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Report

Subject : Establishment of a Salisbury Business Improvement District (BID)

Report to : The Cabinet

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Author : Salisbury Vision Project Director

Cabinet Member for Economic Development & Tourism: Councillor Peter Edge

1.0 Background and introduction

- 1.1 A BID is a partnership between a local authority and the local business community to develop projects and services that will benefit the trading environment within the boundary of a clearly defined commercial area. By June 2008, 73 Business Improvement Districts have been established across England and Wales. The closest to Salisbury are at Winchester, Dorchester and Swindon.
- 1.2 Effectively within a BID area all of the businesses pay a levy on the rateable value of their property. The money raised by this levy is used by the BID company on activities which the company (and thus the businesses as its members) agree. It is usual for a minimum rateable value to be set below which businesses either pay no levy or pay a fixed contribution. All such businesses still enjoy the benefits that come from trading in a BID area. Within existing BID areas these activities include using the money raised by the BID levy to promote the retail sector, for public realm improvements, for initiatives to combat crime, to stage events and to provide bigger Christmas lights displays.
- 1.3 A BID is created by a ballot of all of the businesses in the BID area. The BID gets approval only if more than 50% of the businesses voting are in favour AND this positive vote represents more than 50% of the rateable value of the votes cast. Once agreed the BID lasts for up to five years and the BID levy remains unchanged. At the end of the BID period the BID either ceases to exist or a further ballot is taken. Any new businesses setting up in a BID area once the BID has been agreed automatically become members of the BID and have to make the agreed contribution.
- 1.4 The establishment of BID's is provided for in Part 4 of the Local Government Act 2003 and Statutory Instrument 2004 No. 2443 – Business Improvement District Regulations.



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2.0 Benefits of a BID

2.1 The principal benefit of a BID is that it provides an annual sum of money which the businesses in the BID area control and manage and which they are able to use for activity that they consider will be of benefit to their businesses. BID's can also provide other benefits for local businesses and for other parts of the community as shown below.

The community

- Produces economic well-being and growth in an area
- Attracts inward investment
- Gives competitive regional advantage
- Produces social wellbeing / improves quality of life
- Develops partnership between the private and public sector
- Encourages corporate and social responsibility
- Provides sustainable investment for ongoing capital projects / services
- Creates a positive sense of place and enhanced feeling of safety and wellbeing

Businesses / property occupiers

- Increases footfall
- Increases consumer spend and sales – can lead to increased profits
- Reduces costs (crime reduction, joint activities, e.g. promotion and marketing)
- Is flexible to address the issues of individual sectors
- Gives businesses a local voice
- Creates a more appealing environment for employees
- Fair to smaller businesses
- Fair system; those that invest benefit – no freeloading
- Can decide and vote for action before making the investment
- Can control the process, monitor results and terminate it easily – flexible

The Landlord

- Assists capital value growth
- Increases rental values of property and area
- Increases an area's desirability and attracts occupiers
- Increase in trade which affects turnover based rents (some retail)
- Could help properties away from main footfall areas
- Good PR for company locally and regionally
- Forges positive links with the local council

Local authorities

- Harnesses private sector management / organisational drive and skills
- Promotes greater understanding of the role of local authorities
- Provides new, sustainable investment and doesn't detract from other resources

3.0 Developing a BID

3.1 The Association of Town Centre Management (ATCM) and UK BID's (a National BID's Advisory Service) have produced a guide to developing a BID. They suggest that the process can be broken down into 10 logical stages. Experience from the existing UK BID areas shows that establishing a BID typically takes between 12 - 18 months. In areas where the existing local authority / business community relationship is poor this process can take longer.

The ATCM 10 stages in developing a BID

- Checking the regulations
- Undertaking a feasibility study
- Developing a database
- Identifying resources and establishing a structure
- Undertaking market research and consultation
- Developing BID documentation
- Promoting the BID
- Financial Planning – the business plan
- Establishing the delivery organisation and performance monitoring
- Campaigning for the vote

- 3.2 Consultation and involving individual businesses in developing the BID and the business plan is considered to be a key factor in establishing a BID. In those areas where the initial ballot was unsuccessful, the general reason given is a failure to engage the business community. Local authorities have a key role and they are major partners but it is important that the BID is seen to be driven by the private sector.
- 3.3 The model generally followed is that the relevant local authorities provide the initial development funding up to the ballot stage. A key part of this is used to employ a BID development manager. Their job would be to lead and manage the development process, i.e. the ATCM 10 stage process outlined in paragraph 3.1. In some areas a local authority has first funded an initial feasibility study, carried out by external consultants. The advantage of this is that it provides an early indication of the likely success of a BID. Where a feasibility study shows that there is poor support for a BID a decision can, therefore, be taken to cease any further work and expenditure.

4.0 The BID levy

- 4.1 Many BID's set their levy as a simple percentage of the rateable value, with most opting for 1%. There are, however, other methods available such as setting rateable value bands and applying a different levy to each band. Alternatively businesses can be grouped by street or business sector, again with a different levy being applied to each. The precise method and the level of the levy is determined by the businesses themselves during the feasibility and consultation stages.

5.0 Why should Salisbury have a BID

- 5.1 The generic benefits of a BID, as outlined in section 2, are as relevant to Salisbury as they are to any of the 73 towns and cities with existing BID's. Additionally there are a number of reasons specific to Salisbury which suggests that a BID would be beneficial. Salisbury City Centre Management (SCCM) together with the council's other economic partners have frequently expressed concern about the direction in which the city is heading. The city is facing increased competition from neighbouring areas where recent or imminent investment is providing a wider choice of shopping and leisure opportunities than those available in Salisbury. Similarly neighbouring towns and cities are improving their public spaces which in turn makes them more attractive to visit. These activities are combining to give Salisbury's competitors a confidence and an 'edge' over the city as a place to visit, shop and do business in.
- 5.2 The Salisbury Vision will address these issues but this is a long-term project – the Maltings and central car park development is at least five years away – and action needs to be taken now to make sure that Salisbury does not fall further behind. Activity now will also ensure that the city is best placed to benefit from the Vision projects when they do come on stream.
- 5.3 Salisbury is fortunate in that it has a highly developed business infrastructure. Salisbury City Centre Management Limited, the Federation of Small Businesses, Salisbury & Stonehenge Tourism Partnership and the Salisbury & District Chamber of Commerce and Industry all have strong membership levels and leadership. Through the South Wiltshire Economic Partnership these organisations have a good working relationship with each other and with the district and county councils. The Salisbury business community is well placed to deliver a successful BID. Indeed the establishment of a BID is one of the key activities contained in the Salisbury City Centre Management strategic plan. The development of a Salisbury city centre BID has also been included in the draft work programme of the new Wiltshire Council's economic development team.
- 5.4 An initial assessment of the rateable value of business properties within the core city centre area indicates that a BID could generate approximately £1.2 million over five years (based on a 1% levy on rateable value). This would be new additional money over and above anything currently spent by the district and county councils or by the businesses themselves.

6.0 Proposals

- 6.1 As outlined in section 5 Salisbury has a highly developed business infrastructure. Support for a BID from the district and county council's economic partners is strong and it has been included in the work programme of the new council. To assist in the development of the BID from April 2009 it is, therefore, proposed that a feasibility study is undertaken; this to be completed by 31 March 2009. The study will incorporate a comprehensive analysis of the businesses in the city centre. It will also provide the new council and our economic partners with a good indication of how well a BID proposal will be supported. The study will be carried out partly in-house and partly by a specialist consultant.

6.2 If a BID is to be successful it is widely acknowledged that it has to be seen to be managed by the private sector – from the early development stages through to the ballot and beyond into the delivery stage. It is, therefore, proposed that the feasibility study including the appointment of a suitably qualified and experienced consultant is managed by Salisbury City Centre Management Limited. The Brief for the employment of a consultant will be produced by the Salisbury Vision Project Director in conjunction with the Board of Salisbury City Centre Management Limited.

7.0 Funding

7.1 It is estimated that the cost of the feasibility study will be up to £18,000. The necessary funds will be made available to Salisbury City Centre Management from existing economic development budgets and will be linked to a Service Level Agreement (SLA). The SLA would include a requirement for the district council to be involved in the selection of the consultant and the subsequent monitoring of their work.

8.0 Consultation undertaken

Salisbury City Centre Management Limited
Wiltshire County Council

9.0 Recommendations

9.1 Cabinet are recommended to:

- a) Support the local business community in the establishment of a Salisbury city centre BID and the undertaking of a feasibility study; and
- b) Approve the provision of funding from existing budgets to Salisbury City Centre Management Limited to manage and deliver this feasibility study, as outlined in sections 6 and 7.

10.0 Background papers

Ten step guide to creating an effective partnership and developing a BID (2008) Association of Town Centre Managers, East Midlands Development Agency and Mosaic Consulting

Lincoln Business Improvement District Annual Report 2007 – 2008

Derby Cathedral Quarter BID Business Plan 2008 to 2013

Dorchester Business Improvement District Business Plan 2006 – 2007

Local Government Act 2003

Statutory Instrument 2004 No. 2443 The Business Improvement Districts (England) Regulations

11.0 Implications:

Financial	As outlined in the report
Legal	As outlined in the report
ICT	None
Human Rights	None
Personnel	None
Community Safety	None
Environmental	None
Communications	This report has been discussed with the corporate communications team
Council priorities	Economic Development; Empowered communities engaging in resolving problems and influencing decisions; Value for money and use of resources
Wards affected	All city wards