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| DECISION-MAKER: | CABINET | | |
| SUBJECT: | GO SOUTHAMPTON Proposal for a City Centre Business Improvement District | | |
| DATE OF DECISION: | 21 June 2016 | | |
| REPORT OF: | Leader of the Council | | |
| <u>CONTACT DETAILS</u> | | | |
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| STATEMENT OF CONFIDENTIALITY | |
| None | |
| BRIEF SUMMARY | |
| <p>A Steering Group of Southampton businesses and business organisations has been investigating the feasibility of establishing a Business Improvement District (BID) in Southampton City Centre. In accordance with Regulation 3(2) of the Business Improvement Districts (England) Regulations 2004 legislation, on 8th January 2016 the Chair of the Southampton BID Steering Group served 84 days' notice on the Council and the Secretary of State of the intention to request the billing authority to put the BID proposal to a ballot.</p> <p>The purpose of this report is to:</p> <ul style="list-style-type: none"> • Provide information on the proposals for a Business Improvement District (BID) in Southampton City Centre, • Set out the implications for the Council, and • Assist the Council in fulfilling its regulatory duties in respect of approving the BID proposal. | |
| RECOMMENDATIONS: | |
| (i) | To review and confirm that the BID Proposal does not conflict to a material extent with the Council's adopted, published policies, nor does it warrant the use of veto for any other reason under regulation 12 of the BID Regulations 2004 (England) and that it can therefore be supported. |
| (ii) | To instruct the Returning Officer to hold a ballot on behalf of the BID Proposer, with the final day of ballot being 3 November 2016. |
| (iii) | In the event of agreeing recommendation (i), agrees to vote 'yes' for the six Council owned properties in the BID area. |
| (iv) | To delegate authority to the Chief Operating Officer to make all decisions on behalf of the Council in connection with, and during the BID Proposal statutory process including entering into a Baseline Agreement for the Provision of Standard Services and an Operating Agreement to confirm agreed arrangements. |

| REASONS FOR REPORT RECOMMENDATIONS | |
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| 1. | <p>Under the BID regulations, the Council has a duty to receive BID proposals as part of the process to ballot. The Council has a role in ensuring compliance and has the power under the regulations to veto a BID proposal after ballot where it believes the BID proposals:</p> <ul style="list-style-type: none"> • are likely to materially conflict with any of the Council’s formal policies; • place an inequitable and significantly disproportionate financial burden on any class of non-domestic ratepayer as a result of manipulation of the BID area or BID levy. |
| 2. | <p>The recommendations are in support of the “Go Southampton” proposal as it is considered to:</p> <ul style="list-style-type: none"> • conform to all required BID Regulations; • add value to existing initiatives and local strategic priorities; • provide leverage of additional resource and initiatives to improve the experience, marketing and viability of the City Centre and thereby enhance the economic growth of the city and outcomes for residents. |
| ALTERNATIVE OPTIONS CONSIDERED AND REJECTED | |
| 3. | <p>Should the Council vote not to support the proposal, it would risk:</p> <ul style="list-style-type: none"> • The loss of revenue of over £1 million per annum for five years to the BID Company which, working with the Council, will support the promotion and regeneration of the City Centre; • The loss of additional leverage and match funding; and • Damage to business relationships and dis-engagement of local businesses to work in partnership with each other and with the Council for the betterment of the area. |
| DETAIL (Including consultation carried out) | |
| 4. | <p>Over 200 English BIDs are now in operation, including local BIDs in Bournemouth, Salisbury, Winchester, Eastleigh, Basingstoke and Chichester. The Go Southampton BID has an ambition of supporting Southampton City Centre to increase its standing and national reputation. It aims to maximise the benefits to the City through the investment that is currently taking place and planned for the next decade, particularly by adding a place management and promotional element to add value to the realisation of the City Centre Masterplan, which will be creating £3 billion of investment and over 7,000 jobs.</p> |
| 5. | <p>Part 4 of the Local Government Act 2003 and The Business Improvement Districts (England) Regulations 2004, permits local business communities to set up a BID. A BID is a business-led and business funded body formed to improve a defined commercial area. Proposed improvements are captured in a Business Plan, against which businesses within the area vote.</p> |
| 6. | <p>A ballot is run by the local authority or outsourced by the authority to a third party (with local authority oversight). All businesses eligible to pay the levy are balloted. A successful ballot requires a favourable vote from 51% of eligible businesses – both by number, and also by</p> |

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| | <p>aggregate rateable value. This ensures that the interests of large and small businesses are protected. There is no minimum turnout threshold. The vote for a BID is carried out by secret postal ballot, and eligibility to vote is based on one vote per hereditament situated in the BID area.</p> |
| 7. | <p>In Southampton, there was a negative BID ballot for a different discrete area covering Bedford Place, Above Bar and East Street in 2009. However, as a result of (i) the improving economy, (ii) a positive feasibility study and (ii) through applying the learning from the previous ballot, a second attempt is now proposed.</p> <p>Subject to a 'yes' vote at ballot, the Go Southampton BID would commence on 1st April 2017 and its first term would run for five years. To continue thereafter, a renewal ballot process would be required to secure a further BID term of up to five years. The BID proposal sets out businesses' priorities for improvements for the area and area services, as well as how the BID will be managed and operated.</p> |
| 8. | <p>A company called 'The Means', specialists (with a successful track record) in BID development has been recruited to drive forward this work. A Steering Group has been sent up which includes representation as follows :</p> <p>Shopping Centres: Marlands, WestQuay, Hospitality: Grand Harbour Hotel, Delicious Dining, Metrics, Green King National retail: Cath Kidson, Boots Local Independent: East Street Traders Culture and Arts: Culture Southampton Business Organisations: Hampshire Chamber of Commerce Project Management: Marwell, Kirstie Mathieson Advisers, PR and Communications: Carswell Gould, Lee Peck</p> |
| 9. | <p>The Go Southampton BID objectives are attached at Appendix 1. They arose directly from significant direct consultation, questionnaires and a major event, which contributed to the Feasibility Report in December 2015 (at Appendix 3). Over 100 City Centre business interviews took place between September and November.</p> <p>In response to the question, 'to what extent do you agree that a BID should be tested at ballot in Southampton?', 8% disagreed, 20% neither agreed nor disagreed, and 72% either agreed or strongly agreed.</p> <p>In response to the question, 'in principle, do you think that a BID is a good idea?', 75% responded 'yes', 18% responded 'undecided' or 'don't know', and 7% 'no'.</p> |
| 10. | <p>The BID objectives include the following:</p> <ol style="list-style-type: none"> 1. A Better City Centre Experience (cleaner City Centre with improved pavements and streets; Safer City Centre with a measurable reduction in crime and anti-social behaviour; Co-ordinated and better events programme; better transport including improved traffic management and parking) 2. Better Marketing and Stronger Businesses ('better welcome' including high quality, real-time visitor information; 'bigger welcome' including raising Southampton's profile as a place for |

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| | <p>business and leisure both nationally and internationally; ‘local and longer’ driving new business and actively promoting the evening economy, and ‘data and innovation’ including collecting and sharing key metrics on City Centre activity to support business growth.)</p> <p>3. Stronger Business Community (‘better economies of scale’, including business to business activity; ‘better voice for business’ including advocates for business; skills and talent retention and actively supporting new investment in the City.</p> <p>The BID would operate with the principles of adding value to existing work, leverage of at least 25% additional resources, providing measurable impact, and not being used to off-set spending reductions.</p> |
| 11. | <p>The BID levy will be payable by hereditaments within the BID area on the Non Domestic Ratings List with a rateable value of £15,000 or over, unless exempt under BID Arrangements (as given in Appendix 2). The BID levy will be 1.5% of rateable value. However, hereditaments within the main serviced areas of WestQuay, Marlands, WestQuay Retail Park and Studio 144 will be charged 1.4% in recognition of the significant existing contributions to joint marketing and security through their service charges.</p> |
| 12. | <p>The proposed BID area is illustrated in Appendix 1 and encompasses the City Centre including Bedford Place. This area includes 617 hereditaments generating a projected annual BID levy outturn of approximately £1,087,500. This equates to a five year levy budget of approximately £5.5 million.</p> |
| 13. | <p>There are six hereditaments in the BID area that have Southampton City Council as the Property Contact Name on the ratings data: The Civic Centre; Sea City Museum; Tudor House; Cemeteries Department, Bugle Street; and 108/112 East Street.</p> <p>The Council would have a vote for each one. The total levy contribution for these six properties would be £20,865 per annum. This would lever over £1m private sector investment to the City per annum.</p> |
| 14. | <p>The BID Steering Group, supported by The Means, has been working with Council and Capita Services to ensure that all aspects of the BID proposal are in place to assist the Council in fulfilling its regulatory duties in respect of approving the BID proposal. An Operating Agreement and Baseline Agreement are being drafted and are attached in draft form at Appendix 2. These documents are subject to further discussion and agreement between the parties.</p> <p>The Operating Agreement builds on the BID regulations, setting out the Council’s responsibilities in collecting and administering the BID levy on the BID’s behalf, and the BID Company’s responsibilities when operating the BID in line with the BID Arrangements. The Agreement would be between the BID and the Council, to be reviewed and signed in the event of a successful ballot, prior to the BID’s start date and effective from 1st April 2017.</p> <p>The Baseline Agreement outlines Standard Services within the BID area which are provided by the Council that may overlap with the BID’s area of activity. The purpose is to prevent the delivery of existing</p> |

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| | <p>services being transferred from the Council to the BID Company (except if/where the Company is selected as a contractual supplier of services to the Council). The Council will enter into Baseline Agreement by 6 March 2017. The services covered are being drafted and will cover services and benchmark levels in the areas of:</p> <ul style="list-style-type: none"> • Environment: Cleaning services, park maintenance, maintenance of historic environment, community safety (eg CCTV, PSPO enforcement, any warden presence) • Car parking: level of provision, maintenance, safety, enforcement • Events: Tourism / marketing related events, cultural events, sporting events • City Marketing / visitor information • Economic Development: where there are areas of spend in relation to City Centre management |
| 15. | <p>If the ballot is successful, a legally constituted BID company will be established. The Bid Company will be responsible for delivery of the business plan and will be accountable to its levy payers, including the Council as a levy payer. As a private company limited by guarantee, the BID will be required to submit annual accounts to Companies House. Procedures governing the administration of the BID levy are outlined in the regulations and the Operating Agreement between the BID and the Council. The BID proposer has included Financial Management and Governance Policy Recommendations for the BID in Appendix 1.</p> |
| 16. | <p>Significant consultation is being undertaken by the Steering Group members and The Means with businesses of all sizes and sectors in the BID area to gauge support and shape proposals to meet local business demands. The BID priorities have arisen as a direct result of a Feasibility Study, which is attached at Appendix 3.</p> |
| RESOURCE IMPLICATIONS | |
| <u>Capital/Revenue</u> | |
| 17. | <p>The projected BID income would be in the region of £1,087,500 per annum, which would be available for allocation against specified BID strategic priorities. An indicative budget is given in Appendix 1.</p> |
| 18. | <p>The proposed BID area contains six Council hereditaments and the Council's annual financial BID liability would be £20,865. This would leverage more than £1 million investment from businesses to ensure a thriving City Centre and improved quality of life for residents.</p> |
| 19. | <p>In accordance with the BID legislation, the Council will be responsible for the billing, collection and transfer of the extra levy to the BID Company. This will be undertaken by Capita Services and charged to the BID Company. The details are given at Appendix 2 and will be included in the Operating Agreement. One –off ballot costs will be in the region of £7,500.</p> |
| 20. | <p>Council's Cabinet and Capital Board have previously approved a loan facility to the Chamber of Commerce, on behalf of Southampton BID Steering Group,</p> |

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| | <p>of a total of £152,000 made available from contingencies. This includes £77,000 development costs in preparing the BID proposal to the point of ballot, and an additional £75,000 to fund start-up costs and forward fund the BID until its commencement in April 2017 should the ballot be successful. Should there be a 'no' ballot, the £75,000 would not be drawn down. In the event of a successful ballot outcome, the full £152,000 would be re-paid over the term of the BID.</p> |
| <u>Property/Other</u> | |
| 21. | There are no property implications in addition to the levy charge detailed in paragraph 13 |
| LEGAL IMPLICATIONS | |
| <u>Statutory power to undertake proposals in the report:</u> | |
| 22. | The Local Government Act 2003 and the Business Improvement Districts (England) Regulations 2004 (The Regulations) provide the statutory powers and framework to enable a Business Improvement District (BID) to be created. The Council is obliged to approve the BID Proposal unless there is a conflict between the BID's proposal and the Council's formally adopted policies. |
| 23. | At this stage in the process the Council, as billing authority, is only required to instruct the Returning Officer to hold a ballot once satisfied that the BID Proposer has met all the requirements under the Regulations. Where the relevant billing authority is of the view that the BID proposals conflict with a policy formally adopted by and contained in a document published by the authority the authority shall, as soon as reasonably practicable after receiving the proposals, notify the BID body in writing explaining the nature of that conflict. Officers have stated elsewhere in this report that there is no conflict. |
| 24. | The Council has implied legal powers under the above legislation and a general power of competence under section 1 of the Localism Act 2011 (subject to overriding fiduciary duties) to enter into arrangements to facilitate the BID arrangements including levy collection and may enter into a Baseline Agreement for the Provision of Standard Services and an Operating Agreement to confirm agreed arrangements. Local Authorities are required to provide a schedule of baseline services under Schedule 1 of the BID regulations. Should a ballot be successful the BID Body proposes to form itself into a Company Limited by guarantee under the Companies Act 2006. Proposed Council payments and contributions would fall within the Council's general power of competence and any state aid issues are unlikely to apply and should in any event fall within the de minimis threshold exemptions. |
| <u>Other Legal Implications:</u> | |
| 25. | When making decisions the Cabinet and officers must ensure that they understand that the interests of the Council as owner of hereditaments in the BID and certain duties under the Regulations may not coincide. Although this is unlikely in practice it may be necessary put in place arrangements to deal with a conflict of interests albeit that a person does have rights of appeal in the event of the Council exercising it. |
| 26. | The Council has a right to exercise a veto after the outcome of the |

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| | Ballot if the Council considers the arrangements are likely to either conflict to a material extent with any of their published policies or place a disproportionate and inequitable financial burden on any person or group of persons through manipulation of the BID geographical area or the structure of the BID levy. |
| 27. | In due course, if the BID does not deliver the envisaged benefits, there could be indirect reputational risks for the Council. However, by supporting the BID process and remaining involved in the day to day running of its activities, the Council will be seeking to mitigate any potential future risk. |
| POLICY FRAMEWORK IMPLICATIONS | |
| 28. | <p>The proposed Go Southampton BID directly supports two of the Council's four priorities:</p> <ul style="list-style-type: none"> • Strong and sustainable economic growth • Southampton is an attractive and modern City where people are proud to live and work |

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| KEY DECISION? | Yes |
| WARDS/COMMUNITIES AFFECTED: | Bargate |
| <u>SUPPORTING DOCUMENTATION</u> | |
| Appendices | |
| 1. | Go Southampton BID Proposal, Objectives and Budget |
| 2. | Draft Operational and Baseline Agreements |
| 3. | Evidence of Consultation |

Documents In Members' Rooms

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Equality Impact Assessment

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| Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out. | No |
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Privacy Impact Assessment

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| Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out. | No |
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Other Background Documents

Other Background documents available for inspection at:

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| Title of Background Paper(s) Notification to Instruct to Ballot | Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable) |
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