

# **Schedule 1 – The BID Levy Rules / Arrangements - Draft**

This section sets out in further detail the technical and budgetary information relating to how the Southampton City Centre Business Improvement District (BID) will operate.

## **Definitions**

Definitions in these arrangements are as per The Business Improvement Districts (England) Regulations 2004, the Local Government Act 2003 and Local Government Finance Act 1988 unless expressly defined in this document.

## **Who is proposing this initiative?**

The BID proposer is the Southampton City Centre BID Steering Group. The BID body will be Southampton City Centre Business Improvement District (BID) Ltd (“the BID Company”). It will be incorporated as a company limited by guarantee in the event of a positive ballot result in November 2016.

## **How will the BID be run?**

The BID will be run by the Southampton City Centre BID Company.

Elections to the Board will be held at AGM and all Members of the BID Company will be eligible to run for election. The proposed Board representation is as below. The breakdown reflects that of the businesses in the BID area and representatives should come from a variety of sectors and geographical areas to ensure a representative body to lead the development of the Southampton City Centre BID:

- 5 Large Business (>50 employees), each providing 1 representative
- 5 Small Business (<50 employees), each providing 1 representative
- Up to a maximum of 2 occupiers drawn from Associate Member businesses
- Up to 2 landowners

The following Representatives shall also sit on the board:

1. A Local Authority Representative
2. Up to 2 Strategic Agency Representatives

A local ward councillor or residents association representative will also be invited to be a non-voting member of the board.

It is expected that the BID’s activities will be delivered by a staff team and steered by groups of businesses under three main “Themes”. These groups will be known as Theme Groups: Improving the City Centre Experience, Better Marketing and Developing Our Businesses. These theme groups will focus on particular areas of the BID’s activities and take responsibility for developing detailed project budgets for that theme in conjunction with the Board and the BID staff members. All BID members and Associate Members may be represented on these theme groups. Additional theme groups will be set up as and when required.

## **How can I get involved in the running of the BID?**

In the event of a successful BID ballot, all BID levy payers will be invited to become a Member of the Company. Company Members may subsequently nominate themselves for directorships or to sit on one of the BID’s theme groups.

The Board will manage the Executive Team, which will deliver the projects and services as set out in the BID Proposal.

## **How long will the BID last?**

The BID term will be five years in duration from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2022. Before the end of this period, the BID Board may choose to seek renewal of the BID for a further term, through a renewal ballot.

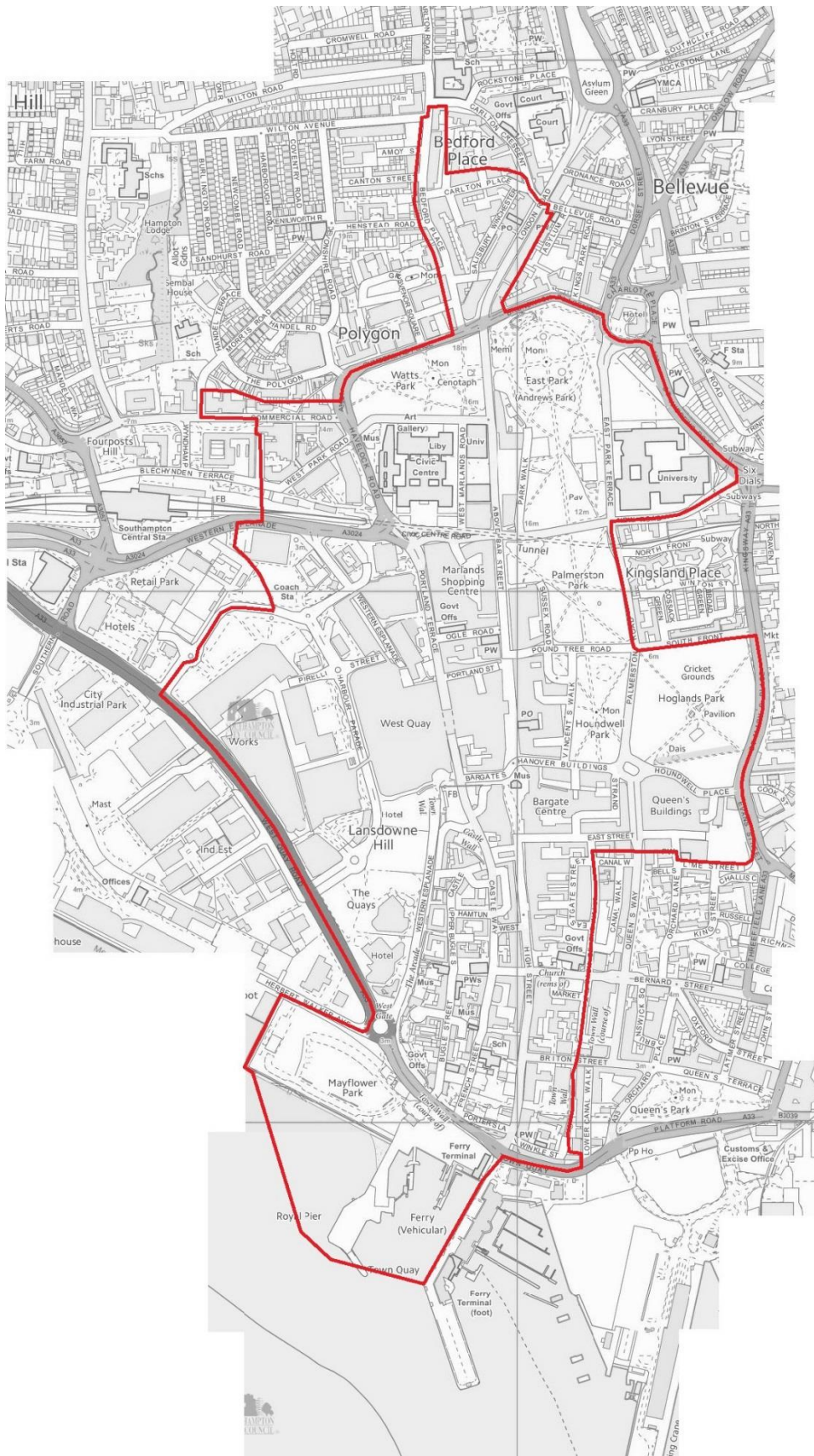
### What area is covered by the proposal?

The BID area covers the following streets, either in whole or in part:

Above Bar Street	Market Place
Albion Place	Merchants Walk
Back of the Walls (West side)	New Road (excluding south side eastwards of Palmerston Road)
Bargate Street	Ogle Road
Bedford place - from Cumberland Place to junction with Carlton Crescent	Oriental Terrace
Bernard Street (West of jct with Back of The Walls)	Palmerston Road (excluding 1-33)
Blue Lane	Park Walk
Briton Street (west of the old Town Wall; 1, Coopers Court, Goldsmith's Court, Friary House)	Pirelli Street
Bugle Street	Porter's Lane
Canal walk (North side)	Portland Street
Carlton Crescent (33)	Portland Terrace
Carlton Place	Pound Tree Road
Castle Lane	Queen's Way (57-101; Queen's Buildings)
Castle Square	Regent Street
Castle Way	Salisbury Street
Cement Terrace	Scullards Lane
Church Lane	Simnel Street
Civic Centre Road	Spa Road
Commercial Road (1-67 odd; up to 26 even)	St Andrew Road (West Side) – from jct with New Road to Charlotte Place
Cuckoo Lane	St Georges Street
East Bargate	St Michael's Square
East Park Terrace	St Michael's Street
East Street	Strand
Eastgate Street	Sussex Road
Evans Street (West side)	The Royal Pier, Town Quay
Fitzhugh Street	Town Quay Road
Forest View	Upper Bugle Street
French Street	Vernon Walk
Gibbs Road	Vincent's Walk
Gloucester Square	Vyse Lane
Guildhall Place	Waterloo Terrace
Guildhall Square	West Bargate

Hamton Street	West Marlands Road
Hanover Buildings	West Park Road
Harbour Parade (excluding 1 – 3 odd)	West Quay Road (part as indicated on boundary map)
Havelock Road	West Street
High Street	Western Esplanade (from Toys R Us to Mayflower roundabout)
Holyrood Place	Westgate Street
Houndwell Place	Winchester Street
Kingsbridge Lane	Windsor Terrace
Lansdowne Hill	Winkle Street
Lime Street (north side)	York Buildings
London Road (1-77 odd; 2-64 even)	York Walk
Lower Banister Street	
Maddison Street	

The area covered by the proposal comprises parts of Southampton as shown in the map below.



## **Shouldn't the Council be paying for this through my business rates?**

A BID generates revenue that is ring-fenced for the area in which it is collected, to be spent on projects for the benefit of businesses that pay the BID levy. All services provided by the BID will be additional to those provided by The Council. Additionality is ensured through the production of a 'Baseline Agreement' which sets out the standard level of statutory service that is already provided for the BID area. This ensures that the BID levy only funds services and projects over and above this level.

## **How will the ballot work?**

The ballot will be managed by the Electoral Reform Society on behalf of Southampton City Council and will run between Monday 3<sup>rd</sup> October 2016 and Thursday 3<sup>rd</sup> November 2016. The ballot will close at 5pm on Thursday 3<sup>rd</sup> November 2016. 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.

## **Who is eligible to vote and to pay the levy? Are there any exemptions?**

For the purposes of determining eligibility to vote and to pay the levy, the 2010 Non-Domestic Rating List will be used for the whole of the BID's 5 year term. This will ensure clarity for businesses on what they can expect to pay. The following will not be eligible for the BID levy, or for the vote:

- Business units with a rateable value of less than £15,000
- 'Central List' properties that are not contained in the local rating list.
- Advertising rights, telephone masts, car parks & car parking places and ATMs
- Residential estate offices
- Schools (not including further or higher educational establishments)

All other types of business are eligible to vote in the BID ballot and to pay the BID levy.

Businesses with a rateable value of less than £15,000 are encouraged to voluntarily contribute and join the BID through Associate Membership. Businesses making this voluntary contribution will be invited to become Members of the Company.

If, as a result of a re-valuation, a business' rateable value shall be £15,000 or more at any time during the BID term, they will become eligible for the levy.

Where hereditaments are unoccupied at the time of the notice of ballot, the owner will be entitled to vote in the BID ballot. The BID levy payer in cases of unoccupied hereditaments will be the owner of the whole of the hereditament. The term 'owner' is defined in section 65 (1) of the Local Government Finance Act 1988.

Where a hereditament is occupied by a Registered Charity and is in receipt of Mandatory Rate relief (as prescribed by section 43 and 45 of the Local Government Finance Act 1988 (LGFA88)) except where the property is operated as a 'charity shop' (a retail space for use as defined under section 64(10) of the LGFA 88), that hereditament shall receive 80% relief from the rate it would otherwise be eligible to pay.

## **Can I get involved in the BID even if I am under the threshold?**

Occupiers of hereditaments within the BID Boundary with rateable values lower than the £15,000 threshold are encouraged to voluntarily contribute and join the BID through Associate Membership. This voluntary Associate Membership will also be available to businesses with properties outside of the BID Boundary but within the City Centre boundary as defined in Southampton City Council's Adopted Local Plan. Businesses making this voluntary contribution will be invited to become Members of the Company and will then be able to attend and vote at AGMs, sit on Theme Groups and put themselves forward to represent Associate Members on the BID Board.

## How much will the BID cost?

The BID levy is a daily charge. The BID levy will be charged for each hereditament listed in the most up-to-date Non-Domestic Rating List, other than those explicitly excluded by these arrangements. For the purposes of calculating the BID Levy, except from where explicitly mentioned otherwise, the Rateable Values in the 2010 Non-Domestic Rating List will be used for the whole of the BID's 5 year term. Where a hereditament comes into the Non-Domestic Rating List post the 2017 revision of Rateable Values, and therefore does not have a value on the 2010 Non-Domestic Rating List, the hereditament's most recent Rateable Value on the Non-Domestic Rating List will be used for the purposes of calculating the BID Levy with respect to that hereditament. Occupiers and owner-occupiers of eligible hereditaments will pay the levy at the rate of 1.5% of Rateable Value per year. Occupiers and owner-occupiers of eligible hereditaments within the four main serviced areas of the City Centre; WestQuay Shopping Centre, The Marlands Shopping Centre, West Quay Retail Park and the New Arts Complex, who pay a service charge to a management company that provides joint security / place marketing, will pay the BID Levy at a rate of 1.4% of Rateable Value. Any serviced areas becoming eligible to pay the BID Levy in the future will be considered by the BID board.

In the first instance this is likely to generate around £1,087,500 for the BID.

The BID levy rate will be amended on an annual basis in line with inflation, at a rate to be agreed by the Southampton City Centre BID Company Board, and not exceeding the average monthly national Retail Price Index (RPI) or the Consumer Price Index (CPI) (whichever is the lower) during the period September to December in the preceding financial year.

The table below sets out the indicative levy payable for businesses depending on their rateable value (based on the 1.5% levy rate).

Indicative rateable value	Indicative BID levy
£15,000	£225
£20,000	£300
£50,000	£750
£100,000	£1,500
£200,000	£3,000
£500,000	£7,500
£1,000,000	£15,000

## What if I pay business rates as part of my rent or service charge?

Where the occupants of hereditaments pay an inclusive rent or other charge for occupying space that includes the business rates charge, the organisation or person who is liable for paying business rates is liable to pay the BID levy and, consequently, is eligible to vote in the ballot.

## I'm thinking of taking on more premises in the BID area. Will I have to pay a levy on these when I move in?

Businesses which begin to occupy existing hereditaments during the BID period will be liable to pay the levy for their period of occupation, providing the hereditament remains eligible for BID membership. The BID levy will be extended to occupiers and owner-occupiers of hereditaments built or first occupied in the BID area during the life of the BID, assuming that they are otherwise eligible. In these cases the levy will be calculated on the rateable value entered in the most recent version of the ratings list.

Additionally, where a business can prove that it stopped occupying a hereditament during the BID period and has already paid the BID levy, it shall be entitled to receive a refund for the proportion of the BID levy covering the period of time from the proven day on which the business stopped occupying the hereditament to the end of that BID billing period.

### **How will the BID levy be collected?**

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.

The BID levy is a mandatory charge and collection is enforceable in the same way as the business rate. After 14 days non-payment of the BID levy, a reminder will be sent giving a further 14 days to pay. If after a further seven days from the payment date stated in the Reminder Notice the outstanding sum of the BID levy has not been paid the Council may make an application to the Magistrates Court for a Liability Order to recover the outstanding sum of the BID levy. The BID Company will strongly pursue collection of the BID levy, using all available enforcement mechanisms. Non-payment of the BID levy will incur additional costs to the business in question.

### **Who will pay for the costs of the ballot and how is the set-up phase being funded?**

The costs of the BID ballot will be initially covered by Southampton City Council. If the ballot is successful, the BID will pay this money to the council over the course of its 5-year term as part of its repayment of a wider loan given for the purposes of setting up the BID. If the ballot is unsuccessful the cost will be borne by Southampton City Council. Repayment of this set-up loan is included in the BID's five-year budget.

### **Can the BID arrangements be altered?**

Only minor amendments can be made to the BID arrangements without seeking formal approval from the BID Members. BID arrangements may be altered without an alteration ballot, as long as there is no proposal to alter:

- The geographical area of the BID
- The BID levy in such a way that would:
  - i. cause any person to be liable to pay the BID levy who was not previously liable to pay; or
  - ii. increase the BID levy for any person other than for inflation purposes as set out above

Where BID arrangements may be altered without an alteration ballot, the alteration will be made by a decision of the Southampton City Centre BID Company Board, following consultation with Southampton City Council