

## CABINET MEETING – 9 OCTOBER 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 on the Sunderland Business Improvement District (BID) and to seek agreement on a funding package to support the BID Company over its 5 year term.

**Description of Decision:**

Cabinet is requested to:

- (i) approve a grant of £30,000 to the new BID company to cover salary and operational costs pre April 2014 to be met from existing economic development budgets;
- (ii) approve grant funding of £50,000 per annum to the new BID company for the duration of its 5 year term subject to satisfactory performance and annual review to be met from existing and future economic development budgets; and
- (iii) authorise the Deputy Chief Executive in consultation with the Executive Director of Commercial and Corporate Services, and the Leader of the Council to conclude the operating agreement with the BID company.

**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:**

On Thursday 18<sup>th</sup> July 2013 Sunderland city centre businesses voted 'Yes' to establish a BID company for Sunderland. The 'Yes' vote is a great economic boost for the city centre and will generate at least £3.4 million private investment over the next five years.

The support which the council has provided to date has been important in raising the confidence of the private sector and it is considered vital that the council continue to encourage and support the efforts of the private sector to help create investment for the City.

**Alternative options to be considered and recommended to be rejected:**

The alternative option is not to provide the funding detailed above.

The consequences of not providing the funding would be detrimental to the next stage of the development of the BID, for example, key staff could not be recruited until April 2014 at the earliest. This would result in a delay in delivery of the business plan.

If the annual on going financial support was not provided by the council this would adversely affect the delivery of the 5 year business plan and could potentially damage relationships with the private sector.

**Impacts analysed;**

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

**Is this a “Key Decision” as defined in the Constitution?** Yes

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

**Scrutiny Committee**

**SUNDERLAND BUSINESS IMPROVEMENT DISTRICT (BID)**

**Deputy Chief Executive**

**1.0 Purpose of Report**

- 1.1 To update Cabinet on the Sunderland Business Improvement District (BID) and to seek agreement on a funding package to support the BID company over its five year term.

**2.0 Description of Decision**

- 2.1 Cabinet is requested to:

- (i) approve a grant of £30,000 to the new BID company to cover salary and operational costs pre April 2014 to be met from existing economic development budgets;
- (ii) approve grant funding of £50,000 per annum to the new BID company for the 5 year duration of the term subject to satisfactory performance and annual review to be met from existing and future economic development budgets; and
- (iii) authorise the Deputy Chief Executive in consultation with the Executive Director of Commercial and Corporate Services, and the Leader of the Council to conclude the operating agreement with the BID company.

**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.
- 3.2 Almost 200 BID proposals have been developed in towns and cities throughout the UK and on Thursday 18<sup>th</sup> July 2013 Sunderland city centre businesses voted 'Yes' to establish a BID company for Sunderland.
- 3.3 The 'Yes' vote is a great economic boost for the city centre and will generate £3.4million private investment over the next five years.
- 3.4 Businesses voted yes to pay an additional levy of 1.5% of the rateable value of their businesses premises. The levy will be collected by the city council and passed back to the BID company to address the priorities set out during the consultation phase and outlined in the BID business plan.
- 3.5 Over 62% of the votes cast were in favour of the BID, representing 67.5% of the total rateable value of all votes cast. The ballot saw a turnout of 38.1% of the 454 business eligible to vote (those with a rateable value of over £15,000).
- 3.6 The BID company will be run by the local business community and the extra investment will contribute to making the city centre a cleaner, brighter, safer place with more events, marketing and promotion and a more vibrant evening economy. The new BID company will be established for an initial 5 year period and will begin delivering the programme from April 2014.

## **4.0 Sunderland Business Ltd**

- 4.1 The Sunderland BID proposal was initiated by Sunderland Business Group in August 2012. The council backed the project from the start and has worked in partnership with the private sector to ensure a successful outcome in a very short period of time.
- 4.2 Sunderland Business Group established the not-for-profit organisation Sunderland Business Ltd to drive the project forward and recruited Ashmore Consulting Ltd to develop the BID proposals working with all stakeholders.
- 4.3 In August the council provided grant support of £20,000 to Sunderland Business Ltd to continue to deliver the programme of work required to establish the BID company.
- 4.4 The work will include, the establishment of the BID steering board, recruitment of the CEO, legal set up of the BID company, development of the brand and establishment of the communications group, development of the 1<sup>st</sup> years detailed plan, ongoing business consultation, finance, management and project support.
- 4.5 Sunderland Business Ltd have engaged Ashmore Consulting Ltd to deliver this programme of work with support from the city council. The Business Investment Team is continuing to support the initiative and co-ordinate support from the city council.
- 4.6 The existing steering board which is chaired by the Centre Director of The Bridges Shopping Centre and includes the Chair of Sunderland City Centre Traders Association and the Director of Business Investment, will operate until December 2013.

## **5.0 Sunderland Business Improvement District (BID) Company**

- 5.1 It is anticipated that from January 2014 the new BID Model / Company will be agreed and a CEO in place, with the rest of the BID Team coming on board shortly thereafter.
- 5.2 The BID Board will be recruited via an elected process and will be made up of representatives from city centre stakeholders covering all geographical areas and all business sectors. The City Council will hold 2 seats on a board of approximately 15.
- 5.3 The commencement date for 5 year term of the BID company is 1<sup>st</sup> April 2014 with an end date of 31<sup>st</sup> March 2019. A renewal ballot will be carried out in advance of the end date. Any additional ballots (which would include an alteration to the BID arrangements, changes to the BID area or alterations to the BID levy), would require full Cabinet approval.
- 5.4 The BID Company will formally launch and begin delivering activities on 1<sup>st</sup> April 2014.

## **6.0 Funding**

- 6.1 An in principle funding package has been discussed with Sunderland Business Ltd and Cabinet is request to agree the package of support detailed below:
  - (i) Provide grant funding of £30,000 to the new BID company to cover salary and operational costs between 1<sup>st</sup> January 2014 and 31<sup>st</sup> March 2014. To be funded from the existing Business Investment Team budget 2013 / 2014; and

- (ii) Provide grant funding of £50,000 per annum to the new BID company for the duration of its 5 year term. The monies will be used to ensure all non levy paying small businesses are included in the activities and promotions of the BID company. The grant will be paid in quarterly instalments subject to satisfactory performance and reviewed on an annual basis.

## **7.0 Reasons for Decision**

- 7.1 On Thursday 18<sup>th</sup> July 2013 Sunderland city centre businesses voted 'Yes' to establish a BID company for Sunderland. The 'Yes' vote is a great economic boost for the city centre and will generate at least £3.4 million private investment over the next five years.
- 7.2 The support which the council has provided to date has been instrumental in raising the confidence of the private sector and it is considered vital that the council continue to encourage and support the efforts of the private sector to help create investment for the City.

## **8.0 Alternative Options**

- 8.2 The alternative option is not to provide the funding detailed above. The consequences of not providing the funding would be detrimental to the next stage of the development of the BID, for example, key staff could not be recruited until April 2014 at the earliest. This would result in a delay of delivery of the business plan.
- 8.3 If the annual on going financial support was not provided by the council this would adversely affect the delivery of the 5 year business plan and could potentially damage relationships with the private sector.

## **9.0 Impact Analysis**

### **Sustainability**

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

### **Privacy**

- 9.2 There are no privacy implications.

### **Equalities**

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

## **Crime and Disorder**

- 9.4 Enhanced public protection and security measures will be introduced by the BID in partnership with the Police. The impacts of enhancing the safety of the city centre will be monitored and are expected to be positive.

## **10.0 Other Relevant Considerations / Consultations**

### **Financial Implications**

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

### **Legal Implications**

- 10.2 The Executive Director of Commercial and Corporate Services has been consulted on the proposals. It is the legal responsibility of the Local Authority under the Business Improvement District Regulations (England) 2004 to administer, collect and enforce the BID levy. An operating agreement for the five year term of the BID company has been prepared by Law and Governance and will be executed once the BID company is set up. The purpose of the agreement is to:

- confirm the basis upon which the Council will be responsible for collecting the BID levy
- set out the enforcement mechanisms available for collection of the BID levy
- set out the procedures for accounting and transference of the BID levy
- provide for the monitoring and review of the collection of the BID levy

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

### **Human Resource Implications**

- 10.4 There are no human resource implications

### **Procurement and Risk Management Implications**

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

### **Area and Ward Implications**

- 10.6 A Business Improvement District for Sunderland City Centre would impact directly on 3 Wards, Hendon, Millfield and St Michaels but will deliver benefits across the whole of Sunderland.
- 10.7 East Area Place Board and Local Multi Agency Partnership for the East have been consulted on the project and all are very supportive.

## **11.0 List of Appendices**

None

## **12.0 Background Papers**

None