

Report of: Head of City Development
To: Executive Board
Date: April 21st 2008 **Item No:**
Title of Report: Business Improvement District proposals for Oxford city centre

Summary and Recommendations

Purpose of report: To provide the Executive Board with comments from CSW Area Committee on the proposed Business Improvement District (BID) arrangements, updating on other BID-related matters and recommending that the City Council votes “yes” in the forthcoming BID ballot in June 2008.

Key decision: No

Portfolio Holder: Councillor John Goddard

Scrutiny Responsibility: Environment

Wards affected: Carfax & Holywell

Report Approved by: Helen Lynch (Legal Services), Sarah Fogden (Finance & Asset Management), Michael Crofton-Briggs (Head of City Development)

Policy Framework: Oxford Plan priorities to improve the local environment, economy and quality of life; and reduce and prevent crime and anti-social behaviour

Recommendation(s): The Executive Board is recommended to:

- Approve that the City Council votes “yes” in the BID ballot
- Ratify the proposed voluntary contribution arrangement
- Note that the necessary formal documentation will be drawn up between the BID company and the City Council regarding the BID levy collection arrangements and other formal responsibilities contained in the BID legislation

Background

1. In June 2008, OX1 -Oxford’s City Centre Management Company - will be balloting city centre business ratepayers on a proposal to establish a Business Improvement District for Oxford city centre.
2. In essence, a Business Improvement District exists to provide added-value services to a designated business area principally funded through a compulsory levy on business premises. Appendix A contains more information on Business Improvement Districts and the implementation arrangements for Oxford’s BID.

3. Oxford City Council was a founding member of OX1 in 2002 and has sponsored OX1 since then through an annual contribution and ad hoc project support. The City Council has been keen to promote the BID for Oxford and in 2006/07 made budget provision of £50,000 rising to £60,000 in 2007/08 onwards to plan for and support BID implementation. Since 2002, the City Council has had both officer and member representation on the OX1 Board.
4. OX1 has been consulting business ratepayers on their preferred activities for the BID Company for the last eight months.
5. The BID area has been agreed by the OX1 Board with the key objectives of including the City gateways, being co-terminus with the “western” West End boundary, the commercial and retail area of the city centre and that the area is of a manageable size.

Business Improvement District Activity Proposals

6. On March 27th, the OX1 Board is expected to agree the BID activity proposals that business ratepayers will be balloted on. These proposals will be circulated separately to councillors in advance of the meeting.

City Council voluntary contribution to OX1

7. When the City Council facilitated the establishment of OX1, it was in expectation that financial reliance on the City Council would reduce over time. This has not happened because OX1 did not develop capacity to become more financially independent. The BID is intended to rectify this position. Accordingly, during the 1st three years of the BID Company, the City Council proposes that in addition to the compulsory levy contribution of approximately £19,000 it will also make a voluntary contribution, making a total payment not exceeding £60,000. There is provision for this in the Council's budget.
8. It is hoped that over time OX1 will be able to generate additional income, enabling the Council to reduce its voluntary funding
9. OX1 points out that the model of city centre management promoted by the Association of Town Centre Management includes voluntary support from local councils. In addition, the British Retail Consortium advises that voluntary support from local councils should be seen as a pre-requisite for similar voluntary contributions from retailers. For example, Boots on a national basis, amongst other high street retailers, treats this as a requirement for any voluntary contribution in addition to its compulsory levy to city centre management companies.

Formal agreement between the BID and City Council

10. A formal agreement will be required between the BID and the City Council specifying the arrangements described below in paragraphs 11 to 13. Officers are working on these arrangements in order that the agreements can be in place for the commencement of the BID Company – if the ballot is successful – in October 2008. This formal agreement will be supplemented with further agreements as the voluntary partnership between the City Council and OX1 develops.

Baseline agreement

11. The City Council (as are other statutory service providers) is required to provide information of relevant service provision (“baseline” statements) to enable the BID to distinguish between general service provision and the added value that the BID may provide.

Provision of NNDR information

12. The City Council is also required to maintain the schedule of National Non Domestic Rate payers (commonly known as business rates) information for the BID area and provide full information to the BID company at all times.

Levy collection

13. Levy collection arrangements also need to be agreed and documented. Officers have been discussing these matters with OX1 over the last couple of months in order that the collection arrangements are in place for October 2008. It has been agreed that the optimum approach will be to use a software package designed for BID levy collection. Use of this software will greatly ease the administration involved in collecting the levy and substantially reduce the annual cost. OX1 has agreed to this approach and will fund all costs directly associated with the BID levy collection.

City Council vote in the BID ballot

14. The City Council as a business ratepayer in the BID area will be balloted by OX1. The City Council pays business rates on 17 qualifying properties i.e. with a business rateable value £10,000 or above.

15. It is recommended that the City Council votes “yes” to the BID proposal.

Unsuccessful BID ballot

16. Most BID ballots have been successful. Of the 76 ballots held at the time of writing this report, 63 (83%) have been successful.

17. However, should the Oxford ballot be unsuccessful, OX1 has sufficient funding to continue and carry out some projects until March 2009 at which point a decision will have to have been taken about the future structure and objectives for city centre management.

Comments from CSW Area Committee

18. The Central South and West Area Committee will consider the BID proposals at its meeting on April 14th. Any comments will be reported to the Executive Board on April 21st when it determines the Council’s ballot vote and voluntary contribution.

Recommendations

19. The Executive Board is recommended to:

- Approve that the City Council votes “yes” in the BID ballot

- Ratify the proposed voluntary contribution arrangement described in paragraph 7 of this report
- Note that the necessary formal documentation will be drawn up between the BID company and the City Council regarding the BID levy collection arrangements and other formal responsibilities contained in the BID legislation

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Appendix A

- Business Improvement Districts are provided for in legislation (Business Improvement Districts (England) Regulations 2004)
- Information website: <http://www.ukbids.org>
- A ballot of all business properties in the city centre (excluding those with a business rateable value of less than £10,000 rateable value) will be carried out in June 2008. The ballot will be undertaken by the Electoral Reform Society.
- Ballot result 7th July 2008
- If ballot result is “yes”, OX1 as a BID Company comes into being in October 2008.
- The BID runs for 4.5 years from inauguration – delivering services and activities against an agreed prospectus. It is anticipated that there will be a re-ballot in Summer 2013.
- If the ballot is successful, all businesses with rateable value > £9,999 will pay compulsory levy of 1% of rateable value. The University, Colleges and business premises within the Clarendon and Westgate Centres (known as “inward facing” businesses) will pay 0.75%.
- The total estimated BID levy value is approximately £1m.
- The City Council is the collector of the levy on behalf of BID company
- Levy due on City Council property is estimated to be £18,523