

THURSDAY, 23 APRIL 2015

REPORT OF THE PORTFOLIO HOLDER FOR ECONOMY AND EDUCATION

BUSINESS IMPROVEMENT DISTRICT

EXEMPT INFORMATION

PURPOSE

To seek Members approval to progress a Business Improvement District for Tamworth town centre and Ventura park.

RECOMMENDATIONS

- 1) The Council allocates £22,000 for undertaking a feasibility study into a Town Centre Business Improvement District initially from the town centre reserve budget PM1603X0156 and the Council commits officer time to support the development of the BID on the following conditions:
 - a. the groups representing the town centre and Ventura Park businesses form a BID development Board (shadow board) representing a range of interests (including the Council) and that they commit to drive the project forward;
 - b. the Board agrees the BID boundary before the feasibility study engagement with businesses commences;
 - c. the Board agrees an initial Business Plan that details the potential areas of spend for the BID – the additionally – before the feasibility study engagement with businesses commences;
 - d. the businesses agree to be the figureheads of the promotion of idea;
 - e. the businesses commit time and resource where possible to the development of the BID proposal;
 - f. the businesses recognise that the Council will not be directly engaging with businesses to promote the BID proposal;
 - g. the businesses recognise that the Council's funding may not exceed £22,000 unless there is agreement that if the BID is successful then the Council is paid back its costs; and
 - h. the Board agree to consider paying the Council back its costs over £20k
- 2) The Portfolio Holder for Economy and Education and the Director of Communities, Planning and Partnerships will represent the Council on the shadow Board.
- 3) A further report is considered upon completion of the feasibility study where the Council will consider its ability to contribute to the next phase and the willingness of businesses to contribute or agree to cover the Councils costs should a BID ballot be successful.

EXECUTIVE SUMMARY

The Borough Council have been approached by Destination Tamworth and a representative of businesses at Ventura Park who have asked if the Council will support them to develop a Business Improvement District (BID).

The idea of a Business Improvement District (BID) for Tamworth has long been considered as a possibility in order to develop a business led approach to driving forward town centre vitality and to provide sustainable resources to support this approach. However, due to the recession and the consequent concentration of the minds of town centre businesses on pure survival and keeping their cost base as low as possible, it was deemed inappropriate to pursue a BID at this time. In addition, developing a BID requires quite considerable resources in itself, which often comes from the council as the collector of the levy, the body that needs to organise the BID ballot and the 'place leader' which brings the businesses together.

However, last year the Ventura Retailers Forum received a presentation on BIDs from a BID consultant, which was positively received. Destination Tamworth, also held similar discussions and is similarly minded to positively consider a BID. Both forums are keen to see a 'whole Tamworth' BID so as to bring the town centre and retail parks together in order that they are seen as complimentary rather than competing elements.

The process for setting up a BID is generally accepted to include the following stages:

1. Businesses come together to form a BID partnership
2. Businesses prepare a proposal and draft business plan
3. An independent BID feasibility study is undertaken with the businesses
4. If there is an appetite for a BID, carry out a further engagement and consultation programme
5. Produce a final BID business Plan stating what the BID would fund
6. Inform the Secretary of State of intention of holding a BID ballot
7. ERS send out the postal ballot papers
8. Upon a majority of those voted as 'yes' commence a 5 year BID programme

This process can take between one and two years, depending on the level of resources and appetite of local businesses.

Destination Tamworth and the Ventura Retailers Forum have approached the Council to assist with guiding the early stages. Collectively a small shadow board has been agreed which will include representatives of the Council, town centre businesses and Ventura Park businesses. The businesses have identified an initial area that they consider could form the BID and are starting to formulate a proposal and draft business plan. They have asked if the Council will assist in this process with staff time and the contribution of finances to fund an independent BID feasibility study. This will establish whether there is support for the proposal and if so, more detailed work can be undertaken with the town centre businesses. The typical cost of establishing a BID is between £40,000 and £100,000 depending on the size of the area. The BID consultation is generally funded by the local authority as is the ballot itself.

A BID represents an ideal opportunity to harness the private sector to lead a partnership approach to enhance the town's retail, leisure, heritage and cultural offer on a 'whole place' approach, thereby raising the overall profile of Tamworth and encouraging trade and business growth. The time appears right to consider this whilst there is support for it from the business community as evidenced by the initial discussions undertaken through Destination Tamworth and the Ventura Retailers Forum. A BID based on the initial boundary considered could yield around £500,000 per annum for 5 years, which would provide adequate resources to enable a wide variety of positive activities to be undertaken.

Given its financial situation, the Council will not be able to undertake activities to develop and promote the Tamworth offer beyond the services it already provides, and indeed, may have to prioritise these. The BID therefore offers the only realistic prospect of raising sustainable resources to further invest in activities to further develop and promote the town's offer as a retail, leisure and business destination.

It is proposed that the Council provides officer time to support the shadow board and provides funding to undertake the feasibility study. This will give a clearer indication on the

level of support for taking the proposal forward and the level of future funding that may be required. It is considered that any offer of support is conditional on the Council procuring and managing the consultant on behalf of the shadow board and that the businesses agree to be the figureheads of their proposal.

The cost of the feasibility study is likely to be between £5,000 and £10,000 and would involve an extensive consultation with businesses within the identified BID area to determine the level of support for a BID and the types of activities that businesses would like to see developed.

OPTIONS CONSIDERED

1) Not to provide financial support.

It is unlikely that the BID proposal would go any further. Individual businesses are unlikely to contribute financial resources until it is clearer that there is support for the proposal and that a BID ballot would be successful.

If a BID was not pursued then it is likely that Tamworth will fall behind other competing towns and cities with successful BIDs as they develop their places through the additional income secured by BIDs. It would be difficult to market and promote the town to the same level as towns with additional resources which could result in a loss of customers. There would be no additional funding to support initiatives such as Townsafe, events, environmental enhancements or Services. The town centre and retail parks are likely to continue to operate autonomously with a lack of strategic and joined up initiatives, exacerbating the competition between the two.

2) Not to support the businesses.

It is unlikely that the BID proposal would go any further. In addition to the impacts outlined in option 1, there could also be a negative impact on the reputation of the Council.

RESOURCE IMPLICATIONS

There is a town centre budget reserve of £22,000 (PM1603XO156), which was awarded by DCLG to support economic growth with a focus on town centres.

The feasibility study could cost up to £10,000.

If the feasibility study provides a reasonably positive result, providing confidence that a BID ballot could be successful, a full BID consultation process would need to take place leading to the development of a BID Business Plan. It is estimated that this could cost between £40,000 and £100,000.

Officer time will be needed to coordinate and contract manage any consultants appointed but this can be met through existing officers in the Economic Development Team, particularly the Town Centre and Tourism Officer.

There is an expectation that the Council would fund the feasibility study and BID consultation, although the opportunity for businesses to contribute should be explored from the outset. Furthermore, a fund of £500,000 has been made available by Government in order to facilitate the establishment and successful growth of new BIDs within England. Upon application and, subject to approval, loan funds of up to £50,000 will be granted to developing BIDs and BID partnerships. Funds will be released as stage payments pending satisfactory completion of milestones. The BID Loan Fund will be delivered by British BIDs on behalf of the Department of Communities and Local Government, with Santander as Banking Partner.

There would be a further cost to the Council associated with running of the ballot.

There is also likely to be an initial capital cost to the Council to update the business rate systems (unknown cost), an ongoing system maintenance cost (estimated at £8k) and a cost for administering, collecting and recovering unpaid debts (estimated at £10k annually and £38 per business). This can all be recovered via the BID if the BID agrees.

Once a BID and BID Partnership is established, there would not be any further call on Council financial resources, as a proportion of the BID levy can be used to fund the day to day administration and management of the BID partnership. Ongoing officer time would of course be required to continue to liaise with the BID Partnership, possibly extending to representation on the Board (which could be at member level).

The Council as a landlord and tenant in the town centre would also be liable for the charge. However, the BID is likely to procure additional services from the Council which may help sustain those and other services (e.g. events, street cleansing).

LEGAL/RISK IMPLICATIONS BACKGROUND

- The ballot is unsuccessful and the Council has 'wasted' time and capital. However, the feasibility study will provide a good indication of the appetite for a BID and the level of risk. There is an 83% success rate for the initial ballot but does require significant work in working with businesses to support the proposal. A robust business plan is required.
- The businesses do not provide any funding, although this could be mitigated by the businesses seeking to apply for a BID loan or by entering into agreement with TBC to pay back the capital put in by the Council.
- Lack of a 'tactical plan' in developing or delivering the BID. It will require someone from within the Board to really drive forward the plan, plus either TBC officer time or a good BID consultant to support the process. Given tightness of resources, the latter is probably the only feasible option (as Lichfield is doing), although the Council will still need to assist.
- The BID becomes a powerful lobbying group that may not have the same priorities and ambitions as the Council. However, the Council will be represented on the shadow Board and BID board.
- Board members lack the required capabilities and skills to run the BID successfully. However, the feasibility study and BID proposal will engage with businesses in the area and will seek to also identify future Board Members with the required skills.
- Lack of implementation of projects / initiatives leads to loss of interest / engagement. However, given the level of interest and desire to see improvements it is considered that this is unlikely. In any event the BID has a life of 5 years before another ballot is needed to extend.
- If the BID is successful then the Council will be responsible for administration, collection and enforcement of the charge on behalf of the BID Board. Therefore any negative press (associated with activities or enforcement) is likely to reflect on the Council and impact on reputation.
- The Council would need to be clear from the outset on the baseline of services it will provide – otherwise there is a risk that the charge could be seen as propping up Council services and doesn't lead to anything additional.
- TBC need to quickly understand the implications of pursuing a BID, both from a finance and legal perspective and service delivery perspective. This can be mitigated by forming an internal group to coordinate our position, composed of relevant heads of service (legal, finance, demo services, comms, services delivering BID type activities).
- The Council will be able to vote at the Ballot and will need to decide who undertakes the vote for the Council (individual asset managers, Director, Chief Executive, Leader or Portfolio Holder).

SUSTAINABILITY IMPLICATIONS

None arising from this report

BACKGROUND INFORMATION

Destination Tamworth are the 'Town Team'. This is the term coined by Mary Portas in the Portas review of the future of the high street. She saw these as "visionary, strategic and strong operational management team for high streets". The Council has worked closely with town centre businesses to establish the town team and help them establish themselves as an independent group.

A BID is a geographically defined area where all businesses identified within this area are charged an additional fixed levy (self imposed business tax) on their businesses rates. It is a partnership between the local business community and the local authority.

The BID proposer is required to develop a proposal and submit this to the local authority, along with a business plan. The proposal should set out the services to be provided and the size and scope of the Business Improvement District. It will also set out who is liable for the levy, the amount of levy to be collected and how it is calculated. Businesses that are subject to the levy, as set out in the proposals, vote in a ballot. This determines whether the scheme goes ahead.

A successful vote for a BID must meet two criteria:

- More than 50% of votes cast must be in favour of the BID and
- The positive vote must represent more than 50% of the rateable value of the votes cast

Each business entitled to vote in a BID ballot is allowed one vote in respect of each property occupied or (if unoccupied) owned by them in the geographical area of the BID.

Once the BID is in operation the levy is charged on all businesses within the BID area (regardless of whether or how that business voted in the ballot).

The maximum period that a BID levy can be charged is for 5 years. Once the term is completed the BID will automatically cease. If the BID Company wants to continue its activities it must hold a new ballot.

The levy rate is usually between 1% and 4% of rateable value. However, this is dependant on local circumstances and there is also an increasing number of BIDs that charge using a banded system. (Businesses are grouped together according to their rateable value. The levy charged will be a percentage of this rateable value). Businesses with exceptionally large rateable values tend to have a cap on contributions

The BID may allow for relief. The amount and type of relief is dependant on local circumstances but could typically include charity relief.

A BID is managed by a Business Improvement District body. This is often a private company but can be a partnership with the local authority. Most Business Improvement District bodies are not-for-profit companies. The Business Improvement District body is responsible for developing and implementing the proposal which sets out how the Business Improvement District will operate.

They will provide the local authority with this proposal along with the business plan (including the estimated cash flow, and predicted revenue to be generated by the BID) along with the financial management arrangements for the BID body.

A BID can support the long-term sustainability of an area. They can approach the management of the trading environment and public space in a proactive and planned way allowing them to gain and retain a competitive advantage. They provide sustainable funding for additional town management functions enabling them to build on the successes already achieved. They also provide equality in ensuring that everyone who benefits, contributes.

A BID supports additional activity it does not pay for anything already covered by business rates. The income from the levy and from extra funds attracted, referred to as additional or voluntary contributions, will only be used to fund the services outlined in the BID proposal. During the BID development, baseline service level agreements are obtained provided by the statutory agencies that operate services. The BID investment will not pay for these services. The BID will be to provide clarity on the services and standards expected in return for business rates and to ensure that businesses get those services effectively and efficiently delivered throughout the lifetime of the BID

BIDs typically deliver:

Outputs

- Extra street cleaning and grounds maintenance,
- Enhanced public realm (street furniture, signage, paving, planting etc)
- Increased number of events and town centre activities
- Increased and improved marketing, including national campaigns and website
- Taxi marshalls, street wardens, patrolling ambassadors, uniformed police
- Improved lighting schemes, Xmas lights
- Extended CCTV coverage
- Free wifi connectivity for businesses and the public
- Revamped vacant premises
- Supported business regeneration and start ups
- Training courses and apprenticeships
- Town Centre Manager or similar position

Outcomes

- Crime reduction and fear of crime reduction
- Increased attractiveness of the area
- Increased business stability
- Increased footfall
- Increase in spend
- Increase in property values
- Better perception of the town

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

APPENDICES