

Leeds Business Improvement District Ballot (2025 – 2030)

Date: 19th June 2024

Report of: Director of City Development

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report sets out the Council's role in operating the Leeds Business Improvement District (LeedsBID) ballot for a third term for 2025-2030. The purpose is to enable Executive Board to give due consideration to the recommendations in the report and to affirm the Council's in-principle support for a city centre BID for the next 5 years.

The vision for Leeds is to be the best city in the UK, one that is compassionate, with a strong economy, tackling poverty and reducing inequalities. Our Inclusive Growth Strategy sets out our ambition to work with businesses and stakeholders to maximise the economic potential for the city. Our aim is to deliver economic growth by encouraging investment that creates jobs to support a growing Leeds economy. Leeds city centre plays an important role as the economic driver to enable the achievement of this vision.

A successful Leeds Business Improvement District (LeedsBID) ballot aligns with our ambitions for Leeds city centre and will enable LeedsBID to generate circa £15.5 million which will be invested in activities and projects in the city centre over the next 5 years.

Recommendations

Executive Board is recommended to:

- a) Approve the arrangements for the Council to operate a ballot in accordance with the statutory role of the Local Authority as set out in the BID regulations 2004.
- b) Provide a commitment to continue to maintain provision of services within the LeedsBID area by approving the draft Statement of Services attached as Appendix 2.
- c) To approve the proposed Operating Agreement attached as Appendix 3.

- d) Note the stages and timescales required to implement the decision as outlined in these recommendations; and that the Head of City Centre Management will be responsible for its implementation.
- e) Note that a further report will come to Executive Board in September containing LeedsBID's Business Plan for 2025-2030 and providing a recommendation for the council's vote in the upcoming ballot. Note also that additional financial information will be provided at this time.
- f) Note LeedsBID's intention to extend their geographical area into the south bank of the city centre and that in line with BID regulations this change requires that a new ballot be held, rather than a renewal ballot.

What is this report about?

- 1 This report sets out a proposal to operate the renewal of LeedsBID for a third term in 2025-2030. The purpose is to enable Executive Board to give due consideration to the recommendations in the report and to affirm the Council's in-principle support for a city centre BID for 2025-2030.
- 2 This report also provides information on LeedsBID's intention to increase the geographical area that it covers, by extending the BID area south of the river into the South Bank.

Background information

- 3 Leeds city centre remains a leading centre for retail, culture, innovation and the economy. Through the Inclusive Growth Strategy, the Council is continuing to focus on developing a liveable, attractive and vibrant city centre in light of continued growth and development, and a stronger demand for retail, leisure, culture and the night-time economy. The city centre's main high street – Briggate - is the busiest in the region and footfall is growing year on year since the pandemic.
- 4 The skyline of the city has undergone an unprecedented period of change over the last 10 years, £4 billion has been invested in large scale development projects and an even larger active pipeline of over £7 billion exists.
- 5 Within the last BID period (2020 – 2025) a number of key projects have contributed towards this physical transformation. The Leeds Public Transport Investment Programme (LPTIP) has seen many of the city's streets and spaces remodelled, to provide wider footways, greenery, more pedestrianised streets and better bus facilities. The city's primary civic space, City Square, has now been largely pedestrianised. Further improvements to the environment in and around Leeds Station are ongoing under the Leeds Integrated Station Masterplan. Recently completed improvement schemes on Neville Street and Sovereign Street have provided better links to the South Bank.
- 6 The extension to the Leeds BID geographical area to include more of the South Bank is shown in Appendix 1. The regeneration of the South Bank is underpinning a resurgence in residential development in the city centre with a pipeline of thousands of new homes, including affordable housing and one of the most sustainable developments in the UK – Citu's Climate Innovation District. Furthermore, the newly opened David Oluwale Bridge and green space at Meadow Lane links to directly to Aire Park, a 3.5ha greenspace which is partly open and which will continue to expand in the coming years.

LeedsBID

- 7 A Business Improvement District (BID) is a business led, democratically elected, non-profit organisation that enables commercial investment with a defined geographical area. Governed by legislation to ensure fairness and transparency, a BID is created for up to a five year period following a successful ballot. During the term of the BID all businesses within this geography pay a mandatory levy, provided their rateable value is above £60,000.
- 8 Established in 2015, LeedsBID is one of over 340 BIDs operating in the UK and the largest multi-sector BID outside of London. LeedsBID is one of two Business Improvement Districts within the Leeds Local Authority area, the other being Otley BID. LeedsBID represents close to 1000 businesses and organisations in the city centre. As a not for profit, non-political organisation, LeedsBID works collaboratively with key partners across all sectors bringing direct benefit to Leeds city centre. It's primary objective is to deliver improvement through its levy investment across its business plan objectives. Over the 10 years that LeedsBID has been established, the key priorities for businesses have been to ensure that the city continues to be clean, safe, and welcoming for all. Some of the projects delivered in that time have included: Leeds Jurassic Trail; Circus Skills; Leodis Space Agency; high level installations across Briggate (e.g. Dear Leeds); A Showstopping Christmas (projection, City Square); Leeds 'We're Going on a Bear Hunt' working with Leeds Hospital Charities; Leeds International Festival of Ideas; public space animation e.g. street art (Athena Rising), deckchairs, yoga, Leeds Piano Trail; Engine Room (free training); Welcome to Leeds; LeedsBID Street Rangers; City Welcome (Welcome Hosts, Leeds Welcome Ambassadors, Evening Ambassadors). LeedsBID continues to be a key representation for businesses in the city centre and has an important role in bringing partners together to tackle difficult issues e.g. the Rapid Response Team (winter 2023) established to address issues of retail crime and antisocial behaviour.
- 9 Approximately £3.1 million collected annually from businesses through the levy mechanism will lever further investment into our city centre. This will add value to existing projects, drive footfall and spend and attract a wider range of visitors to Leeds by making the city centre more attractive as a place to work, live and visit.

Boundary and Scope of a city centre BID

- 10 For the next and third term in 2025-2030, LeedsBID have proposed an alteration to the BID boundary to include part of the city centre just south of the river, which represents an increase in geographical size of around 15%. There are approximately 100 additional businesses in this new area in scope for payment of the levy. LeedsBID have undertaken consultation with businesses to gauge interest, gather support and determine priorities, with positive results. A map of the new BID area is attached at Appendix 1.
- 11 LeedsBID commissioned NGI to provide independent research into levy payer perceptions during February to April 2024. The research will inform the content of the LeedsBID business plan for 2025-2030. Over 200 survey responses were received, and a number of in-depth interviews were held with existing and future levy payers. A further Executive Board report in September 2024 will consider the new business plan and make recommendations accordingly. The responses came from a broad base, are positive, consistent and provide strong support for LeedsBID. In terms of emerging priorities, there is a strong desire to see LeedsBID continue to focus on placemaking (safe, clean, welcoming); events and animation (events, lighting, public space improvements) and innovation (sustainability, digital & training). Specifically, the top 3 emerging priorities where businesses are seeking support from LeedsBID are safety, crime and driving footfall.
- 12 The Council works in partnership with LeedsBID across a range of projects which have included safety, cleansing and promotional activity. We have in previous terms provided a summary of asks to LeedsBID to ensure that our requirements and priorities as a levy payer are reflected in

the draft business plan. The emergence of LVEPs (Local Visitor Economy Partnerships) and DDPs (Destination Development Partnerships) in which the council has a key role regionally, along with increases in demand for our services in a city centre that continues to rapidly develop, highlights the importance of working together with LeedsBID on their business plan for the coming term.

Holding a Ballot and Levy collection

- 13 The Council is required to ensure the ballot is operated, either in-house or outsourced, in line with the BID Regulations. Irrespective of whether the ballot is run in-house or outsourced, the local authority ballot holder still remains legally responsible for the ballot process as set out within the Regulations. LeedsBID is working with Electoral Services on the implementation of the ballot which due to service capacity issues has been outsourced to UK Engage to administer. LeedsBID are responsible for the costs associated with holding the ballot.
- 14 The Council is the mandatory body for administering collection of the levy. Local arrangements are detailed in an Operating Agreement jointly established by LeedsBID and the Council which sets out how this will be undertaken. A draft Agreement (updated to reflect the proposed changes) is attached as Appendix 3.
- 15 The coming term 2025-2030 will be the third term of LeedsBID. As LeedsBID are proposing a change to their geographical area, this autumn's ballot will not be a renewal but instead a new ballot, with all businesses across both the existing and new areas (with a rateable value of over £60,000) receiving the same ballot papers.
- 16 For the LeedsBID ballot to be successful, two conditions must be met. The ballot needs to deliver a majority vote in favour both in terms of the number of businesses voting, and the rateable value of the business premises (which must be more than 50% of the total rateable value of all votes cast). LeedsBID secured a mandate for its first term in February 2015, going on to secure a second 5 year term in 2020 with a successful ballot result in favour by 94% majority vote and 97% by rateable value (up from 84% and 86% respectively from the first term). The second term comes to an end in March 2025.
- 17 A successful ballot requires that occupiers with a rateable value of £60,000 and above within the BID area pay the levy, regardless of how they voted individually. BID levies are based on the most recent non-domestic property rateable value assessments from the Valuation Office which reassess properties every three years. Levies for the coming term would be based on values that came into effect on 1st April 2023. This will result in some businesses previously not in scope for the levy during term 2 now being required to contribute (due to an increase in the rateable value of their premises to above £60,000), and similarly some businesses will see a reduction in their levy (due to a reduction in the rateable value of their premises). If a premise's rateable value falls below £60,000 a business would be exempt from paying the levy, ensuring that most small businesses would not incur this cost but would still benefit from the investment into the city centre.
- 18 In operating years 1-9 (2015-2023) the levy charged was 1.25% of rateable value; in year 10 (2024), this was increased to 1.275%, an increase of 2% which is in line with that allowed under BID regulations. For the term 2025 – 2030, LeedsBID has proposed that the BID levy will increase to 1.9% of rateable value. This follows a benchmarking exercise of other Northern and Core City BIDs. The figure is proposed in the context of the threshold for levy payments remaining at a rateable value of £60,000 or above, and that the fact that the levy percentage has not been significantly increased since Leeds BID's inception 10 years ago.
- 19 In previous terms a cap on the annual levy payable was set at £25,000 per hereditament (premises). Following research of other cities and consultation with businesses, LeedsBID intend to set a cap of £40,000 which will apply from the start of the third term.

Statement of Services

- 20 BID Regulations require that LeedsBID's proposals include a statement of the existing baseline services provided by the Council, to ensure that LeedsBID offers additionality rather than replacement services. A draft 'Statement of Services' for the third term is attached at Appendix 2.

What impact will this proposal have?

- 21 The primary outcome of the continuation and expansion of Leeds BID will be the £17.5m investment into Leeds city centre across a five year term. The detail of the LeedsBID business plan is yet to emerge, but it is expected that the investment will include elements that drive footfall and dwell time and support the Council's overall objectives.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 22 One of the key strengths of Leeds city centre as a business location is that it has a diverse range of large and small businesses, including independent retailers, hospitality businesses and market traders. This diversity enhances the vibrancy of the offer in the city centre. Such businesses face a challenging time on the high street with increased costs and online competition. All businesses benefit from the services that LeedsBID provides.
- 23 The continuation of LeedsBID into a third term supports the priorities set out for the city centre in the Inclusive Growth Strategy. The additionality provided by the LeedsBID enhances the city centre's clean, safe and welcoming environment for those living, working and visiting the city centre. The services provided by LeedsBID are over and above that which the Local Authority is able to provide. Collaborative working between LeedsBID and the Council drives improvement maximising the potential of the city centre as a place to invest, work, live or visit.

What consultation and engagement has taken place?

Wards affected: Little London & Woodhouse, Hunslet & Riverside, Beeston & Holbeck

Have ward members been consulted? Yes No

- 24 The Executive Member for Economy, Transport and Sustainable Development has been provided with a briefing on LeedsBID's proposals.
- 25 Elected Members representing wards within the LeedsBID boundary have been provided with information on LeedsBID's proposals.
- 26 An Executive Member sits as a Company Director on the LeedsBID Board and as such is aware of LeedsBID's proposals for the next term.

What are the resource implications?

- 27 Levy collection. BID regulations require that the Local Authority is the mandatory body to administer collection of the levy via the Business Rates system. If the BID ballot receives a 'yes' vote and is successful, there is a need for the council to charge a fee for the administration of the BID levy, as in previous terms. Industry Criteria and Guidance Notes (published by British BIDs annually) recommend an industry standard of 'a maximum charge of £35/hereditament or 3% of annual levy income, whichever is the lower. The Councils arrangement is in line with this guidance at 1% of the expected annual BID levy.

- 28 The council will be responsible for payment of its own BID levies in properties within the proposed BID area on which it pays business rates. There are 12 premises with the existing BID area on which a levy is payable and no additional premises within the extended area for which the council are the responsible rate payer.
- 29 It is anticipated that the council's total bid levy for year 2025/26 will be approximately £84,000. Exact figures will be available following the 'lock down' of valuation office business rates data which will take place at the end of August 2024. More information will be included in a report to Executive Board in September. The council's fee for administering the levy offsets this figure.
- 30 Other resources required include Council Officer time in the administering of the BID renewal process including refreshing the Operating Agreement and Statement of Services.

What are the key risks and how are they being managed?

- 31 There is no risk to the Council in undertaking a BID ballot. Although unlikely it is worth noting that if the ballot is unsuccessful the BID will cease to exist, and the added value provided by the BID will be lost. The impact of this will be felt by businesses across the city centre, and the Council is likely to see increased demand for the kind of services and activities that LeedsBID currently provides.
- 32 There are risks associated in the service that the Council provides to LeedsBID as levy collector due to possible staff reductions within the Business Rates collection team. The relevant service is aware and is planning accordingly to ensure continuity of service.
- 33 Electoral Services have given consideration on how the BID ballot will be managed this autumn during a time of expected high service demand, and as a result have outsourced the administrative functions associated with holding the ballot to UK Engage. The Council retains legal responsibility for the ballot process in line with BID regulations.

What are the legal implications?

- 34 BIDs are regulated by the Local Government Act 2003 and the Business Improvement Districts (England) Regulations 2004. The Council has the right of veto under the BID regulations if it feels that the BID conflicts with its policies or finds it to be a significantly disproportionate financial burden on any person or class of persons. Whilst LeedsBID's business plan 2025-2030 is in development, the proposals within it are likely to be in accordance with Council policies. The full Business Plan will be included in a report to Executive Board in September. No Council in the UK has to date used its power of veto.

Options, timescales and measuring success

What other options were considered?

- 35 None. BID regulations state that the Local Authority is legally responsible for administering both the ballot process and collection of the levy, and as such we are mandated to do so.

How will success be measured?

- 36 Under the regulations LeedsBID must produce an annual review and statement of accounts that are communicated to all levy paying businesses. LeedsBID is overseen by a Board that comprises of key partners in the business community which includes Leeds City Council.
- 37 Success would be a positive outcome of the vote following the ballot in November.

What is the timetable and who will be responsible for implementation?

38 The new BID term will start on 1st April 2025. The timeline below lists the significant milestones.

DATE	MILESTONE
October 2023 and ongoing	Engagement with south bank businesses around extension of the BID boundary
February to April 2024	NGI research undertaken with BID levy payers
April 2024	BID Showcase and business consultation
May 2025	Formal notice by LeedsBID to the Secretary of State of their intention to hold a ballot
June 2024	Leeds City Council Executive Board
Friday 26 th July 2024	LeedsBID formally requests that Leeds City Council holds the ballot
31 st August 2024	Valuation Office business rates data lock down
26 th September 2024	Notice of ballot
10 th October 2024	Issuing of ballot papers for the vote
11 th October to 7 th November 2024	Voting
8 th November 2024	Announcement of results
1 st April 2025	New BID term commences

Appendices

- Appendix 1 – plan of LeedsBID boundary 2025-2030
- Appendix 2 – Draft Statement of Services
- Appendix 3 – Draft Operating Agreement 2025-2030
- Appendix 4 - ECDI

Background papers

- None.