

Report to Cabinet
13 June 2012
Report of Deputy chief executive (operations)
Subject Norwich Business Improvement District

Item

12

KEY DECISION

Purpose

To note the City Centre Partnership's business plan for creating a Business Improvement District (BID) and to approve the next steps by the council for taking the BID forward.

Recommendation

To:

- 1) note the Norwich Business Improvement District business plan;
- 2) agree to voting yes in the proposed ballot to create a BID, delegating this to the deputy chief executive (operations) to carry out;
- 3) note that notice has been received from the City Centre Partnership and therefore instruct the returning officer to organise the BID Ballot in accordance with the Business Improvement Districts (England) Regulations 2004; and
- 4) give delegated authority to the Deputy chief executive (operations), in consultation with the Leader of the Council and section 151 officer, to sign the in principle BID operating agreement on behalf of the council;
- 5) approve the donation of 16 business development days from the LGSS contracted 600 days to support the project

Corporate and service priorities

The report helps to meet the corporate priorities to make Norwich a prosperous city, a city of character and culture and a safe and clean city. It helps to meet the service plan priority to maintain and develop a vibrant city centre.

Financial implications

1. It is estimated that the BID Company would raise in the region of £660,000 p.a. for key areas of investment in the city centre (in accordance with the BID prospectus).

2. The council has rateable property within the BID area. Given a proposed exemption to properties below £15,000 rateable value it is estimated that the council's rates liability towards the BID would be just under £17,000 p.a.
3. The council owns some investment property in the BID area and may incur rates liability should the premises become void. If all properties became void the council's total liability could increase to an estimated maximum of £23,000 p.a.
4. The creation of the BID Company would see the transfer of the city centre management partnership post to the new company under TUPE regulations. This would represent a saving to the council of £52,000.
5. In order to both set-up the BID and collect the rate levy the council would incur costs. These administrative costs are rechargeable to the BID company with the exception of the ballot cost although even this may be covered by the BID proposer/BID company in negotiating the overall BID financial set-up. Also the ballot cost is potentially payable whether or not the BID ballot delivers a majority in favour. The cost of the ballot is estimated to be £5,000
6. The ballot and other administrative estimated costs are summarised in the following table. Recovery of the costs will be set out in the operating agreement between the BID Company and the council. Typically BID companies will pay the initial set-up cost and an annual fee to cover the council's cost in collecting the levy.

Item	Set-up cost	Annual costs				
		Year 1	Year 2	Year 3	Year 4	Year 5
Legal	£800					
Ballot	£5,000					
Systems	£34,415	£10,340	£10,340	£10,340	£10,340	£10,340
Finance	£370	£790	£790	£790	£790	£790
Revenues	£925	£7,030	£7,030	£7,030	£7,030	£7,030
Other	£0	£0	£0	£0	£0	£0
Total	£41,510	£18,160	£18,160	£18,160	£18,160	£18,160
Rate per invoice minus software		£22	£22	£22	£22	£22
Annual support software costs p/a		£ 3,125	£ 3,125	£ 3,125	£ 3,125	£ 3,125
Total rate per invoice		£27	£27	£27	£27	£27
Proposed rate with NCC donation		£23	£23	£23	£23	£23

7. The administrative cost includes the "donation" of 16 days business development days from the 600 business development days that are included in the LGSS contract. With this donation the cost per invoice would be £23; in its absence the cost would be £27. Elsewhere in the country the present maximum BID recharge is £25.
8. In order to meet an anticipated BID start date of 1 November 2012 it will be necessary to purchase an upgrade to one of the council's systems in advance of the BID ballot outcome. Should the ballot not be successful the

cost would not be recoverable and fall to the council to bear. The cost of this upgrade is estimated to be £5,000.

9. The council presently collects 97.75% 2011/12 and 97.83% 2010/11 of business rates and it is anticipated that similar collection levels are achievable for the BID levy. The council will pass on the revenue it collects using reasonable endeavours to collect any shortfall. Depending on collection levels the budget available to the BID Company may vary slightly from year to year.

Ward/s: Mancroft

Cabinet member: Councillor Arthur - Leader

Contact officers

Stefan Gurney (City Centre Partnership Manager)
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Background documents

None

Report

Background

1. A Business Improvement District (BID) is a defined area where businesses get together to plan how to improve their trading environment, identifying additional projects and services that will improve the city centre and trade. Businesses within the BID area agree the level of funds which they will contribute to make it happen and they have total control of the money and how it is spent.
2. A BID provides the funds to deliver additional services to the area that are in line with what local businesses want to improve and enhance their trading environment. Improvements may include improved promotion of the area, events, extra safety, environmental savings or a greater voice on key issues.
3. Businesses pay an agreed levy based on the rateable value of their premises. In Norwich, this is proposed at 1%. The funding is collected by the district council and handed to a new business led Norwich BID Company to spend as the businesses have requested. Businesses within a successful BID area will pay this levy so that everyone who benefits will have paid towards it; it is therefore fair and transparent. Exemptions may be set by BID Company; for example the proposal in Norwich is to exempt all business premises with a rateable value below £15,000 in order that very small and growing businesses are not disadvantaged by the levy.
4. The original draft proposals for the development of a BID were supported by the 14 July 2010 informal executive. A further report on the development of the BID was considered by the 27 October 2010 cabinet, where support was reaffirmed.

The council's vote

5. Norwich City Council as a business rate payer within the defined BID area has a vote in the BID Ballot. Norwich City Centre Partnership has developed a business plan for the Norwich BID and is seeking approval from Norwich City Council for a "Yes" vote in the ballot. A copy of the draft business plan is appended to this report.
6. The council is recommended to vote "yes" in the ballot. The draft business plan includes developing innovative campaigns and ideas to put Norwich front-of-mind as a destination for visitors, tourists and businesses across the UK and beyond. The plan also enables local businesses to respond with one strong voice to projects and initiatives designed to give Norwich a competitive edge, secure investment and promote it as an attractive commercial destination. In both cases this will help meet the Council's corporate priority to make Norwich a prosperous city.
7. The draft business plan also includes initiatives and campaigns to reinforce Norwich's reputation as a warm and welcoming city that will meet the council's corporate priority to make Norwich a city of character and culture. Lastly, the plan also wants to make Norwich one of the UK's best working and shopping

environments by making it a cleaner, greener and more sustainable city through group buying power: this will help meet the Councils corporate priority to make Norwich a safe and clean city.

Progress and next steps

8. Norwich City Council has 11 separate hereditaments within the defined BID area with a total rateable value of £1,692,750. The levy liability is £16,927 at 1%. This also allows Norwich City Council to have 11 individual votes within the BID legislation, increasing the importance of a “yes” vote to deliver an overall BID success.

9. Norwich City Centre Partnership in accordance with the BID legislation is due to provide notice to the council of the intention to hold a BID Ballot between the 2nd and 30th July 2012. As a consequence the council will need to instruct the returning officer to organise the ballot.

10. The council will be the local authority with legal responsibility to set up the BID financial account and provide the invoice, billing and collection of the Norwich BID levy. The council’s costs in carrying out this work, together with other set up costs such as new software licences and the cost of the ballot are rechargeable to the BID Company. The Council can support the project by “donating” business development days to reduce the total cost per invoice that is passed on to the BID. This would reduce the reputational risk that without donating the support, the total invoice cost would be the highest LA charge nationally.

11. Assuming the BID ballot is successful it is anticipated that the BID would operational from 1st November 2012.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	13 June 2012
Head of service:	City development services
Report subject:	Norwich Business Improvement District
Date assessed:	18 May 2012
Description:	Plan to improve the working and trading environment of Norwich City Centre

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	All cost implications rechargeable to the BID company. The council will incur an increased rates cost but this is more than compensated by the transfer of the city centre management partnership manager to the BID company
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Increased costs falling on e.g. revenues and benefits rechargeable to the BID company
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	All new systems in Paris & Northgate rechargeable to BID
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	£660,00 per annum in city centre improvements
Financial inclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BID priority could include measures to reduce city centre crime and disorder
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Proposed projects will reduce the waste collection trips into the city centre by waste companies vehicles
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Proposed projects will reduce the waste and increase recycling in city centre businesses through establishing a group buying process
Pollution	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Proposed projects will reduce the waste collection trips into the city centre by waste companies vehicles
Sustainable procurement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

	Impact			
<p>Risk management</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<p>Failure for City Council to support the BID as a levy payer will have a negative impact on the City Council perception within the business community.</p> <p>Failure to secure a “yes” vote from the business community at ballot stage will result in an inability to formalise a BID in Norwich (the project will not commence until Norwich BID secures a “yes” vote which meets 50% by number and 50% by rateable value of those that vote)</p> <p>The performance of the city centre as retail centre (and centre for employment and cultural activities) could decline in the absence of a BID; comparable centres nearly all have successful BIDs in place.</p> <p>If the BID does not proceed the council risks incurring expenditure of £5,000 on the ballot and £5,000 on software which may not be recoverable.</p> <p>Supporting the BID through LGSS business development days may have an impact throughout the year as this resource will not be available to other projects developed.</p> <p>If the BID does proceed the council will need to carefully manage the 1% levy to ensure that debt is minimised.</p>

Recommendations from impact assessment

Positive

The BID will help to sustain the city centre as a Top Ten Retail Destination (Venuescore 2011) and the main shopping centre in the east of England. The BID will drive the centres pre-eminence as an employment and cultural centre, sustaining the position as the 6th best place for daytrips in the UK and the UNESCO City of Literature. Expenditure on BID priorities may also produce crime and disorder and environmental benefits. The BID will also assist in developing strong relationships between the local authority and the business community.

Negative

If the BID ballot fails the council will have incurred unnecessary cost in having to upgrading the PARIS cash receipting system (£5,000). The level of charge per invoice without donating business development days to support the project would be the highest LA charge nationally and may incur reputational damage.

Neutral

The BID administration costs (collection of the levy) will be passed to the BID company. This will be set out in the operating agreement.

Issues

Delivery timeline for establishing the BID, should there be a successful ballot, will be tight given lead in times for software upgrade, development and training. It will be necessary to purchase an upgrade to the PARIS cash receipting system (estimated £5,000) prior to the outcome of the ballot. □□