

THURSDAY, 20 OCTOBER 2016

**REPORT OF THE PORTFOLIO HOLDER FOR REGENERATION****TAMWORTH BUSINESS IMPROVEMENT DISTRICT****EXEMPT INFORMATION**

None

**PURPOSE**

The purpose of this report is to highlight progress to date in developing and carrying out the Business Improvement District (BID) feasibility study and to consider a request from the businesses for further financial support in taking the BID through to Ballot and operational delivery.

**RECOMMENDATIONS**

1. Approve a waiver from financial guidance to increase the current contract for the provision of consultancy services by £24,551.5 without further tendering and commit this funding to the project.
2. Approve the re-prioritisation of existing budgets on GS0402.
3. Cabinet consider a capital scheme for the BID software and ongoing support as part of the budget process for 2017/18
4. Commit to produce a baseline service agreement to outline the services currently provided by the Council within the BID boundary.
5. A further report is brought to Cabinet in Spring / Summer 2017 to report on progress and consider moving to ballot stage.

**EXECUTIVE SUMMARY**Background

On the 23<sup>rd</sup> April 2015 Cabinet endorsed the allocation of £22,000 for undertaking a feasibility study into a Town Centre Business Improvement District and committed officer time to support the development of the BID. It also resolved to nominate the Portfolio Holder for Regeneration to represent the Council on the shadow Board and that a further report be brought back to Cabinet upon completion of the feasibility study.

The Shadow Bid Board which was originally formed has now become BID Tamworth Steering Group. This meets on a monthly basis and is made up of representatives from a range of private sector interests, representing different sectors, size of firm and geographical locations. The Council is formally represented by the Portfolio Holder for Regeneration and officers provide administrative support and professional advice.

A tender process earlier this year resulted in the award of a contract to a BID specialist to undertake the initial feasibility study.

Feasibility Study

A draft feasibility study was presented to the Steering Group in September and the final version has now been completed.

The work involved in the feasibility study consisted of:

- 26 in depth interviews with a sample of businesses in the proposed BID area. (20 Town Centre, 6 Ventura)
- Pulling together a proposed Boundary
- Research into wider strategies, plans and papers.
- Full analysis of NNDR rated properties.

The general findings from the in depth interviews were as follows:

- 65% of business thought the area had become a better place to do business, 35% it had become worse, though considering the Town Centre on its own 75% felt the town had become a worse place to do business.
- The overall feeling was that Tamworth town centre has seen a general decline over the last few years, losing out to Ventura.
- The Night Time economy in the town is seen as stagnant and outdated, the range and offer too limited to attract people from outside the area.

3 key issues were consistent across the whole area:

- **Access**  
The main issues can be summarised around parking, lack of consistency in approach, pedestrian accessibility, charges and lack of comprehensive wayfinding.
- **Promotion and Awareness**  
It was felt a lot more could be done on promoting the whole offer, in particular with Ventura having no single identity; Town Centre businesses felt many of the businesses remain unaware of events and not able to take advantage. More focus on heritage and history. Clear view that the two areas should complement not compete with the town being a showcase for a greater range of quality independents, an improved restaurant, café pub and bar offer, with further development of events not just focused on the Castle Grounds.
- **Business Community**  
Most business felt that there was no sense of a business community with a distinct desire to achieve this over the whole area.

The feasibility study has recommended that the next stage, BID development, is progressed. The aim of this phase 2 will be to carry out a detailed consultation with relevant businesses, the community and partners on the BID proposals, raise awareness and support and to deliver the Ballot process.

Officers believe that the initial work by the BID steering group has made a strong start during the feasibility phase in garnering consistent support from key members of the business community. The Steering Group are a dedicated group from the private sector, some with previous experience of BIDs, who are committed to improving the proposed BID area. The initial feasibility work has shown an appetite to progress this concept and given the lack of 'business community' or business organisation such as a chamber of commerce, then it is felt that there is a gap for a BID. It is acknowledged that the sample size was small but the interviews were focussed on some key businesses, and included some who are sceptical about the concept. Whilst there is a cost to this development work, the potential annual receipts that could be spent in the BID area are significant. There is still a significant amount of work and consultation to undertake, however with the continued support of the consultants and officers of the Council it is felt a BID could be a successful and an important component of Tamworth's future development as a place.

### Baseline

A compulsory part of the BID development is a Baseline Service Agreement between the Council and BID Tamworth. This document outlines exactly what services the Council currently offers in the proposed BID Boundary.

In the past these agreements were reviewed once every BID Term – five years. Now it is more common place due to rapidly changing Local Authority budgets, that these are reviewed annually. This is primarily to ensure that both parties are held to account; the BID is not replicating existing service

provision and is delivering purely additional services; and that a Council does not use the BID to inappropriately and unfairly subsidise service delivery.

Every Council service that delivers within the proposed Boundary will need to complete a baseline exercise. The consultant will assist with this collation. This work would need to commence in October 2016 and ideally be complete by March 2017 with a review every year of the BID. It is worth nothing that other stakeholders such as the Police and County Council will have to undertake a similar activity.

This activity may require significant resource to ensure it is successfully completed in the first instance, but could eventually become a useful and relevant part of the day job. Annual BID baselining could become a valuable exercise of reviewing if services are continually relevant and fit for purpose and measuring impact of BID services on Council provision.

### Funding Request

The Chair of the BID steering group has written to the Council thanking it for its support to date and has asked the Council to consider supporting financially the next stage of the development work.

The Council has already allocated £22,000 towards the feasibility study. The Council undertook a tender exercise earlier in the year and asked for submissions for undertaking the feasibility study and to cost the 2<sup>nd</sup> stage. The accepted tender was for a total value of £27,387.50. In addition the BID Steering Group have identified costs not originally tendered for at a total of £19,164. The majority of this is to cover the cost of marketing material (£15,827) to build awareness and support. The remainder is to cover additional support post ballot and any expenses incurred.

A waiver from financial regulations would be needed to increase the value of the existing contract without tendering again. Officers believe this still represents value for money. The extra work (over and above previously tendered) is at similar rates. The appointed consultant has performed well and the reasons for appointing in terms of cost, skills and experience remain. This would also enhance consistency and to go out to tender for a further organisation for post BID support may cause delays in the start of BID operations and effect the relationship between the Council and the BID board.

Whilst it is recognised that the Council could use internal resources to meet the requirements of the BID it is important that the Council be seen to be as independent as possible from the process. Mail shots received with a Council post mark could seem to be misleading or cause negative feedback from businesses as would anything seen to be carrying a Council message. The work required to design, mail and monitor responses would also require significant officer time and coordination that could be put to better use on other priorities. The costs provided by the BID compare favourably to known costs of print, design and mailing and represents overall best value for the Council. The consultant has significant experience in delivering BIDs and organising relevant marketing material, making the process as simple as possible for the BID steering group and the Council.

If approved, then the Council will place the necessary orders on behalf of the BID Steering Group.

BID Tamworth is asking for a grant for the following reasons:

- Other options of finance are severely limited as the BID Steering Group is not a formal body at this stage.
- A loan or other financial arrangement agreed before the BID is operational may often be seen as negative by Businesses the BID is trying to win support from and could adversely affect the reputation of the Council and limit chances of the BID being successful at Ballot.

### Timetable

The BID Steering group have identified a timetable to undertake the next steps of the development of the BID. It is proposed that the ballot is held in October 2017. Between now and then the focus of activity will be on engaging with businesses to garner support, develop the BID plan, finalise the boundary and finalise the rate. Prior to the ballot, a further report will be brought to Cabinet to outline progress and seek any necessary approvals for the BID process.

## **OPTIONS CONSIDERED**

The Council could decide not to support the additional request for funding. This would likely result in the next phase of development work not being completed or not being undertaken as comprehensively which could result in less support and a negative ballot.

## **RESOURCE IMPLICATIONS**

### BID development

Including the costs identified by the BID Steering Group, the total value of the work is £46,551.5. The Council has already committed £22,000 leaving a shortfall of £24,551.5. Officers have identified where existing budgets could be re-prioritised to fund this request, as follows:

- £9,000 from the management fee received from the Business Liaison Services LSTF (Local sustainable transport fund) Contract with Staffs County Council.
- £13,692.50 from the consultancy services budget, GS0402 32050, which was established following the recent Planning and Regeneration service review.
- £1,859 from the Town Centre Support reserve (the £22,000 previously identified from this reserve.)

### Billing, collection and recovery costs

The Council will be responsible for billing, collection and recovery for the BID Levy. There will be an initial capital requirement to set up the BID billing system, which will include a module add-on for our current Capita system and consultancy support. There will also be a cost to the Revenues team to manage the BID levy process on an annual process which is estimated to be in the region of £102,500 over a 5 year BID term although it is now common place that these ongoing revenue costs incurred as a result of the BID being implemented are covered by the BID.

Exact costs associated with recovery will need to be agreed with the BID on an in depth level as part of the service baselining exercise. An operational protocol would be designed and agreed between the Revenues Service and the BID, so that all involved understand the relevant exemptions and levy payable by all hereditaments.

If this was agreed then there would be a one-off cost for the module add on to the IT system of circa £17,400 unless a separate agreement can be reached with the BID to fund this element. The Head of Revenues has advised that subject to work progressing positively on the BID, it would be prudent to have the BID Capita add-on installed so that it can be tested and staff can become familiar with it, approximately 6 months before the BID becomes operational, so would need to be purchased in April 2017. The Head of Revenues will lead on seeking authorisation for this process.

There would also be a costs incurred to the Council for running the ballot, although at this stage this has not yet been estimated.

## **LEGAL/RISK IMPLICATIONS BACKGROUND**

There is a legal process to be followed to establish the ballot. A further report will be brought to Cabinet in 2017 to report on progress prior to that ballot process starting.

There is a risk that not enough support will be gained through the next phase and that the BID ballot does not proceed. Officers consider that this is a manageable risk and that the potential benefits of a BID make this a risk worth taking. Furthermore, if the BID ballot does not proceed the level of engagement and interest are likely to lead to a better businesses community working together in some form.

## **SUSTAINABILITY IMPLICATIONS**

A BID levy would raise additional income for the BID Board to spend on activities to enhance the BID area. The feasibility study has undertaken some modelling based on current Rateable values, the proposed boundary and considering a threshold of £12,000 or higher Rateable Value threshold and has estimated that potential income for the BID could be between £345,130 for a 1% levy and

£690,260 for a 2% levy per annum. This is money that would be reinvested back into the town centre by the BID with the intention of increasing visitor numbers, dwell time, spend and new jobs created.

The Council has a number of properties in the town centre which will be subject to any additional levy.

## **BACKGROUND INFORMATION**

Cabinet report, "Business Improvement District", 23<sup>rd</sup> April 2015.

## **REPORT AUTHOR**

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## **LIST OF BACKGROUND PAPERS**

## **APPENDICES**

1. Tamworth BID feasibility report
2. Tamworth BID Timeline

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