

CABINET MEETING – 13 FEBRUARY 2013
EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Sunderland Business Improvement District (BID)

Author(s):

Deputy Chief Executive

Purpose of Report:

To update Cabinet of progress of the proposed Sunderland Business Improvement District (BID) and to seek agreement on an allocation of funding to enable the further development of the proposal.

Description of Decision:

Cabinet is requested to:

- (i) approve a grant of £40,000 funding to support the development of the proposed Sunderland BID to be met from existing economic development budgets
- (ii) approve estimated costs of £20,000 in respect of the ballot to be met from the Council's general contingency fund and
- iii) agree to receive a further report in due course in respect of the detailed proposals for the Sunderland BID.

Is the decision consistent with the Budget/Policy Framework? *Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

The development of a private sector led BID for Sunderland is a welcome initiative. Their scoping work is now reaching a critical stage and it is now necessary to formally approve the remainder of the funding to ensure that the private sector team can take this up to ballot stage.

The BID has the potential to make a real and significant difference to the city centre, would be a demonstrable sign of confidence but more importantly it is the private sector working together under a common goal to help revitalise the city centre. It is considered vital that the Council continues to support the private sector efforts.

Alternative options to be considered and recommended to be rejected:

Not to approve the funding. The BID will not be delivered if the requested funding is not made available. This is not recommended.

Impacts analysed;

Equality Yes **Privacy** Yes **Sustainability** Yes **Crime and Disorder** Yes

Is this a “Key Decision” as defined in the Constitution? No

Is it included in the 28 day Notice of Decisions? No

Scrutiny Committee

CABINET – 13TH FEBRUARY 2013

SUNDERLAND BUSINESS IMPROVEMENT DISTRICT (BID)

Deputy Chief Executive

1.0 Purpose of Report

- 1.1 To update Cabinet of progress of the proposed Sunderland Business Improvement District (BID) and to seek agreement on an allocation of funding to enable the further development of the proposal.

2.0 Description of Decision

- 2.1 Cabinet is requested to:

- (iii) approve a grant of £40,000 funding to support the development of the proposed Sunderland BID to be met from existing economic development budgets
- (iv) approve estimated costs of £20,000 in respect of the ballot to be met from the Council's general contingency fund and
- iv) agree to receive a further report in due course in respect of the detailed proposals for the Sunderland BID.

3.0 Introduction / Background

- 3.1 A Business Improvement District (BID) is a defined area within which businesses pay an additional tax or fee to fund improvements within the BID boundary. Typically these measures can include improvements to public safety, events and marketing, cleaning and maintenance, and access and signage.
- 3.2 Over 200 BID proposals have been developed in towns and cities throughout the UK. In the North East BIDs have been approved in Newcastle (which has been running for 4 years) and Durham which have recently established a BID.
- 3.3 A Business Improvement District normally requires a Company to be established which is run by the local business community to address priorities set by the business community and to invest in specific projects and additional services over and above those already provided by the Local Authority and other public sector organisations.
- 3.4 The process by which a BID is developed is outlined in the Business Improvement District Regulations (England) 2004. A vote is held amongst all business rate payers within the proposed BID area, if the vote is positive (i.e. a majority in favour of the BID in the number of those voting, and a majority in favour of the BID by rateable value of those voting is required), the BID will be established for an initial 5 year period to deliver the agreed programme.

3.5 The Sunderland Business Group is working up proposals to establish a Business Improvement District in Sunderland City Centre.

4.0 Sunderland BID / Sunderland Business Group

4.1 Sunderland Business Group is a newly formed group made up of 30 influential Sunderland based businesses with a passion for the City (inc. Nissan, SAFC, Leighton Group, Sunderland University, Sunderland City Centre Traders Association). The group believe that the establishment of a BID Company will enhance and supplement the Council's economic and city centre regeneration efforts.

4.2 In August 2012 the group concluded from initial business engagement that there was an appetite for a BID in Sunderland City Centre and identified a need for funding of £70,000 to enable them to further develop the proposal from concept stage to final ballot stage.

4.3 They approached the City Council with a 3 stage funding request for a total of £70,000 measured against key deliverables. Phase 1 requiring support of £30,000 was approved by the Deputy Chief Executive via delegated powers in October 2011 and funding set against costs such as legal, marketing, business engagement, brand creation and specialist professional support. In addition to the above, it should be noted that it is estimated that in excess of £100,000 has been contributed in kind by Sunderland Business Group in exploring the feasibility of a BID for Sunderland.

4.4 The group then formed the company, Sunderland Business Ltd, and recruited Sunderland based Ashmore Consulting Ltd to develop the BID proposal working with all stakeholders. The development of a BID is a complicated project and generally takes between 2 and 2.5 years to deliver. However, the ambition of the private sector BID team is for Sunderland to deliver the project within 10 months. Whilst this is an extremely challenging timescale for all involved great progress has been made to date.

4.5 Whilst the project is a private sector led initiative, the BID team are working very closely with the City Council on all aspects and the Director of Business Investment sits on the BID Steering Board. Support from the City Council is being co-ordinated by the Business Investment Team and a number of Directorates are involved. Sunderland Business Ltd has received no other public aid. As a consequence, the grant to the company for the BID scoping work can be delivered under de minimus State Aid Regulations.

5.0 Sunderland's BID – The next steps

5.1 Sunderland BID will focus on the City Centre. Appendix 1 shows a map of all the potential areas which have been considered for inclusion within the BID boundary. Extensive consultation has been carried out and the recommendation to the business community will be to focus the BID boundary on the area R1-R2 inclusive.

- 5.2 The percentage of the levy payable by the businesses within the BID area can be anything between 1% and 3% of a business' rateable value. Again, extensive consultation has been carried out with the business community and the recommendation is likely to be to set the levy at 1.5%. Exclusions can be imposed and it is likely that all businesses with a rateable value of less than £6,500 will be exempt from contributing financially but will still see the benefits of a BID.
- 5.3 The BID is anticipated to self generate between £500,000 and £600,000 per annum over a 5 year term. It will also be in a position to bid for funding from external sources such as Arts Council England.
- 5.4 Initial discussions with the BID team have also covered the prospect of the City Council potentially providing additional funding in order to enable more city centre activities to take place. This will be considered further at the appropriate time if the BID is successful.
- 5.5 Sunderland's BID will focus on 5 key themes of which all businesses included in the levy will see tangible benefits:
- Safety and Security
 - Events and Marketing
 - Evening Economy
 - Cleaning and Maintenance
 - Access and Signage
- 5.6 In order to continue with the development of the BID, the remaining allocation of funding requires formal approval. That is Phase 2 of £25,000 and Phase 3 of £15,000 which will be met from existing economic development budgets. This will be used to support associated costs such as marketing, business consultation and engagement, brand development, business plan production, taster events, workshops and professional support.
- 5.7 Should Cabinet approve the request for the additional funding the BID team will begin the formal regulatory process of notifying the Secretary of State, Office of the Deputy Prime Minister, of the intention of putting the BID proposal to a ballot of Sunderland businesses. This will trigger a 12 week period during which a timeline of activity will need to be adhered to. Ballot papers will be issued in June with an announcement 28 days later. It is proposed that the additional costs of the ballot which are estimated to be £20,000 will be met from the Council's general contingency fund.
- 5.8 Communication by the BID team to the wider business community will begin on at the end of February with a launch event at Sunderland Minster. A press, radio and advertising campaign will then commence and Ambassadors for the BID will visit each business within the area to promote and explain the merits of the BID, what it could do for Sunderland City Centre and the potential economic benefits for individual business owners.

- 5.9 From launch to ballot extensive consultation will be carried out with all stakeholders and the business community to determine the detail of what the business plan will deliver.
- 5.10 If the ballot is successful the BID team are hopeful of establishing the BID Company and beginning delivery within 2 months.
- 5.11 A further report will be submitted to Cabinet in due course once the detailed proposals for the BID have been developed.

6.0 Reasons for Decision

- 6.1 The development of a private sector led BID for Sunderland is a welcome initiative. Their scoping work is now reaching a critical stage and it is now necessary to formally approve the remainder of the funding to ensure that the private sector BID team can take this through to ballot stage.
- 6.2 The BID has the potential to make a real and significant difference to the city centre, will be a demonstrable sign of confidence but more importantly it is the private sector working together under a common goal to help revitalise the city centre. It is considered vital that the City Council continues to support the private sector efforts.

7.0 Alternative Options

- 7.1 The alternative option is not to provide funding. If this was the case, the BID will not be delivered and the private sector will not progress with the project unless they can continue with the current momentum.

8.0 Impact Analysis

- 8.1 Cabinet is asked to approve a further grant of £40,000 to the private sector BID team to further develop the BID for Sunderland city centre. Until the BID process is complete, the detailed proposals are developed and a ballot result announced it is difficult to assess the full impact of a potential BID for Sunderland City Centre.

Sustainability

- 8.2 In general terms, because the BID is primarily focused on enhancing the vitality and viability of the City Centre, it will contribute to the creation of a Prosperous City which is a strategic priority of the Sunderland Strategy.

Privacy

- 8.3 There are no privacy implications.

Equalities

- 8.4 An initial equalities Impact Assessment has been completed and consideration of the broad scope of the BID (at this stage) indicates that there is likely to be a neutral impact on individuals or communities of interest in the city centre.

Crime and Disorder

- 8.5 Enhanced public protection and security measures have been introduced in other BID areas and if these are subsequently proposed in the Sunderland BID, e.g. increased CCTV coverage or the introduction of street wardens, the impacts in enhancing the safety of the city centre will be monitored but should be positive.

9.0 Other Relevant Considerations / Consultations

Financial Implications

- 9.1 The Executive Director of Commercial and Corporate Services has been consulted on the project and his comments are reflected in this report.

Legal Implications

- 9.2 The Executive Director of Commercial and Corporate Services has been consulted on the project and has advised on the legal requirements which the City Council has to fulfil as part of the BID process, including:

- provision of the ratings data to calculate the business rate levy
- preparation and commitment of the baseline services agreement
- organisation of the formal BID ballot
- collection and enforcement of the BID levy via a ring-fenced revenue account
- approval of the BID proposal

These requirements are being co-ordinated by the Business Investment Team working with Officers across Commercial and Corporate Services.

Human Resource Implications

- 9.3 There are no human resource implications

Procurement and Risk Management Implications

- 9.4 Procurement has been consulted on the project and there are no procurement implications

Area and Ward Implications

- 9.5 A Business Improvement District for Sunderland City Centre would impact directly on 3 Wards, Hendon, Millfield and St Michaels but will deliver wider benefits across the whole of Sunderland based on the positive impacts it can bring to the city centre.

The proposals have been presented to East Area Place Board and Local Multi Agency Partnership for the East. All in attendance were very supportive of the proposals.

10.0 List of Appendices

Appendix One – map of areas for proposed BID Boundary

11.0 Background Papers

None