

REPORT TO THE CABINET

(14 July 2015)

Cabinet Member: Mandy Williams-Davies

Subject: Bangor and Caernarfon Business Improvement Districts

Contact officer: Rhys A Williams

Decision sought

To approve the intention to hold a vote amongst the businesses in the city centre of Bangor and town centre of Caernarfon on the intention to establish Business Improvement Districts within both areas.

Local member's views

To be confirmed

Introduction

The Business Improvement Districts (BID) is a partnership which is led by a business community which is established through a formal voting process in order to provide additional services to local businesses. The BID is a specific area, and within its boundaries, non-domestic ratepayers will pay an additional levy to the business rates. This additional levy is used to develop projects in the interests of the businesses in that area.

Gwynedd Council received assistance from Welsh Government (originally through the Môn Menai Regeneration programme) to research the opportunities to establish BID in the commercial centres of Bangor and Caernarfon. In 2014, consultants were appointed to undertake a feasibility study, working with business groups to develop outline proposals.

In November and December 2014, a consultation was arranged with businesses, and from the responses received, 83% of businesses in Caernarfon and 77% of businesses in Bangor stated that they were supportive of the intention and that a vote should be held. As a result of this initial support, work commenced to establish steering groups, awareness raising sessions and to develop proposals packs in accordance with the requirements of the process of establishing a BID.

Reasons for recommending the decision

BID regulations note that local authorities need to manage the voting process. Local authorities have the veto right if it considers that BID proposals would be likely to conflict significantly with existing policy, would place a financial burden on taxpayers or that the levy was too high.

However, the intention to hold a vote is supported because:

- The proposals to establish BID in Bangor and Caernarfon are a response to challenges which have been identified by the business community
- In holding a vote, the business community receives the opportunity to support the establishment of the BID in order to give them the ability to realise the objectives which have been noted within the business plans.
- The proposed BID could attract additional investment and maximise the profile of Bangor and Caernarfon and what they have to offer.
- The BID would be a medium to collaborate with the Council and provide additional services.

Relevant considerations

Business Improvement District Proposals

As part of the BID process, it is a requirement to prepare proposals together with a business plan. The proposals must include information about services that are to be provided along with the size of the proposed BID. It should also include the size of the levy and the arrangements for collecting it.

The BID Proposals for Bangor and Caernarfon have been included in Appendix 1 and 2.

The main issues of these proposals have been developed in accordance with three main themes, namely:

Influential and Integrated – including appointing Town Centre Co-ordinators and interventions to support and promote businesses

Clean and Green, Tidy and Safe – including additional cleaning, information and interpretation, improving shop-fronts and creating a safe environment

Proud to promote – including an events programme, establishing a 'town / city centre challenge' to promote mentoring and marketing opportunities

It is anticipated that the proposed BID would charge a levy of 1.5% against non-domestic rates, with the exception of properties with a taxation value of less than £2,000. It is estimated that the BID would charge up to £127,000 per annum (namely £635,000 over five years) in Bangor and £86,000 per annum (namely £430,000 over five years) in Caernarfon.

The proposals have been developed through the medium of steering groups before including representatives from the business community. Letters of support have been received from the Bangor Business Forum and Caernarfon Chamber of Commerce.

At the beginning of July, workshops have been arranged for businesses which will be an opportunity for national BID experts to share information and experiences of developing and supporting BID in other areas. Also, information events are to be held in order to raise awareness of the proposals.

Operating and Baseline Agreements

As part of the BID process, local authorities are required to prepare Operating and Baseline Agreements. Proposed agreements were created in collaboration with the Finance, Regulatory and Highways and Municipal Departments and have been included as Appendices 3 and 4.

The purpose of the Operating Agreement is to set out collaboration and financial management arrangements between the BID and Gwynedd Council as it collects the levy and transfers vouchers to the new entity.

The Baseline Agreement highlights Gwynedd Council's current standard services and activities within the proposed BID areas. The agreement sets out arrangements within which the BID could collaborate with Gwynedd Council to establish additional activities or services.

Implications for Gwynedd Council

It is anticipated that the following implications will arise for the Council as the relevant local authority:

Holding the vote – Subject to Cabinet approval, Gwynedd Council will hold a vote with the business community within the designated area to test support to establishing the BID in Caernarfon and Bangor. It is intended for the vote to be undertaken by Gwynedd Council's Electoral Services and £1100 has been allocated by the BID development project to meet any costs incurred.

Set-up Support – If the vote is successful, Gwynedd Council will support the steering groups to establish new companies limited by guarantee. Gwynedd Council will also establish additional arrangements to establish new systems to collect the levy with a cost of approximately £15,000 to be paid by the BID over the period.

Legal Agreements – With the BIDs established, the attached proposed agreements will set out arrangements for them to collaborate with Gwynedd Council

Collecting the levy – If a BID is established, Gwynedd Council will be responsible for collecting the levy on behalf of the new entity. It should be borne in

mind that the BID is also expected to pay a fee to Gwynedd Council for collecting the levy. Gwynedd Council's costs for collecting the levy will be £24.48 per business unit with the total in Bangor being £5,749 and £5,923 in Caernarfon. The collection costs have been included within the relevant business plans.

As a ratepayer – If a BID is established, the Council would have to pay the additional levy for a non-domestic property in Council ownership within the BID boundaries e.g. based on a levy of 1.5%, it is anticipated that there would be an additional cost of approximately £16,411 per annum (£3,346 in Bangor and £13,065 in Caernarfon).

Should a vote be arranged, there would be an opportunity for the Council to vote as a non-domestic property rate payer within the boundaries of the proposed BID. It is recommended that decision(s) regarding voting is in addition and separate to the recommendation of this report.

Next steps and timetable

Subject to Cabinet approval, it is intended to announce the vote by the end of July 2015. Once notice has been given, this would allow the voting papers to be issued as well as the details of the proposals (with explanatory notes) during August.

In accordance with this timetable, the closing date of a postal vote would be 24 September, with the results announced on 25 September.

If the vote is in favour of establishing BIDs, it is intended to proceed to establish relevant governance arrangements (including establishing a company/companies) in order to launch them and start to collect the first levy in April 2016.

Views of the statutory officers

The Chief Executive:

Clearly these proposals have been the subject of wide discussion and consultation over the last few months. It is also clear, that there are implications to the Council, but the conclusion is that the possible benefits may outweigh such implications.

The Monitoring Officer:

A detailed statutory process exists to deal with the application for ballot. This also means there is limited discretion regarding the decision whether or not to hold a ballot and implement the result. Further guidance on this will be provided to the Cabinet during the meeting. It is also noted that the Council will have a right to vote as a non-domestic ratepayer in Bangor and Caernarfon, and consideration should be given to delegating appropriate authority to implement this as part of the decision.

The Head of Finance Department:

As noted on page 4 of the report, under "Implications for Gwynedd Council as a ratepayer", if the ballot result is in favour of establishing a Business Improvement District, the Council itself will be responsible for paying additional levy, at an approximate cost of £3,346 in Bangor and £13,065 in Caernarfon. This also means that the Council will have votes, as a ratepayer, and the Cabinet must resolve who will cast those votes.

Further, if the vote goes in favour of establishing a Business Improvement District in Bangor and / or Caernarfon, the Finance Department's Taxation Unit will have additional work collecting the levy. Finance officers have discussed this with the Economy and Community Department, and I can confirm that we are satisfied with the content of the agreements. I believe that the administrative costs identified in the report are a fair reflection of the investment and additional work that will be involved in administering the Business Improvement District.

Appendices

1. Bangor Business Improvement District Proposal
2. Caernarfon Business Improvement District Proposal
3. Draft Operating Agreements (Bangor and Caernarfon)
4. Draft Baseline Agreements (Bangor and Caernarfon)