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| DECISION-MAKER: | CABINET | |
| SUBJECT: | GO! SOUTHAMPTON BUSINESS IMPROVEMENT DISTRICT (BID) RENEWAL BALLOT 2021 | |
| DATE OF DECISION: | 19 JULY 2021 | |
| REPORT OF: | COUNCILLOR MOULTON, CABINET MEMBER - GROWTH | |
| <u>CONTACT DETAILS</u> | | |
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| STATEMENT OF CONFIDENTIALITY | | |
| <p>The appendices attached to this report are exempt from publication, the confidentiality of which is based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. It is not in the public interest to disclose this because at the time of the Cabinet meeting the papers will be commercially sensitive to the Business Improvement District with plans to make a version of them publicly available in September.</p> | | |
| BRIEF SUMMARY | | |
| <p>On the 9 April 2021 the Chief Executive received a formal notice to request that Southampton City Council hold a renewal ballot for the GO! Southampton Business Improvement District (BID) (<i>Attached in Appendix 5</i>).</p> <p>The BID proposer is the Board of GO! Southampton (registered name Southampton Business Improvement District (BID) Ltd.)</p> <p>This report sets out the process described in the BID (England) Regulations 2004 (as amended in 2013). Both the BID and the Council must follow these regulations. The report then outlines the BID proposals, which have been developed closely with local businesses, through consultation and with the Council.</p> <p>The BID will reach the end of its first five-year term on the 31 March 2022 and so a renewal, evolution and alternations ballot is proposed to be held in November 2021, in order for the BID to continue into a second term with a clear mandate from levy payers.</p> <p>It is proposed that, if successful at ballot, the new arrangements will apply for the period of five years from 1st April 2022 to 31st March 2027.</p> <p>With the formal notice to request a renewal and alternations ballot GO! Southampton also submitted a range of documents for review and that form the manifesto detail for levy payers. Key documents submitted:</p> <ul style="list-style-type: none"> • The BID Proposals (Renewal Business Plan: 2022-2027, including the Schedule of Baseline Services.) • Indicative 5-year GO! Southampton BID Budget • The Financial Arrangements and draft Operating Agreement • Business consultation summary | | |

The Council is not required to formally agree any BID proposal and may only veto the BID proposals if they are contrary to formally adopted and published Council policies. This process has included an assessment of baseline services.

After a formal review by the Council's Policy and Strategy team officers can confirm that the proposals put forward by GO! Southampton are in line with Council published policies this report therefore recommends that the Council formally endorses the renewal ballot and requests the Returning Officer to hold a renewal ballot in November 2021.

RECOMMENDATIONS:

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| | (i) | To instruct the Returning Officer to hold a ballot in relation to GO! Southampton's renewal proposals. The postal ballot will run for at least 28 days prior to closing on 11 November 2021. |
| | (ii) | To agree to delegate authority to Executive Director of Place to vote on behalf of the Council in the GO! Southampton ballot, as a non-domestic ratepayer of Council-owned properties in the enlarged BID area. (<i>A map of the current and new BID areas can be found in Appendix 2.</i>) |
| | (iii) | Authorise the Service Director - Legal and Business Operations to complete the necessary legal agreements required for the operation of the GO! Southampton BID 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" renewal and alteration 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, particularly the Council Plan, Economic Green Growth Strategy 2030 and the City of Culture 2025 bid; • support a local recovery from the COVID pandemic, the shock to the sectors mandated to close, including non-essential retail, hospitality and leisure; • 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 and businesses. <p>The map in this appendix provides the new, proposed BID area extensions.</p> |

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

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| 3. | <p>Should the Council vote not to support the proposal, it would risk the loss of levy revenue of £6.18 million for 2022-2027 as the BID would be dissolved without a ballot and therefore the levy revenue not collected. Without the BID, working with the Council the following would be impacted:</p> <ul style="list-style-type: none"> • The promotion and regeneration of the city centre; • The loss of a dedicated programme to support recovery from the economic impacts of COVID 19, especially across the retail and hospitality sectors; • The loss of additional support for the City of Culture 2025 bid; • The loss of additional leverage and external funding; and |
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| | <ul style="list-style-type: none"> • 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>In terms of the inception of the BID. In accordance with Regulation 3(2) of the Business Improvement Districts (England) Regulations 2004 on 8 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>In accordance with Regulation 4(2) of the Business Improvement Districts (England) Regulations 2004 on 9 April 2021 the Chair of the Southampton BID served 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> |
| 5. | <p>The key documents submitted to Southampton City Council (SCC) in 2016 for a Cabinet decision in support of the proposals to create a Business Improvement District correspond with those submitted for the renewal and alternations ballot. Key documents include:</p> <ul style="list-style-type: none"> • BID Proposals in the form of a business plan for the period 2022 > 2027, including a Schedule of Baseline Services; • An indicative budget for the period 2022 > 2027; • Financial arrangements, management policies and operating agreement; • A summary of the formal consultation with levy payers (businesses). |
| 6. | <p>The rateable value at which businesses will pay the levy has increased to £19,000. The BID levy rate will be amended in future years in line with inflation. Fewer small businesses will therefore be liable to pay the levy. In addition the levy rate accounts for those businesses that are paying management charges.</p> |
| 7. | <p>What are the key changes being proposed to the BID Arrangements in comparison to the 2017-2022 term?</p> <p>The key changes that are being proposed are:</p> <ul style="list-style-type: none"> • To maintain the levy multiplier at 1.56% and 1.46% in the first year, followed by small inflation linked increases in subsequent years; • To increase to a rateable value of £19,000 the threshold beneath which businesses are not required to pay the levy and also therefore do not get a vote; • The services to be provided are a natural evolution of the work currently being carried out and a response to changing circumstances, especially given the impacts of national lock-downs on the non-essential retail and hospitality sectors. • To alter the BID Area to include a greater part of the city centre. The details of the new proposed area are laid out later in this report. |
| 8. | <p>GO! Southampton's approach to levy payer consultation is intrinsic to its purpose and governance model. GO! Southampton is an organisation led by businesses and as such it engages regularly with businesses in a number of ways:</p> <ul style="list-style-type: none"> • GO! Southampton is run by a board that includes 17 businesses and meets on a bi-monthly basis. • GO! Southampton has three project-related theme groups that are open to all businesses and currently involve 51 businesses on a regular basis. These theme groups steer sections of GO! Southampton's programme. |

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| | <ul style="list-style-type: none"> GO! Southampton has levy payer representation on a separate standing executive committee of the GO! Southampton board and on a separate finance and scrutiny committee. <p>In addition, GO! Southampton has carried out the following engagement activities specifically focussed on developing the proposals for the next BID term: Made a survey available to all businesses. The survey was aimed at gauging support for GO! Southampton and gathering views about what types of project GO! Southampton should focus on.</p> <p>The BID have also sought formal responses from local managers, held one-to-one discussions with business owners and worked with the umbrella body British BIDs to assess voter intentions.</p> <p>In total GO! Southampton have gathered an indication from businesses representing 335 premises on whether they are likely to support GO! Southampton for another term and have found 72% in support by number and 77% by aggregate rateable value.</p> |
| 9. | The ballot will be the responsibility of Southampton City Council's Returning Officer and will run for at least 28 days before closing. The ballot is currently expected to close at 5pm on Thursday 11th November 2021. The ballot will be a secret postal ballot of the eligible hereditaments on the National Non-Domestic Ratings List at the time of the Notice of Ballot being issued. Where the occupiers of individual hereditaments have nominated in writing the name of the person who should vote on their behalf, the notice of ballot and ballot papers will be sent to them. |
| 10. | Arrangements for the collection of the BID levy are set out in a formal Operating Agreement between the BID Company and Southampton City Council. The Council will be responsible for collecting the BID levy on behalf of the BID Company. The BID levy will be payable in one instalment per year. Bills will be raised in March and payment will become due on 1st April each year. Enforcement measures for the collection of the BID levy will be detailed in the Operating Agreement between the BID Company and Southampton City Council. |
| 11. | <p>The Schedule of Baseline Services has been reviewed in relation to the provision from Southampton City Council to ensure this is a fair reflection of the services and captures all that is being delivered. The following service areas have confirmed this:</p> <ol style="list-style-type: none"> City Services including Street Cleansing Highways Cleansing of multi-storey car parks Events, Culture and Tourism Economic Development Enforcement Late Night Levy Rough Sleeping Transport and access |
| RESOURCE IMPLICATIONS | |
| <u>Revenue</u> | |
| 12. | <p>The costs of the BID ballot will be covered by existing budgets from within the Place Directorate, unless:</p> <ul style="list-style-type: none"> the number of votes cast in favour of the BID is less than 20% of the total number of votes eligible to be cast, and the ballot is unsuccessful |

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| | In this case the costs would be covered by the BID. |
| 13. | The regulations require the BID to offer reassurance on ballot costs. The costs of the BID ballot, estimated by the Returning Officer at £5,500 are subject to the parameters of the ballot not changing significantly from those initially proposed. In case the council is not required, under Regulation 10, to cover the costs of the ballot, the BID has confirmed that the Board of GO! Southampton has agreed to set aside contingency funds for this amount. |
| 14. | There are seven hereditaments in the BID area that Southampton City Council would be responsible for the increased levy: the Civic Centre; Sea City Museum; Tudor House; 6 & 6A Bugle Street; Network Eagle Lab (Marlands); parts of the first, second and third floors of One Guildhall Square and 109 East Street. The Council would have a vote for each one. The total levy contribution for these seven properties is currently £32,365. If the renewal ballot is successful the levy liability for 2022/23 for the same seven properties will be £34,060. The increase derives from the use of the 2017 Ratings List to calculate levy payments and not the 2010 Ratings List, currently used. Generally rateable values are higher on the 2017 Ratings List, however some are lower, such as the Civic Centre. This additional cost will be met from existing premises' budgets. |
| LEGAL IMPLICATIONS | |
| <u>Statutory power to undertake proposals in the report:</u> | |
| 15. | 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. |
| 16. | 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. |
| 17. | 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. |
| <u>Other Legal Implications:</u> | |
| 18. | 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. |
| 19. | The Council has a right to exercise a veto after the outcome of the re-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. |

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| 20. | 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 as a close partner in the management of the activities of the BID, the Council will be seeking to mitigate any potential future risk. |
| RISK MANAGEMENT IMPLICATIONS | |
| 21. | None |
| POLICY FRAMEWORK IMPLICATIONS | |
| 22. | <p>A review of the proposed GO! Southampton BID Business Plan 2022-2027 against Southampton City Council strategies and policies confirms that there are no conflicts. Further, the Business Plan proposals support the following strategies:</p> <ul style="list-style-type: none"> • The council's ambitions to be recognised as a city of culture as stated in the Southampton City Council Strategy (2020-2025) • The council's focus on supporting and growing local business within the council's Economic and Green Growth Strategy (2020-2030) yes • Southampton Physical Activity and Sports Strategy (2018-2023) • Drugs Strategy (2017-2020) • Safe City Strategy (2017-2020) • Domestic & Sexual Abuse Multi Agency Strategy (2017-20) • Homelessness Prevention Strategy (2018-2023) • Domestic & Sexual Abuse Multi Agency Strategy (2017-20) • Alcohol Strategy (2017-2020) • Clean Air Strategy (2019-2025) • Land Quality Strategy (2018-2023) • Joint Health and Wellbeing Strategy (2017-2025) • Land Quality Strategy (2018-2023) • Local Transport Plan (2020-2040). |
| KEY DECISION? | Yes |
| WARDS/COMMUNITIES AFFECTED: | Bargate |
| <u>SUPPORTING DOCUMENTATION</u> | |
| Appendices | |
| 1. | The proposed BID area includes some new areas that weren't included in the BID area during the first term (exempt) |
| 2. | BID Proposals in the form of a business plan for the period 2022 > 2027 - including a Schedule of Baseline Services (exempt) |
| 3. | Indicative 5-year GO! Southampton BID Budget (exempt) |
| 4. | Business consultation summary (exempt) |
| 5. | Formal notice to request that Southampton City Council hold a renewal ballot for the GO! Southampton Business Improvement District (BID) (exempt) |
| 6. | ESIA |
| Documents In Members' Rooms | |
| 1. | None |
| Equality Impact Assessment | |
| Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out? | Yes |

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| Data Protection Impact Assessment | | |
| Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out? | | No |
| Other Background Documents Other Background documents available for inspection at: | | |
| Title of Background Paper(s) | Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable) | |
| 1. | None | |