

CABINET MEETING – 14 March 2024

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Sunderland Business Improvement District (BID) Operating Agreement

Author(s):

Executive Director of City Development

Purpose of Report:

To inform Cabinet of the current position in respect of Sunderland BID Ltd and seek approval for a series of support measures during its third term, which will commence on 1 April 2024, for a period of five years.

Description of Decision:

- (i) To note and endorse the requirement for the Council to enter into a new Operating Agreement with Sunderland BID Ltd for the period 1 April 2024 to 31 March 2029 in accordance with The Business Improvement Districts (England) Regulations 2004; and
- (ii) Authorise the Executive Director of City Development in consultation with the Portfolio Holder for Dynamic City to grant financial assistance of £50,000 per annum for the period 1 April 2024 to 31 March 2029 to Sunderland BID Ltd to support work targeted at independent businesses and on such other terms as may be approved.

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 BID was successful in securing a third, five-year term in Sunderland in the ballot which was announced on 30 November 2023. It is anticipated that this will generate more than £3.5m via levy payments, over the 5 year term, to address priorities identified with the City Centre business community. The economic regeneration of the City Centre is a key element of the City Plan and it is important for the Council to engage pro-actively with the BID and support its work to maximise what can be achieved during the third term.

Alternative options to be considered and recommended to be rejected:

The option of not actively engaging with and supporting the work of the BID has been considered and rejected due to the significance of the City Centre and its economic regeneration within the City Plan.

Impacts analysed:

Equality Y Privacy N/A Sustainability N/A Crime and Disorder N/A

Is the Decision consistent with the Council's Co-operative Values? Yes

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the 28 day Notice of Decisions? Yes

SUNDERLAND BUSINESS IMPROVEMENT DISTRICT (BID) OPERATING AGREEMENT

REPORT OF THE EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

1.0 Purpose of Report

- 1.1 To inform Cabinet of the current position in respect of Sunderland BID Ltd and seek approval for a series of support measures during its third term, which will commence on 1 April 2024, for a period of five years.

2.0 Description of Decision (Recommendations)

- 2.1 To note and endorse the requirement for the Council to enter into a new Operating Agreement with Sunderland BID Ltd for the period 1 April 2024 to 31 March 2029 in accordance with The Business Improvement Districts (England) Regulations 2004; and
- 2.2 Authorise the Executive Director of City Development in consultation with the Portfolio Holder for Dynamic City to grant financial assistance of £50,000 per annum for the period 1 April 2024 to 31 March 2029 to Sunderland BID Ltd to support work targeted at independent businesses and on such other terms as may be approved.

3.0 Background

- 3.1 Businesses in the City Centre first voted in favour of establishing Sunderland BID Ltd in July 2013 before formally taking effect from April 2014 following a ballot. After a successful first term, businesses voted for a second term in 2018 when Sunderland BID went to re-ballot. The current five-year term for the BID comes to an end on 31 March 2024.
- 3.2 An Operating Agreement, signed by the Council and BID representatives, sets out how the BID operates during each term. The Operating Agreement sets out arrangements regarding support offered by the Council in relation to the collection and recovery of the levy, as well as a commitment to regular liaison and day-to-day support through the Business Investment Team.
- 3.3 In March 2019, as it did in October 2013, Cabinet agreed to provide annual Financial Assistance to the BID from existing resources within the Business Investment Team. These monies were to be used to ensure non-levy-paying businesses were included in the activities and promotions of the BID, with an increasing focus on engagement with independent businesses across the City.
- 3.4 During its second term the BID has led on a range of initiatives developed with the business community and key stakeholders. These are summarised further in paragraphs 3.5 to 3.9 below.

- 3.5 They have included: day to day support to businesses throughout Covid; working closely with the Council to deliver the 'Welcome Back Fund' project; launching the Sunderland Gift Card which is now accepted in 200+ businesses city wide; the SR1 Street Ranger service which includes cleansing activities, graffiti removal, planting and reporting jobs to other local services; Queen's Jubilee and King's Coronation celebrations; annual Halloween activities with inflatable monsters and a parade; a 3 day Food and Drink Festival packed full of entertainment involving crafts, music, singing and fun for all the family; and the Sunderland Experience augmented reality app which hosts character trails that users can interact with.
- 3.6 Over the last 12 months the BID has also launched the Future Walls Project, a street art programme in partnership with urban art agency Art of Projects which will feature murals, installations and activations combining Sunderland's own talent with national and international world-leading artists bringing the City to life.
- 3.7 The BID has estimated the benefit of the economic impact in the second term is £13.4 million with estimated additional footfall of 440,000, which has been generated by City Centre events and initiatives. The BID's digital newsletters have been received 302,279 times by consumers and 91,562 by businesses. They have delivered 16,000 hard copy newsletters and had 12,000 interactions with City Centre businesses over the last 5 years. Over 2,500 businesses have used the SR1 Street Ranger service which has included the removal of 1,500 pieces of graffiti and 600 tons of litter.
- 3.8 The BID also continues to work proactively with Northumbria Police, the Bridges Shopping Centre and the Council to tackle crime and antisocial behaviour in the City Centre and is a key partner in the Sunderland Altogether Improving Lives (SAIL) project. The BID is actively involved in both Shop Watch and Pub Watch and introduced City Watch during its second term to support businesses who were not members of the existing watch schemes. They also play an active role in enforcing the Public Space Protection Order and supporting policing operations such as Asteroid, Jasper and Kraken as well as nights of action across the City Centre.
- 3.9 A series of promotional opportunities have been introduced to support businesses including: access to 6 digital screens for a 1 week period to advertise a business or specific offers; the launch of InSunderland to specifically promote independent businesses on social media; the Sunderland Experience augmented reality app, referred to earlier, which hosts offers and discounts from local businesses that users can benefit from during their adventures. In addition, several guides to shopping, gifting and socialising have been featured in the Sunderland Echo to showcase what the City has to offer.
- 3.10 Despite the challenging circumstances facing city centres, the BID is increasingly seen as a trusted and respected voice for businesses in the area. Many turn to the BID for support and help on a range of issues on a regular basis. The most recent example of this was during Covid, providing one-to-one support for businesses, and working closely with the Council to ensure Covid grant support was widely promoted and distributed as quickly as possible.

4.0 Current Position

- 4.1 Ahead of the ballot for a third term, the BID worked with businesses, partners and stakeholders to develop a Business Plan for a third term which focuses on three key priorities: City Pride, City Voice and City Promotion.
- 4.2 Preparatory work was also undertaken ahead of the ballot to draft an Operating Agreement, which is a legal requirement for all BIDs, and which must be submitted to the Secretary of State by Sunderland BID Limited prior to 1 April 2024. As in the first and second terms, this sets out the responsibilities of both the BID and Council in relation to the operation of the BID over the five-year term. The draft Operating Agreement mirrors arrangements adopted in the first and second term.
- 4.3 A postal ballot for a further period of 1 April 2024 to 31 March 2029 (a third term) was held in Autumn 2023. The ballot opened on 31 October 2023 and closed on 28 November 2023. The outcome of the ballot was announced on 30 November 2023. Businesses voted yes, securing a third term for the BID. Details of the ballot are summarised in the table below.

	2018		2023		% Change
Businesses eligible to vote	427		417		-2.4%
Turnout (number who voted)	220	51.50%	189	45.3%	-14.1%
Voted Yes	160	72.70%	164	86.7%	+3%
Voted No	59	28.60%	25	13.2%	-57.3%
Number of those invalid	1	1.0%	2	1.0%	+50%
Number who did not vote	207	48.50%	228	54.7%	+10%

- 4.4 Following the ballot, the BID is charged by the business community with delivering against the Business Plan it set out at the outset, following consultation with those within the BID boundary area, and adjusting to emerging needs and priorities.
- 4.5 As with the first and second terms, the Council is required by the Business Improvement Districts (England) Regulations 2004 to support the BID with several key aspects including levy imposition, collection and administration. It is proposed that the successful working practices established during the first and second term are continued. On that basis, the Council will collect the BID levy from levy payers, follow pre-agreed practices in relation to the recovery of non-payment of levy, and make regular payments to the BID of levy collected. Equally, the Council will identify two Elected Members (currently the Leader and Deputy Leader) to continue Council representation on the Board of Sunderland BID Ltd. Ongoing liaison and support will also continue to be provided by the Council's Business Investment Team, acting as first point of contact to support the BID wherever possible in achieving its outcomes.
- 4.6 Recognising the importance of the economic regeneration of the City Centre within the City Plan, it is also proposed that financial assistance from the Business Investment Team's existing resources will be allocated (as in the first

and second term) to support the work of the BID. It is proposed that this grant funding contribution by the Council to the BID is used to ensure there is a clear focus running through the BID's work on engaging with and supporting independent businesses (including non-levy paying businesses), from all business sectors in the BID area. This proposal recognises the contribution independent businesses make, and have the potential to make, to the strength and diversity of the City Centre's offer. It is proposed to increase the Council's annual contribution from £40,000 to £50,000 per annum for the third term as the number of smaller non levy businesses have increased. The grant will continue to be paid in quarterly instalments, subject to satisfactory performance, and reviewed on an annual basis.

- 4.7 The BID Board has taken the decision to increase the maximum amount payable per annum per property under the levy from £18,000 to £20,000 per business. The amount any existing levy paying businesses pays during the first year of the new term will be frozen at the amount paid during 2023/2024. All new levy paying businesses will be charged 1.89% of the rateable value of their business premises. The levy will increase by 3% (of both the amount payable and against the 1.89% percentage charged) per annum.
- 4.8 The changing geography of the City Centre has presented an opportunity to expand the BID boundary across to Sheepfolds, including Sunderland Football Club, Aquatic Centre, Hilton Garden Hotel and the Beacon of Light. With the new footbridge due to open in 2025 there is a direct benefit to making this a cohesive BID area.
- 4.9 Despite the geographic boundary being extended the number of levy paying properties now included within the BID area has reduced following the national business rates revaluation. The BID has a combined (maximum) annual levy income of £578,731 for 2024/2025. It is anticipated that this will increase over the 5 year term as more businesses open in the City Centre. The levy is payable by those occupying premises within the BID boundary, with a rateable value of £15,000 and above (where they are in occupation on 1 April of the financial year concerned). The Council is a levy payer in respect of City Hall as well as a range of smaller properties across the City Centre.

5.0 Reason for Decision

- 5.1 The BID was successful in securing a third, five-year term in Sunderland in the ballot which was announced on 30 November 2023. It is anticipated that this will generate more than £3.5m, via levy payments, over the 5 year term, to address priorities identified with the City Centre business community. The economic regeneration of the City Centre is a key element of the City Plan and it is important for the Council to engage pro-actively with the BID and support its work to maximise what can be achieved during the third term.

6.0 Alternative Options

- 6.1 The option of not actively engaging with and supporting the work of the BID has been considered and rejected due to the significance of the City Centre and its economic regeneration within the City Plan.

7.0 Relevant Considerations

7.1 Financial Implications.

The proposed annual financial contribution of £50,000 can be met from the Business Investment Team revenue budget in 2024/2025 and will be earmarked for this purpose for the remainder of the five year term from 2025/2026 to 2028/2029.

7.2 Legal Implications

The Council (as the relevant billing authority) is required by The Business Improvement Districts (England) Regulations 2004 to provide for the imposition, administration, collection, recovery and application of the BID levy. The Operating Agreement will document the agreed arrangements for the provision of these services between the Council and Sunderland BID Ltd.

It is considered that the proposed commitment from the Council to provide annual financial assistance to Sunderland BID Ltd does not meet the definition of a subsidy under the Subsidy Control Act 2022. Whilst Sunderland BID Ltd was established to support local businesses and the economic growth of the City Centre more generally, it does not trade its services on the market, and as such it is not considered to be an economic 'enterprise' for subsidy control purposes.

Sunderland BID Ltd provides its services in accordance with proposals developed under the Business Improvement Districts (England) Regulations 2004. It is funded primarily by BID levy payers and the Council, and its overall programme of activities and services operate on a cost recovery basis.

As a consequence, there are no implications under the Subsidy Control Act 2022 in relation to the proposals.

7.3 Equalities

An Integrated Impact Assessment has been undertaken. A copy is enclosed in Appendix A. In summary, the findings of the IIA are that there will be no known negative equalities impacts as a result of the proposals.

8.0 Background Papers

Integrated Impact Assessment

