
A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity, financial and business affairs of an organisation and the amount of expenditure proposed to be incurred by the Council under a particular contract for the supply of goods or services.

Cabinet Member for Jobs and Regeneration

14 December 2017

Name of Cabinet Member:

Cabinet Member for Jobs and Regeneration – Councillor J O’Boyle

Director Approving Submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

St. Michael’s Ward

Title:

Coventry City Centre Business Improvement District (BID) – BID Proposal

Is this a key decision?

No

Executive Summary:

In 2008, the Coventry City Centre Business Improvement District (BID) was established, covering the City Centre area. A BID is a principally business-led and business-funded body, formed with a purpose to improve a defined commercial area. The aim of the Coventry BID is to enhance, promote, develop and boost the city centre to make it a great place to work and visit.

In a formal ballot of eligible businesses in February 2013, 83% of votes cast were in favour of the Coventry BID being renewed for a second five-year period, from 1 April 2013 to 31 March 2018. As the BID comes to the end of the term of this agreement in March 2018, a new ballot will be required whereby for a new BID period the BID members will need to endorse new BID proposals, including the structure, business plan and proposed budget for the period 2018 – 2023.

The BID is currently hosted by Coventry City Council, following the transfer of city centre management services from CVOne in 2011. In the new Coventry BID Business Plan for 2018-2023, it is proposed to establish the BID as a new, separate, independent body, thereby aligning Coventry’s arrangements with the structure of the vast majority of BIDs in the country.

The Council is currently, and would under the proposed new arrangements remain, a BID levy payer. The Council currently also makes an additional voluntary financial contribution to the operations of the BID, but these arrangements are due to expire in March 2018.

The Coventry BID Business Plan 2018-2023 aims to focus BID activity towards priority areas of Security and Environment; Enhancing and Promoting; Business Voice and Support. If BID proposals for a new BID period were not approved at the proposed ballot, a number of the services planned in support of these objectives would not be considered deliverable.

Recommendations:

The Cabinet Member for Jobs and Regeneration is recommended to approve:

- (1) The Coventry Business Improvement District (BID) proposals and timetable to ballot for a new Business Improvement District (BID) and a new agreement for the period 2018-2023
- (2) That the Council act as the Ballot Holder in accordance with the Business Improvement District Regulations (England) 2004 and all relevant legislation.
- (3) That the Council recover the cost of the BID ballot from the proposers if the ballot is unsuccessful
- (4) That, if voted for by the BID levy payers within the ballot, the Council acts as the billing authority responsible for collecting the BID Levy and administering the BID Revenue Account, which shall be used towards the operation of the BID within the area of the Council.
- (5) That the Council will charge the BID for the Collection and Administrative Charges for business rates staff in collecting and administering the levy in the sum of £20,000 annually (index linked).
- (6) That the Deputy Chief Executive (Place) be delegated authority, following consultation with the Cabinet Member for Jobs and Regeneration, to determine how the £75k identified in paragraph 1.5 should be allocated in line with City Council priorities.

List of Appendices included:

- A. Coventry Business Improvement District (BID) Business Plan 2018-2023

Other useful background papers:

1. Coventry City Centre Business Improvement District (BID) Business Planning 2013-2018 - Cabinet Member Report 17th September 2012; www.coventry.gov.uk

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Coventry City Centre Business Improvement District (BID) – BID Proposal

1. Context (or background)

- 1.1 In 2008, the Coventry City Centre Business Improvement District (BID) was established, covering the City Centre area. The aim of the Coventry BID is to enhance, promote, develop and boost the city centre to make it a great place to work and visit. In the 2013-2018 Business Plan, the Coventry BID Terms were defined to cover all customer-facing businesses within the ring road.
- 1.2 The BID is a partnership between local businesses and the local authority. Both parties are required to make contributions directly measured against the rateable value of their respective properties. This amount is currently set at 1.2% of the rateable value.
- 1.3 In a formal ballot of eligible businesses in February 2013, 83% of votes cast were in favour of the Coventry BID being renewed for a second five-year period, from 1 April 2013 to 31 March 2018. As the BID approaches the end of this agreement in March 2018, a further ballot will be required to establish a new agreement, whereby for a new BID period the BID members will need to endorse new BID proposals, including the Bid Terms, structure, business plan and indicative budget for the period 2018 – 2023.
- 1.4 The proposed Bid Terms for the new BID for 2018-2023 are changed to include all businesses within the geographical BID area (whether they are customer facing or not), but a threshold of £16,000 rateable value will be applied. This will exempt any business hereditament within the defined BID area falling below £16,000 (i.e. £15,999 or below) rateable value.
- 1.5 The Council pays its own BID levy as landlords or tenants of several customer-facing buildings or car parks etc. In addition, the Council currently pays an additional financial contribution per annum of £75k, the arrangements for which are due to expire in March 2018. Under the new BID proposals, the Council's levy would increase from circa £41k to circa £46k per annum, but no additional voluntary contribution is proposed. It is therefore recommended that the Deputy Chief Executive (Place) be delegated authority, following consultation with the Cabinet Member for Jobs and Regeneration, to determine how this funding should be allocated in line with City Council priorities.
- 1.6 The Coventry BID is currently hosted by Coventry City Council, following the transfer of city centre management services from CVOne in 2011. The BID highlights that in the current BID term, over 1.2 million people have been attracted to Coventry city centre through BID supported events; 32 zones of the city centre have been supported through a dedicated cleansing team; over 300 businesses have benefited from the city centre digital radio scheme; and that summer bedding and over 70 hanging basket displays have been supported, making the city centre a more attractive destination.
- 1.7 In the Coventry BID business plan for 2018-2023, it is proposed to establish the BID as a separate, independent body, thereby aligning Coventry's BID structure arrangements with those of the vast majority of BIDs in the country. The BID Business Plan for 2018-2023 proposes the establishment of the BID under the management of an independent Company Limited by Guarantee – 'Coventry BID Limited'.
- 1.8 The Coventry BID Business Plan for 2018-2023 focuses on three key areas to ensure Coventry City Centre is a destination of choice, namely Security and Environment; Enhancing and Promoting; Business Voice and Support. BID proposals and commitments for these areas are outlined in pages 8-11 of the Business Plan 2018-2023 (Appendix A).

- 1.9 The budget for providing these services for 2018/19 amounts to approximately £401k per annum. The BID commenced the 2017/18 financial year with circa £54k of unallocated reserves.
- 1.10 The majority of the BID budget for 2018-2023 is aligned to commitments around Security and Environment (45%), followed by Enhancing and Promoting (20%); and Management and Administration (20%). Commitments for Business Voice and Support are supported by around 1% of budget. Detailed costs are provided in Appendix B of the Private Report.
- 1.11 A draft Baseline Agreement (for the provision of the Council's standard services in the area) and a draft Operating Agreement between Coventry City Council and Coventry BID Limited are currently being negotiated by the parties, with a view that the full Baseline Agreement and Operating Agreement will be entered into should the Ballot vote endorse a new 5-year BID period.

2. Options considered and recommended proposal

Coventry City Council is committed to honouring the delivery of hosted BID services for the remaining period of the current business plan to 31 March 2018. Moving forward, a new BID governance model, new five-year BID period and five-year BID business plan is proposed by the BID, on which the levy payers will vote via the proposed ballot. This ballot, which is subject to approval, is scheduled to take place from 15 January 2018 – 12 February 2018. The following options have been considered:

2.1 BID Renewal Ballot (Recommended)

- 2.1.1 In May 2017, the BID conducted a comprehensive consultation exercise. This exercise, to which 216 businesses responded, identified the businesses' priorities for the future Coventry Bid Business Plan.
- 2.1.2 The consultation findings have informed the Coventry BID Business Plan 2018-2023. A ballot is now proposed for 15 January – 12 February 2018,, whereby eligible businesses will vote on the future of the Coventry BID and, in order to agree a new term for a further five years, will need to confirm their support for the structure, business plan and indicative budget for the period 2018 – 2023 (see Appendix A).
- 2.1.3 It is argued through the Business Plan that a continuation of positive relationships between city centre businesses and the Council, through the proposed new BID arrangements, strongly benefits the city centre. The proposed BID mechanism provides an independent voice for businesses and a structured plan for providing additional investment into the City Centre, over and above that which the Council would be able to provide through its standard services.
- 2.1.4 The ballot is the mechanism by which the BID has an opportunity to present its business plan for endorsement by the BID levy payers. It is therefore recommended that the Council support Coventry Business Improvement District (BID) proposals for a ballot for a new agreement for the period 2018-2023. It is further proposed that, the Council act as the Ballot Holder in accordance with the Business Improvement District (England) Regulations 2004 and all relevant legislation.
- 2.1.5 If voted for by the BID levy payers within the ballot, it is finally proposed that the Council continues to act as the billing authority responsible for collecting the BID Levy and administering the BID Revenue Account, which shall be used towards the operation of the BID within the area of the Council.

2.2 Veto Bid Ballot Proposals (Not Recommended)

2.2.1 Under Section 51(2) of the Local Government Act 2003, a local authority has a right of veto over BID proposals, but only in prescribed circumstances. The prescribed circumstances are that the relevant billing authority is of the opinion that the BID arrangements are likely:

- (a) To conflict to a material extent with any policy formally adopted by and contained in a document published by the authority; or
- (b) To be a significantly disproportionate financial burden on any person or class of persons (as compared to the other non-domestic ratepayers in the geographical area of the BID) and (i) that burden is caused by the manipulation of the geographical area of the BID or by the structure of the BID levy; and (ii) that burden is inequitable.

2.2.2 The prescribed circumstances for triggering a right of veto over BID proposals are not considered by the City Council to be present in view of the BID Business Plan proposals for 2018-2023. Therefore, no objections to the BID proposals to go to ballot for a new term are raised or recommended.

3. Results of consultation undertaken

3.1 In May 2017, the BID conducted a comprehensive consultation exercise. This exercise, to which 216 business responded, identified the businesses' priorities for a future Coventry Bid Business Plan.

3.2 Through the consultation survey:

- 87.2% of respondents endorsed proposals to keep the BID levy at 1.2%
- 65.88% of respondents said the Pubwatch/retail radio scheme was very important to them
- 64.73% of respondents were of the view that BID events were successful in increasing footfall in the city centre
- 60.39% of respondents said they enjoyed the cleanliness of the city centre
- 55.56% of respondents valued Christmas marketing and promotion undertaken by the BID
- 52.17% of respondents are looking for retail and business forums

3.3 As a consequence of the above consultation, the proposed Coventry BID Business Plan for 2018-2023 focuses on three key areas of additional services, above and beyond the 'standard services' provided by the City Council in the city centre area. These three areas are Security and Environment; Enhancing and Promoting; Business Voice and Support.

3.4 The BID Business Plan for 2018-2023 proposes a completely new structure for the service – moving from a hosted body to being managed by an independent Company Limited by Guarantee – 'Coventry BID Limited'. The majority of the proposed BID budget for 2018-2023 is aligned to commitments around Security and Environment and Enhancing and Promoting, with around 35% committed to management and administration, general overheads, collection of the BID levy, contingency and Business Voice and Support.

3.5 On 6 November 2017, a consultation commenced with Trades Unions and BID staff concerning the proposals for moving into a new BID structure from 1 April 2018. Consultation concluded on 6 December 2017. If adopted, the proposal would reduce the team establishment from seven to four posts. With this proposal, the Coventry BID Board have

ratified that all costs in relation to redundancy for any member of the current team would be met by BID funds,

3.6 For a BID to be successful, the ballot must be won on two counts:

- A simple majority of those voting
- Businesses representing more than 50% of the rateable value of those businesses that voted

This system is designed to protect the interest of both big and small businesses.

3.7 In the event of a positive ballot outcome, considerations regarding the implementation of the proposal and “Transfer of Undertakings (Protection of Employment) Regulations 2006” are outlined in Section 5.2 of this report.

4. Timetable for implementing this decision

4.1 The new BID process is working to the programme and timelines set out in paragraph 4.2 below and if successful then operational commencement in April 2018. The Council will be required to collect the BID levy payments. This will be done at the same time as the existing Business Rate Collection, due 1st April of each year or as soon as practical following any changes in liability or the rating list.

4.2 BID Programme:

- | | |
|---------------------------------|-------------------------------|
| • Consultation with Levy payers | May 2017 |
| • Notify the Secretary of State | August 2017 |
| • Cabinet Member Decisions | December 2017 |
| • Appoint the Ballot Holder | December 2017 |
| • Notification of Ballot | 18 December 2017 |
| • Ballot period | 15 January – 12 February 2018 |
| • Announcement of Ballot Result | 13 February 2018 |
| • Challenge Period | 13 February – 13 March 2018 |
| • New Bid Term (if Approved) | 1 April 2018 – 31 March 2023 |

5. Comments from Director of Finance and Corporate Services

5.1 Financial implications

The recommendations in this report for the ballot for a new City Centre BID period and arrangements will result in a reduced contribution from the City Council of £75k. The City Centre BID activity is funded through contributions from the immediate business community and is therefore self-sustaining and should not pose any liability to the City Council.

The one-off cost of the ballot administered by the City Council will be fully recovered from BID resources. The ongoing/annual cost of collecting the BID levy will be recovered from BID resources – currently charged at £13,400 rising to £20,000 in 2018/19 (and index linked from 2019/20 – 2020/2023). There is an anticipated increase in the BID levy cost affecting Coventry City Council properties of circa £5k from 2018/19.

Detailed Business Plan costs are provided in Appendix B of the Private Report.

5.2 Legal implications

The legislative framework for the establishment of Business Improvement Districts is contained in the Local Government Act 2003 with the regulations governing the BID development process and Statutory Instrument No. 2443-The Business Improvement Districts (England) Regulations 2004.

The BID Company will enter into baseline and operating agreements with Coventry City Council to ensure that improvements and services carried out by the BID represent true additionality and will not replace services that should already be performed by the Council. The agreement will clearly define the level of provision by the Council and ensure our commitment to maintaining and improving the level of service during the BID.

The Council will be required to have a separate BID revenue account in respect of the BID.

Where BID arrangements come to an end and there is a credit to the account which would provide at least £5.00 for each BID levy payer, the Council must credit the sum against any liability of each levy payer for non-domestic rates, or if there is no such liability, refund the sum.

Where BID arrangements come to an end and there is insufficient credit in the account for the above process to take place, the Council can carry over the overall credit balance to its general fund.

TUPE and Redundancy implications

In the event of a “yes” vote at the ballot, those employees currently undertaking roles under the current BID arrangement and whose roles exist under the new BID arrangement would transfer to the new BID Company Limited. TUPE refers to the “Transfer of Undertakings (protection of Employment) Regulations 2006 and the rules apply to organisations to protect employees rights when the organisation or service they work for transfers to a new employer.

Those employees currently undertaking roles under the current BID arrangement and who do not fall under the TUPE protection would need to be dealt with either through redeployment within the organisation or by way of redundancies, a process of which has been consulted upon as set out in the main body of this report.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

6.1.1 The services currently being delivered and those proposed as part of the City Centre BID Business Plan 2018-2023 support the city's vision to be a growing, accessible city where people choose to live work and be educated and businesses choose to invest.

6.1.2 The City Centre BID also will work towards achieving a number of the objectives outlined within the Council's Plan, including:

- *Supporting businesses to grow and developing the City Centre* – through providing an independent voice for business, and advice and support to city centre businesses
- *Raising the profile of Coventry* - through events and promotions to raise Coventry's profile as a destination of choice

- *Arts, Sports and Cultural Opportunities* – through BID support for City Centre events, such as the Christmas Lights Switch-On, specialist markets and Sports Week
- *Creating an attractive, cleaner and greener city* – through the provision of additional services, including city dressing/greening and additional cleansing
- *Making communities safer* – through the provision of an enhanced city centre radio service, PubWatch scheme, DISC incident reporting service and additional security/community support presence

6.2 How is risk being managed?

A project risk log will be maintained on the Council's corporate system and reviewed and managed by the BID Team during the proposed ballot and business transition/planning periods.

6.3 What is the impact on the organisation?

There will be Human Resource implications in respect of TUPE transfer or termination of contracts for those employees funded specifically via the BID to provide services under those arrangements. These considerations are addressed in Section 5.2 above.

If the proposed ballot delivers an agreement for future BID services, there will be a transition from current service provision to those services proposed in the new BID Business Plan 2018-2023. These changes will be captured in the final Baseline Agreement and Operating Agreement between the BID and City Council.

If the proposed ballot does not deliver an agreement for future BID services, it is likely that there will be a reduction and/or complete removal of some key services in the city centre. Any services that were to be provided at a level above the Council's standard services would then present a negative impact on corporate budgets.

6.4 Equalities / EIA

The BID Business Plan 2018-2023 has been developed in consideration of the results of formal consultation with BID Levy payers. Whilst amendments to the BID Terms are proposed, the BID area and level of BID levy have not been subject to change and it is considered no significantly disproportionate financial burden is proposed on any person or class of persons. Therefore, the prescribed circumstances for triggering a right of veto over BID proposals are not considered by the City Council to be present. No Equality Impact Assessment has therefore been undertaken.

6.5 Implications for (or impact on) the environment

Not applicable to this report.

6.6 Implications for partner organisations?

Primarily the decisions made will have a direct impact on the City Centre BID and BID Levy payers. The BID Business Plan 2018-2023 has been developed in consideration of the results of formal consultation with BID Levy payers and is focused towards the priority areas identified through this consultation – namely Security and Environment; Enhancing and Promoting; Business Voice and Support.

The proposed Bid Terms for the new BID for 2018-2023 are changed to include all businesses within the geographical BID area (whether they are customer facing or not). In the event of a successful ballot, this would mean that a number of businesses would be required to pay the Bid levy, who had not previously been required to do so. However, a threshold of £16,000 rateable value will also be applied. This will exempt any business hereditament within the defined BID area falling below £16,000 (i.e. £15,999 or below) rateable value.

Report author(s):

David Nuttall
David Cockroft

Name and job title:

Head of Sport, Culture, Destination and Business Relationships
Director of City Centre and Major Projects Development

Directorate:

Place

Tel and email contact:

David.Nuttall@coventry.gov.uk
024 7683 2362
David.Cockroft@coventry.gov.uk
024 7683 3964

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Trish Willetts	BID Manager	Place	11.12.17	11.12.17
Mark Williams	Lead Accountant Business Partner	Place	11.12.17	12.12.17
Suzanne Bennett	Governance Services Coordinator	Place	11.12.17	12.12.17
Oluremi Aremu	Major Projects Lead Lawyer	Place	08.12.17	10.12.17
Names of approvers for submission: (officers and members)				
Finance: Phil Helm	Finance Manager - Place	Place	11.12.17	11.12.17
Legal: Julie Newman	Legal Services Manager and Acting Monitoring Officer	Place	11.12.17	11.12.17
Director: David Cockroft	Deputy Chief Executive	Place	11.12.17	11.12.17
Members: Cllr O'Boyle	Cabinet Member for Jobs and Regeneration		11.12.17	12.12.17

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Appendix A – see attachment