£ 471,346	£ 476,825	£ 2,330,396	100%
Accrual for Renewal (Note 5)	£ -	£ 3,948	£ 7,974	£ 12,081	£ 16,271	£ 40,274	

Notes:

- 1 Assumes a 95% collection rate and 2% per annum inflation
- 2 Including income from landlords, associate members of the BID and other sources (including in-kind)
- 3 Central admin, office and fixed overheads
- 4 Calculated as 5% of total levy billed
- 5 Accrual retained from levy revenue to provide for costs of renewal of the BID for any additional term, otherwise they will be spent on additional projects in the final year.

2.4 Timescales

The BID was launched at Lawrence Batley Theatre on 14 May 2019 and the BID prospectus put on their website. The ballot will take place on the 11 July 2019 (up to 5.00pm) with an announcement scheduled for the 12 July 2019.

The Council had to send the Secretary of State a copy of the 42 day notice of the ballot by the 23 May 2019. This has been completed.

If the BID is successful at ballot stage the proposed start date is the 1 October 2019 and would run until 31 March 2024.

2.5 Outcomes

Within the BID Business Plan there are the 4 objectives with funding, measures and results for each. These will be monitored through a new and separate company which will be set up to act as a BID company. It will be a not for profit, limited by guarantee company which will be legally and operationally responsible to the businesses in the

BID area, for the delivery of the BID business plan and its associated activities and will act on their behalf.

2.6 Evaluation

The BID Business Plan states the Council will be committed to the regular monitoring of the operation of the BID Operating Agreement and reviewing its effectiveness in conjunction with the BID Company. This will be carried out as follows:

2.6.1 By the Council monitoring performance of its baseline services (listed in 2.2 above) identified through the baseline reports submitted to the BID team. Where there is a specific issue with service delivery within the BID area the respective Head of Service will discuss this with the BID Company.

2.6.2 Through annual reviews of the baselines provided to the BID company and discussed to reflect the services that will be delivered in the following year.

The BID Board will monitor and measure its effectiveness by monitoring key performance indicators, including footfall, customer surveys, business surveys, photographic evidence, vacant properties and footfall trends. This will be undertaken throughout the lifetime of the BID.

2.7 Sustainability

The BID lasts for 5 years, in this case up to 31 March 2024, after this time it can be extended or renewed – but only after being subject to a renewal ballot.

2.8 Services and agencies involved

The objectives set out in the Business Plan will be delivered by the BID Company. A Board will be elected predominantly from those paying a levy in the area and made up of representation of business and stakeholders of the area and key agencies. It will be driven by the private sector and will include one Councillor (who will be a Director) and one Council officer who will act as a key operational link/observer but not as a Director.

3. Implications for the Council

3.1 Working with People

The BID was pulled together after extensive research by the BID Development Team. Research by the BID Development Team with potentially affected businesses included personal visits, workshops, surveys, launch event, letters, e-bulletins etc. This was to gain an in depth understanding of the views and aspirations of the businesses in the area. This links closely with the Council's objectives of working with people to solve potential problems.

3.2 Working with Partners

The BID Steering Group is made up of a wide range of stakeholders across the town centre including the Council which has led to the production of the business plan. This will continue if the BID ballot is successful as it will be crucial the BID Steering Group works in partnership with stakeholders across the town centre to deliver its objectives including the Council.

The BID activity also compliments the proposed Huddersfield Masterplan so it will be key to ensure the BID links with the Council to ensure activities complement each other to maximise opportunities.

3.3 Place Based Working

Town Centre businesses doing more for themselves and contributing funding via the additional business levy has the potential to bring about a change to the town by undertaking the activities within the BID business plan which have been brought about through consultation with stakeholders within the BID area.

3.4 Improving outcomes for children

The BID has an objective A Safe and Attractive Place to Be. This will be focussed on developing and maintaining a safe and attractive environment for visitors, residents and people working in the town and surrounding areas. Whilst the BID might not directly deliver outcomes for children, it will have the potential to attract those with children to come into the town and feel safe thus having a positive impact on the town centre.

3.5 Other

3.5.1 Legal

Business improvement districts were introduced by part 4 of the Local Government Act 2003 and their formation, enforcement and operation is regulated by the 2003 Act and regulations thereunder such as the Business Improvement Districts (England) Regulations 2004 (SI 2004/2443) as amended.

If there is a Yes vote following the postal ballot an Operating Agreement will be drawn up between the BID Company and the Council. The Operating Agreement defines the principles and contractual processes for collecting the BID levy; enforcing the payment of the BID levy; reporting on collection and bad debt; monitoring provisions between the Council and the BID and providing regular detailed and summary information on the service to the BID. The council will be legally required to continue to provide baseline services for the duration of the BID in accordance with a baseline services agreement. Legal Services will provide scrutiny of these documents.

3.5.2 Financial

To date, the Council has invested about £27k of its own resources in supporting the development of the BID. There would be additional specific system and associated costs that would require additional Council investment over the next 5 years if the BID were to go ahead. These are estimated to be in the region of £40k per annum.

There would also be a further investment requirement from the Council in terms of Council owned buildings in the BID area that would be part contributors towards the estimated additional £2.4m BID levy generated over a 5 year period. The Council's additional share is around £142k over the period.

The Council's financial reserves strategy includes specific earmarked resources set aside to support the Council's priority ambitions around economic vibrancy and regeneration, which could cover the above additional investment

requirement. Longer term assessment of the impact of the BID on overall Council business rates income would also be factored in due course into updated medium term overall Council budget plans through the annual planning cycle.

The Council can apply a charge to the BID for the collection of the levy. MHCLG guidelines are:

The local authority is permitted to charge a reasonable fee for this service. There have been wide variations on charging policies across the country with approximately one third of local authorities providing the service at no charge to the BID, whilst others at the other end of the spectrum charging over £100/hereditament (Source: British BIDs Nationwide BID Survey). As a consequence, levy payers have increasingly challenged these charges on the basis that there appears to be no correlation between the levy collection rate and its relative collection charge. The Industry Criteria and Guidance Notes (published by British BIDs annually on behalf of the British Retail Consortium, the British Council of Shopping Centres, the Federation of Small Businesses and the Inter Bank Rating Forum) recommend an industry standard of 'a maximum charge of £35/hereditament or 3% of annual levy income, whichever is the lower'.

Illustrative Council BID levy collection costs are included earlier in the report at paragraph 2.3, at £54k. The recommendation here is that the £54k would be retained instead for re-investment through the BID.

3.5.3 Human Resources

Costs have been included for an additional 2 officers within Exchequer Services – one Grade 8 and one Grade 6. The Grade 6 will be on a temporary basis for 12 months with a review built in as to whether it should be extended for a further 4 years. This is required as the BID scheme for the 2 zones is extremely complicated and will require a member of staff at grade 8 to make the relevant decisions and officer support for all the processing required. This includes setting up ready for the October 2019 start date, there is a considerable amount of work to be completed which includes purchase of a Northgate BID module (IT system for collecting business rates), IT set up, thorough testing, developing bill templates etc. The first bill will be sent out to cover the period October 2019 – March 2020 which again will need additional resources. The second bills will be issued in March 2020 for the next 12 month period.

The full recovery for non-payment of BIDS includes the issue of a Magistrates Court summons by the Council on behalf of the Magistrates Court which we expect will result in more customer contact. The business rates team will also handle these customers at court and also present at court to obtain liability orders to enforce recovery in a similar process to recovering business rates

4. Consultees and their opinions

4.1 Finance

As covered in Section 3.5.2 above.

4.2 Legal

As covered in Section 3.5.1 above.

5. Next steps and timelines

The BID will go to ballot on the 11 July 2019. UK Engage who are undertaking the ballot on behalf of the Council will be sending out ballot papers on the 13 June 2019 (28 day postal ballot).

Work on the potential Operating Agreement between the Council and the BID will be ongoing in case of a Yes vote ready for the operational date of 1 October 2019.

If there is a Yes vote then it will be key for Exchequer Services to purchase new software for Northgate (the IT system which manages the Council's business rates) and set up a new bank account for managing the levy. The first billing to collect the levy will cover the period 1 October 2019 - 31 March 2020 and will be separate from the Council's annual billing process due to its timing. The second billing will be incorporated with the business rates billing process in the financial year 2020/21 (but a separate bill will have to be produced and not incorporated with the Council's business rates bill).

6. Officer recommendations and reasons

- 6.1 to waive the charges for the collection of the business levy associated with the BID. The BID resonates with the Council's ambition by working with key business partners/stakeholders to deliver priority outcomes around town centre regeneration and bring further economic vibrancy to Huddersfield.
- 6.2 to note the potential financial implications if the BID is successful as this will have an effect on Council's budgets for a minimum of 5 years up to 31 March 2024.

7. Cabinet portfolio holder's recommendations

The Economy Portfolio Holder, Cllr Peter McBride supports the officer recommendations as follows:

- 7.1 to waive the charges for the collection of the business levy associated with the BID; and
- 7.2 to note the potential financial implications if the BID is successful.
- 7.3 Subject to the outcome of the ballot, to authorise the Service Director Legal, Governance and Commissioning or her authorised representatives, to approve the terms of, and execute any legal documentation to which the council is to be a party, necessary to finalise the implementation of the BID.

8. Contact officer

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9. Background Papers and History of Decisions

Huddersfield BID Feasibility Study
Economic Portfolio Briefings (8 January 2018, 29 October 2018, 8 May 2019)

Executive Team – 13 March 2018

The Business Improvement Districts (England) Regulations 2004

http://www.legislation.gov.uk/uksi/2004/2443/pdfs/uksi_20042443_en.pdf

10. **Service Director responsible**

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Appendices

Appendix 1 – Huddersfield BID Business Plan

Huddersfield BID Business Plan

(see attached document)