

## **Manchester City Council Report for Resolution**

**Report to:** Deputy Chief Executive – 11.6.24

**Subject:** Contracting out the billing, collection, and recovery of the BID levy to the Heart of Manchester BID company

**Report of:** Head of Corporate Revenues

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### **Summary**

Currently, the Council administers the billing, collection, and recovery of the BID levy for the Heart of Manchester Business Improvement District (BID) and passes the funds raised on to that company. This report seeks to confirm the contracting out of that function to the Heart of Manchester BID company who will take over the administration using the same processes as those currently in place within the Council. There will be no change to the charges or processes faced by Manchester businesses.

### **Recommendations**

The Deputy Chief Executive is recommended to authorise the contracting out of the BID levy to the Heart of Manchester BID company Limited for the period 1 April 2024 to 31 March 2028 by direct award, including the recovery of any outstanding arrears that predate this agreement.

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### **Wards Affected:**

Piccadilly, Deansgate

<b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
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The proposal does not impact on achieving the zero-carbon target for the city.
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<b>Equality, Diversity, and Inclusion</b> - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments
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The proposal does not impact any protected or disadvantaged groups.
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<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS/Contribution to the Strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	n/a
A highly skilled city: world class and home-grown talent sustaining the city's economic success	n/a
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	n/a
A liveable and low carbon city: a destination of choice to live, visit, work	n/a
A connected city: world class infrastructure and connectivity to drive growth	n/a

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

Adopting the recommendations of the report will:

- Reduce the administrative burden on the Business Rates team.
- Reduce the revenue from the BID company from £24,000 to a figure still to be agreed.

### **Financial Consequences – Capital**

None

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**Background documents (available for public inspection):**

The Executive – 19 October 2022 - Heart of Manchester Business Improvement District (HoM BID)

## **1.0 Introduction**

- 1.1 This report outlines proposals to transfer the billing, collection, and recovery of the BID levy to the Heart of Manchester BID company Limited (the BID Company”) for the period 1 April 2024 to 31 March 2028. The role is currently undertaken by the Business Rates Service of the Council. It will have no impact on the businesses that make up the BID as the existing rules and charges will still apply.

## **2.0 Background**

- 2.1 A business improvement district (BID) is a defined area within which businesses pay an additional tax, collected by the Local Authority, to fund projects and services beyond what the local government offers. BIDs are formed by private property owners and businesses within a city district that is predominantly commercial or industrial in use. BIDs aim to improve the economic and physical conditions of the district.

- 2.2 Manchester City Centre BID has been operating for a decade and started a new, five-year, term in April 2023. Manchester City Centre BID is managed by the BID Company, supported by CityCo, the city centre management company. Over 600 retailers, hospitality operators and office tenants are levy payers across the central commercial district (Market Street, New Cathedral Street, Manchester Arndale, Exchange Square, St Ann’s Square, King Street and Deansgate). In 2023, the total BID levy to be collected was £1.451 million.

The HoM BID company is wholly separate from the Council and they decide what they spend the levy on. Their aims include attracting and welcoming visitors, improving the street environment and supporting the BID community.

- 2.3 The initial duty to collect the BID levy sits with the Council, but legislation has been passed that allows the contracting out of this function, originally to recognise the fact that some Councils contracted out billing and collecting Business rates.

The Council has collected the BID levy on behalf of the BID since 2013. Both the Council and the BID Company have reviewed the operation of the BID to improve operational efficiency. One area considered is the billing, collection, and recovery of the BID levy as the information the Council can share with the BID Company is limited. This means that the BID Company is unable to assist the Council to collect the BID Levy.

## **3.0 Options considered.**

- 3.1 The Council has considered the following options: -
- Undertake an open procurement exercise to appoint a provider to bill, collect and recover the BID levy.

- Contract out the function and make a direct award to the BID Company.
- Continue to bill, collect, and recover the BID levy.

#### **4.0 Undertake an open procurement exercise to appoint a provider to bill, collect and recover the BID levy.**

- 4.1 The Council has power under the Local Authorities (Contracting Out of BID Levy Billing, Collection and Enforcement Functions) Order 2005 to contract out the billing, collection, and recovery of the BID levy.
- 4.2 The Order is principally aimed at situations where a local authority has also contracted out the billing, collection and recover of business rates. There is nothing within the legislation which would prevent the Council contracting out the billing, collection, and enforcement of the BID Levy.
- 4.3 Article 11(4) of the Council's Constitution authority to contract out functions sits with the Leader or the Executive. The Leader has been consulted and has authorised the Deputy Chief Executive to make the decision in relation to this report.
- 4.4 As the Council itself undertakes the billing, collection and recover of business rates the resultant contract would be small, specialised, and unlikely to generate significant interest. There is no cost to the Council and whoever takes on the contract will have to pay the Council for information about ongoing changes. It is very unlikely that an external company would tender for something that will cost them money. There is already a good working relationship between the Council and the BID company. Having a third party operating between the Council and the BID Company makes no sense.

#### **5.0 Contract out the function to the BID Company by Direct Award.**

- 5.1 The Council has undertaken research and have identified that this model is already in place in a BID based in Worcester.
- 5.2 The BID Company is ideally placed to carry out this function as it was established to administer the BID.
- 5.3 The Council would provide the information required to calculate the BID Levy to the BID company, along with regular updates of occupancy so that the BID Company could make the necessary adjustments to liability and the amounts owing. The Council would continue to provide support and advice where required to deal with more complex complaints and liability issues for a reduced fee, but all administrative functions would be undertaken by the BID Company.
- 5.4 Under the proposed arrangements, the BID Company would collect the BID Levy and pay an administration fee to the Council for the provision of this information. This fee is yet to be agreed but should be in the region of £10,000 to £24,000.

5.5 A contract would be put in place with the BID Company to set out the parties' roles and responsibilities including the provision of performance information, ensuring transparency about decision making, complying with the Council's enforcement policies.

5.6 There would be no impact on the businesses other than that they will be paying the Heart of Manchester BID company direct, rather than paying the Council who then passes the revenue on to the BID company.

5.7 The BID company will know who has and hasn't paid and can take targeted recovery action. They used to get this information from the Council, but, following legal advice, we had to stop providing it as passing this information potentially breached a duty of confidentiality we had to the businesses in the BID.

## **6.0 The Council continue to bill, collect, and recover the BID levy.**

6.1 The Council has collected the BID Levy since the inception of the BID in 2013. The Council has worked closely with the BID Company to facilitate the collection of the BID Levy however the amount of information the Council can share with the BID Company is limited. This means that the BID Company is unable to assist the Council to collect the BID Levy by contacting non payers.

6.2 The current arrangements impose a burden on the Council in collecting the BID Levy and causes some confusion to businesses who receive two separate bills from the Council for payment at the start of March each year. Contracting the process out to the BID company will allow them to develop a closer relationship with businesses in the BID area and support them to maximise collection.

## **7.0 Recommendations**

7.1 The Deputy Chief Executive is recommended to authorise the contracting out of the BID levy to the Heart of Manchester BID company Limited for the period 1 April 2024 to 31 March 2028 by direct award, including the recovery of any outstanding arrears that predate this agreement.