

# WIRRAL COUNCIL

## CABINET – 13 JULY 2015

<b>SUBJECT:</b>	<b>WIRRAL BUSINESS SUPPORT – BIRKENHEAD BUSINESS IMPROVEMENT DISTRICT PROPOSAL</b>
<b>WARD/S AFFECTED:</b>	<b>BIRKENHEAD</b>
<b>REPORT OF:</b>	<b>HEAD OF REGENERATION &amp; PLANNING</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR PAT HACKETT ECONOMY</b>
<b>KEY DECISION?</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 The report provides information on the current progress of the BID proposals for Birkenhead Town Centre; sets out the implications for the Council of the BID and any subsequent successful ballot in favour of creating a BID; and recommends courses of action for the Council with regard to all these matters.

### 2.0 INTRODUCTION

- 2.1 In April 2014 Cabinet approved a £100,000 grant to Wirral Chamber of Commerce to develop proposals for the establishment of a potential Birkenhead Business Improvement District (BID) – [minute 185 refers].
- 2.2 BID's are an approach to regenerating town centres, commercial districts and tourism zones. In order to accomplish this regeneration a local mechanism is used whereby non-domestic ratepayers occupying local business premises pay an extra levy (normally between 1% and 2%) on top of their annual business rates for a fixed period of up to five years. This additional funding is used by the BID Company to deliver their business plan for the area.
- 2.3 Part 4 of the Local Government Act 2003 and The Business Improvement Districts (England) Regulations 2004 (as amended) permit local business communities to establish a BID as part of a borough community strategy. These regulations allow the business community to set up a bid, provided that (1) 51% of business ratepayers in the area vote in favour and (2) the "Yes" votes represent more than 50% of the total rateable value in the proposed area. The vote for a BID is carried out by secret postal ballot which has to be organized by the Local Authority and eligibility to vote is based on one vote per eligible business premise located within the defined BID area.
- 2.4 The Nationwide BID Survey 2014 provides examples of BID's across the country and can be accessed here via the following link:

<http://www.britishbids.info/our-services/nationwide-bid-survey/>

### 3.0 BIRKENHEAD BID

3.1 Birkenhead's BID was formally launched on 24 March 2015. The grant funding made available by the Council to the BID Company has been used to develop the BID proposal in the following ways:

- Appointment of a BID Co-ordinator;
- Creation of a dedicated website (<http://www.birkenheadbid.co.uk/>);
- Production of various marketing/promotional materials.

3.2 The BID is being overseen by a Board meeting every 3-4 weeks and comprising of private, public and voluntary sector representatives. The Council is a member of this Board and is represented by Councillor Stapleton and the Strategic Director of Regeneration & Environment.

3.3 The BID Board is now developing its Business Plan and following the completion of this, they want to undertake a ballot of businesses in the area which is the next stage in the process.

3.4 The indicative timeline for the development of the BID proposal, provided by the Board is shown in the table below:

Activity	Milestone
BID proposal (Delivery Plan) and Baseline Services Statement agreed	July '15
Notification of BID proposal to Secretary of State	Aug '15
Rating list updated & finalised	Aug '15
Notice of ballot	Sept '15
Ballot period	2 – 30 Nov '15
Count & announcement	1 Dec '15
Secretary of State appeal period (if appropriate)	2 – 30 Dec '15
BID activity commences	Jan '16

3.5 The BID Board has requested a number of things from the Council if the ballot is positive and these are summarized below;

- That 98% of the BID levy is paid up-front by the Council to the BID Company at the start of each Financial Year (1 April)
- That the Council waive its right to a levy collection charge
- That separate billing is undertaken for the business rate demand and the BID levy

### 4.0 IMPLICATIONS FOR THE COUNCIL

#### Council's Assets in the BID Area

4.1 Within the BID area there are currently 653 eligible business ratepayers, with the collective rateable value of their assets valued at £30.8 million. Of these there are 19 Council assets with a rateable value of £1,648,200. These are public buildings and car parks. Depending on the levy percentage proposed by the BID Board there will

be financial implications for the Council which are estimated to be in the range of £16,484 (assuming 1% levy) to £32,964 (assuming a 2% levy) per annum for a five year period (which is the length of the proposed BID Delivery Plan).

- 4.2 When the ballot takes place the Council will have 19 votes (one per asset). Cabinet will therefore need to identify a representative to exercise the Council's votes

### **Existing Baseline Services**

- 4.3 A pre-requisite of the BID regulations is that the proposal must include a statement of the existing baseline services provided by the local authority or other public bodies in the proposed BID area. The statement will form part of the proposals which demonstrate to businesses voting for the BID the level of additional services that a successful BID can deliver, over and above the baseline activities provided by the public authorities.
- 4.4 It is best practice for any baseline agreement to be agreed at the start of a BID's term. It is, however, unrealistic for local authorities to commit specific service levels though for the full five year term of the BID. Consequently the Council and the BID company will need to agree a mechanism for reviewing baseline agreements and best practice suggests they be reviewed annually, to reflect the services each will provide over the following twelve months.

### **Collection of the BID Levy**

- 4.5 Assuming a successful ballot, the Council is required to manage the collection and enforcement of BID levy charges. The billing and collection of the BID levy is covered by the Local Government Finance Act 1988 and subsequent regulations, currently used for business rates. The BID payer is entitled to pay their share of the BID levy in 10 or 12 monthly instalments as they currently do for business rates.
- 4.6 The Council does not currently have existing staff resources that could manage the collection and enforcement of the BID levy. Therefore, a new post will be required to undertake these duties at a cost of £25,000 (including on-costs).
- 4.7 It is recommended that given the current financial position of the Council, that it should charge the BID Company, which it is entitled to do, a levy collection charge of approximately £35 per unit in the BID area. The 2014 review of BIDS (cited earlier in this report) says that £35 per unit is the industry standard acceptable level of charging. This charge would bring in an estimated £22,855 which would cover the cost of the additional post required.
- 4.8 The BID Company (as noted above) has requested that the Council pay 98% of the levy in April each year - the 98% figure representing the current collection rate for business rates. This will significantly aid the BID Company's cash flow and enable it to manage and deliver their planned programme of improvements. Depending on the percentage rate that is finally agreed for the levy itself, this would equate to the following sums being paid over to the BID Company at the start of each billing year, assuming a 98% collection rate:

- £301,840 (1.0%)
- £452,760 (1.5%)
- £603,680 (2.0%)

- 4.9 Whilst this upfront payment will assist the BID Company, and in principle it is supported, there will be cash flow issues for the Council to manage and with this being an additional levy over and above the business rates there may be some additional requirements for enforcement, particularly if some businesses are opposed to paying it. Therefore, it is recommended for the first year that the payment at 1 April should be 95%, with this then being reviewed for the following four years depending on collection performance.
- 4.10 The BID Company may request a separate bill for the BID levy rather than having one bill covering both the levy and the business rates. This is possible to do but there will be an additional cost of approximately £1,500 if the documents are to be sent out under separate cover. If this is required by the BID Company then it is recommended that this is funded from a slight increase in the proposed levy collection charge.

### **The Ballot**

- 4.11 Under the BID Regulations local authorities remain legally responsible for the ballot process.
- 4.12 The timetable for the ballot is defined within schedule 2 of the BID regulations as follows:
- Notification to the Council & Secretary of State by the BID proposer (minimum of 84 calendar days);
  - Notice of Ballot (ballot holder notifies voters) - (minimum of 42 calendar days before the ballot day)
  - Ballot Period – (minimum of 28 calendar days)
  - Ballot Day (must be a working day and finish at 5pm)
  - Count & Announcement (as soon as 'practicable' after the ballot day)
- 4.13 Negotiations between the BID Company and Head of Legal and Member Services regarding the administration of the ballot are already at an advanced stage with November 2015 provisionally earmarked for this to take place. The costs for administering the ballot will be in the order of £3,750 and these will be met by the BID Company from the £100,000 grant allocation.

## **5.0 RELEVANT RISKS**

- 5.1 It is well publicised that high street retailers across the UK are struggling to compete with out of town shopping centres and the growth of online markets and Birkenhead is no different in this respect. Given the close proximity of Liverpool One and Cheshire Oaks, Birkenhead town centre is at serious risk of further decline. In the absence of investment and a co-ordinated approach to the regeneration of the area, the loss of further businesses and inevitably jobs will almost certainly result.

5.2 There is clearly a risk that local businesses may not vote in favour of a BID, but the steady growth of them within UK in recent years (around 80% of ballots to establish a BID return a “Yes vote”), notwithstanding the high percentage of BID’s renewed after five years, indicate that businesses are realising the extent of the economic benefits they can offer.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 No other options have been considered as there are none appropriate.

## **7.0 CONSULTATION**

7.1 The development of the BID proposal has been informed by extensive consultation with a range of organizations. Through the BID questionnaire, all eligible businesses in Birkenhead have been given opportunity to help shape the direction of the proposal and identify the key improvement areas that will help businesses achieve their aims and ambitions.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 As there are a number of Voluntary, Community and Faith Groups located in the BID area, it is anticipated that there will be some positive benefits to these organisations over a period of time.

## **9.0 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS**

9.1 If a BID is created then the Council will need to find additional financial resources of between £16,484 and £32,964 per annum (depending on the agreed percentage of the levy), for a period of five years (the Delivery Plan period).

9.2 The costs of the Council managing and enforcing the BID levy will require an additional staffing resource estimated at £25,000 (including on-costs). This cost will be met from the Council charging the BID Company a levy collection charge of approximately £35.00 per unit. This will in turn bring in income of £22,855.

9.3 The costs of the Council administering the ballot are £3,750 and these costs will be funded from the £100,000 grant already given to the Chamber of Commerce for the development of the BID proposal.

9.4 If the BID company require bills for the BID levy to be sent out under separate cover, there will be an additional cost of approximately £1,500 per annum. This cost would be met from a slight increase in the levy collection charge the Council imposes on the BID Company.

9.5 As reported earlier, the BID Company has requested payment of 98% of any BID levy on 1 April of each financial year to enable them to implement the Delivery Plan and aid their cash flow position. There will though be cash flow implications for the Council as a result. However, it is proposed that in Year 1, 95% of any BID levy is paid to the BID Company on 1 April, for the reasons set out in the report, and then this is reviewed for future years and adjusted to 98% if the collection rate achieves this percentage.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 The Council will need to ensure that the final BID proposals include all of the details stipulated within Schedule 1 of the Business Improvement Districts (England) Regulations 2004 prior to proceeding to ballot. The authority will also need to satisfy itself that all of these elements have been included in the BID proposals prior to giving the go ahead to the commencement of the ballot process.
- 10.2 The Council will be legally responsible for the ballot process and the Head of Legal & Member Services for discharging its responsibilities as set out within the Regulations. This includes the right to request the Secretary of State declare a void ballot if the Council believes there has been a material irregularity within the ballot process.

## **11.0 EQUALITIES IMPLICATIONS**

- 11.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?  
(a) Yes and an impact review is attached.

This links to the existing EIA conducted for Wirral's Investment Strategy:  
<http://www.wirral.gov.uk/my-services/community-and-living/equalitydiversity-cohesion/equality-impact-assessments/eias-2010-0>

## **12.0 CARBON REDUCTION IMPLICATIONS**

- 12.1 There are no carbon reduction implications arising directly from this report.

## **13.0 PLANNING & COMMUNITY SAFETY IMPLICATIONS**

- 13.1 Should the BID proposal succeed at ballot then some of the improvements proposed will be expected to have a positive impact on community safety.

## **14.0 RECOMMENDATIONS**

- 14.1 It is recommended that Cabinet
- (i) Identify the person who will exercise the Council's votes in the forthcoming ballot.
  - (ii) In the case of a positive ballot to create a BID that:
    - (a) in Year 1, 95% of the BID levy is paid on 1 April with the percentage being reviewed for future years, dependent on the Council's performance in collecting the levy;
    - (b) The Council charges the BID Company a levy collection charge of £35 per unit to cover its costs of employing a member of staff to collect and enforce the BID levy;
    - (c) The Council agrees to fund the BID levy in respect of its assets in the BID area for a period of five years, as set out in paragraph 4.1;

- (d) The Council charges the BID Company the extra cost of separate billing, should the BID Company require this. .

## **15.0 REASON FOR RECOMMENDATION**

- 15.1 To enable the proposal to establish a Business Improvement District in Birkenhead Town Centre to be progressed for regeneration benefits.

## **BACKGROUND PAPERS/REFERENCE MATERIAL**

Business Improvement Districts – Technical Guide for Local Authorities (DCLG March - 2015)

Business Improvement Districts – Guidance & Best Practice (DCLG – March 2015)  
Nationwide BID Survey 2014

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## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Cabinet	10 <sup>th</sup> April 2014

