



# Northumberland

## County Council

CABINET

DATE: 11<sup>TH</sup> SEPTEMBER 2018

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### Hexham Business Improvement District (BID) Termination - Supplementary Report (Part 2)

**Report of** Paul Johnston, Executive Director of Place  
**Cabinet Member:** Councillor Richard Wearmouth, Portfolio Holder for Economic Development

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#### **Purpose of report**

To confirm to Cabinet the recommended approach to terminate the Hexham Business Improvement District (BID) in line with legislative requirements outlined in part 1 of this report.

This report is a supplementary report (part 2) to the briefing already provided outlining the required process for termination.

#### **Recommendations**

Cabinet is recommended to:

- Agree the approach and process to terminate the Hexham BID arrangements.
- Delegate the approval of key decisions relating to the termination process to the Leader and Chief Executive.
- Request a final report on completion of the process outlined, summarising the actions taken and key decisions made during the termination process.

#### **Link to Corporate Plan**

This report is relevant to the following priorities included in the NCC Corporate Plan 2013-2017:

**Economic Growth** – our aim is to promote a more prosperous county through sustainable economic growth that provides residents with ready access to high wage and skilled jobs and opportunities to create thriving businesses.

**Places and Environment** – our aim is to maintain and further improve the quality of

towns, villages and countryside, and make it easier for residents to access services and high quality affordable homes and to travel using different modes of transport.

### **Key issues**

- The required legislative process to terminate the BID arrangements is the responsibility of the County Council. This process is set out in this report.
- This includes reconciling the BID Revenue Account, which holds levy funds collected on behalf of the BID and then issuing refunds as appropriate to businesses subject to the levy.
- The Council is devising a clear and consistent approach to this process. A timeline is included in this report.
- However this process is bound by legislative steps and company law requirements as set out in the timetable, some of which is outwith the Council's control with regard to the closure of the BID Company and the return to the County Council of remaining levy funds.
- This may necessarily impact on completion of the termination process. The process is likely to take at least six months to complete. The Council will seek to complete the termination procedure in a robust fashion as quickly as possible within these constraints.
- Following agreement regarding the process outlined in this paper, the immediate next steps the Council will action are as follows:
  - Write to all businesses subject to the levy as soon as possible following 28 days termination notice (effective date 10th September) as set out in the timetable in this report.
  - Ensure a clear timetable and contact details of the Business Rates Team are established and followed to ensure that businesses subject to the levy understand the termination process and the individual implications regarding their own accounts.
  - Confirm as part of this process the overall reconciliation of the BID Revenue account including how issues of outstanding accounts in relation to unpaid levy bills and related costs have been addressed.

## Hexham BID Termination Report (Part 2) Supplementary Report

### 1. Introduction

This report adds to part 1 of this report which provided background regarding the development of BID and Hexham BID specifically and provided a briefing on the required termination process.

This report sets out how the termination process will be undertaken and seeks agreement to regarding how this will be undertaken.

### 2. Termination Process

#### *Legislative Requirements for Termination*

As noted in Part 1 of this report, upon acceptance of the termination request from the BID Board following the required 28 day notice period, the County Council is bound by the Business Improvement Districts Regulations 2004<sup>1</sup>. The Regulations require the Council to undertake the following tasks.

- **BID Revenue Account Reconciliation:** The regulations require the Council to recoup all residual funds from the BID company into the BID Revenue Account. The BID Revenue Account is the dedicated account held by the council used for the purposes of holding BID funds collected by the Council prior to their transfer to the BID Company.
- **Communications with Businesses subject to the levy:** Where BID arrangements are terminated the regulations require the County Council to, as soon as is reasonably practicable, give notice of the termination in writing to each person liable for the BID levy. This notice shall include an explanation of whether a repayment is to be made under the terms set out in the legislation.

#### *Termination Process*

The County Council now has a duty to undertake the termination process in line with the regulations above. This includes reconciling the BID Revenue Account and confirming to businesses subject to the levy whether any refund is due to them following the completion of this process.

The County Council is now drawing together the necessary information from the BID Company to enable this process to be initiated as soon as possible following the 28 day notice period. The full proposed timetable is set out below.

#### **Timetable**

The following is the planned timeline for the termination of Hexham BID. The notice of termination process has been determined however the steps during the termination process may be impacted upon by the closure process for the BID Company, which is the responsibility of the the BIDs Board of Directors.

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<sup>1</sup> <http://www.legislation.gov.uk/ukxi/2004/2443/contents/made>

<b>Timeline</b>		
Date	Detail	Responsibility
<b>Notice of Termination process - 28 day statutory notice period (as set out in Part 1 of this report)</b>		
12/8/18	BID Board decision to terminate BID Arrangement	BID
13/8/18	Letter from BID Board to NCC terminating BID arrangements with 28 days notice.	BID
13/8/18	Develop necessary process to close BID Company	BID
15/8/18	Formal response to BID from County Council confirming acceptance of proposal to terminate	NCC
3/9/18	Report to Scrutiny advising of termination process	NCC
10/9/18	End of 28 day notice period from BID termination letter of notification	NCC
11/9/18	Report to Cabinet to agree termination process	NCC
<b>Termination Process</b> - This process will be initiated after the end of the 28 day notice period and will be expedited as quickly as possible. However, the process is reliant on the company's closure which is outwith the Councils control.		
14/9/18	Letter distributed to all businesses by this date subject to the Hexham BID levy confirming termination and process for levy account reconciliation and termination. Subsequent letters will be sent as appropriate during the termination process.	NCC
TBC	Full financial statement from BID accountants	BID
TBC	Closure of the BID company	BID
TBC	Remaining levy funds returned to NCC from BID Company	BID
TBC	Reconcile the NCC BID Revenue Account	NCC
TBC	Establish refund process following reconciliation	NCC
TBC	Communicate levy refund processes to all businesses subject to the levy	NCC
TBC	Issue refunds	NCC
TBC	Closure of BID Revenue Account	BID

The timetable for the full and final reconciliation of the BID Revenue Account and the issuing of advice to businesses and any refunds due is dependent on processes outwith the County Council's control in relation to the appropriate closure of the BID Company and the transfer to the Council of remaining funds. The County Council is working with the BID Board to seek to ensure this process is expedited as quickly as possible.

The County Council has also sought the appropriate professional advice from the national organisation; British BIDs, who have dealt with termination procedures and are advising the council on the appropriate approach.

#### **4. Next steps**

The County Council will provide a clear and consistent approach to the reconciling of the BID Revenue account and any refunds due to businesses subject to the levy.

Whilst some businesses may raise concerns, the approach recommended is bound by legislation.

Following agreement on these matters, the immediate next steps the Council will action are as follows:

- Write to all businesses subject to the levy as soon as possible following 28 days termination notice (effective date 10th September) as set out in the timetable in this report.
- Ensure a clear timetable and contact details of the Business Rates Team are established and followed to ensure that businesses subject to the levy understand the termination process and the individual implications regarding their own accounts.
- Confirm as part of this process the overall reconciliation of the BID Revenue account including how issues of outstanding accounts in relation to unpaid levy bills and related costs have been addressed.

#### **Implications**

<b>Policy</b>	BIDs are supported by Government policy and legislation as set out in the Business Improvement Districts Regulations 2004. The Termination of BIDs is bound by the national BID regulations 2004.
<b>Finance and value for money</b>	The Council is supporting the termination process utilising existing officer capacity as we are bound to do by the legislation. The BID Regulations state that any reasonable costs accrued by the County Council in completing the termination process and reconciling the BID Revenue Account can be charged to the account. This may require costs such as the professional fees for advice referred to in the above report to be charged to the Account.

<b>Legal</b>	The County Council has sought external professional advice on the termination process. The Council has advised the BID Board to utilise separate legal advice as appropriate as part of the company closure process.
<b>Procurement</b>	None
<b>Human Resources</b>	See points under finance and VFM above.
<b>Property</b>	NCC properties within the geography and levy rules of the BID are subject to the BID levy
<b>Equalities</b>	(Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
<b>Risk Assessment</b>	None
<b>Crime &amp; Disorder</b>	None
<b>Customer Consideration</b>	Levy Collection Services follow the same procedures as billing, collection and enforcement requirements are set out in the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989.  As stated in the main report the Council will communicate clearly with all businesses subject to the levy and make available a point of contact to resolve enquiries as the termination process is undertaken.
<b>Carbon reduction</b>	None
<b>Wards</b>	The geographical coverage of the BID is the town of Hexham bounded by the A69 to the North and Hexham Racecourse to the South.

**Background papers:**

Hexham BID Consultation Feedback Report 19th March 2018 - go to:  
<http://www.northumberland.gov.uk/Business/Hexham-Bid-Consultation.aspx>

**Report sign off.**

***Authors must ensure that officers and members have agreed the content of the report:***

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