

Wiltshire Council

Cabinet

22 October 2013

Subject: Business Improvement Districts

**Cabinet Member: Councillor Fleur de Rhé-Philippe
Cabinet Member for Economy, Skills and Transport**

Key Decision: No

Executive Summary

Cabinet is invited to consider the development of Business Improvement Districts (BIDs) in Wiltshire and respond to the proposals below.

Proposals

That Cabinet:

- (i) Notes and approves Wiltshire Council's participation in the establishment of BIDs in Wiltshire.
- (ii) Delegates authority to the Service Director for Finance, in consultation with the Cabinet Member for Economy, Skills and Transport, to cast any votes to which Wiltshire Council is entitled in the event of a BID ballot.

Reason for Proposals

BIDs provide a recognised mechanism via which both public sector bodies and the business community can invest in their town centres following agreement of a business plan which must be approved by postal ballot of all eligible businesses and public sector bodies operating within the proposed district boundary. If the ballot results in a 'yes' vote then these organisations must pay a small additional levy on their business rates. The funding that is raised is then ring fenced and used to deliver additional projects and services to those currently provided by Wiltshire Council and other public bodies, directly benefiting the business community within the BID area and boosting the economy of the town centre.

It is now timely to inform Cabinet about BIDs in view of the development and forthcoming ballot of a BID in Salisbury. The Salisbury BID has been in development and its postal ballot commenced on 13 October and the count is scheduled to take place on 13 November 2013.

**Alistair Cunningham
Service Director - Economy and Regeneration**

Wiltshire Council

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Subject: Business Improvement Districts

**Cabinet Member: Councillor Fleur de Rhé-Philippe
Cabinet Member for Economy, Skills and Transport**

Key Decision: No

Purpose of Report

1. Cabinet is invited to consider the development of Business Improvement Districts (BIDs) in Wiltshire.
2. Cabinet is asked to note and approve Wiltshire Council's participation in the establishment of BIDs in Wiltshire.
3. It is recommended that Cabinet delegates authority to the Service Director for Finance, in consultation with the Cabinet Member for Economy, Skills and Transport, to cast any votes to which Wiltshire Council is entitled in the event of a BID ballot.
4. It is now timely to inform Cabinet on the development of BIDs in Wiltshire, and update Cabinet on the development of the Salisbury BID as the postal ballot is now in progress and the ballot count approaches on 13 November 2013.

Relevance to the Council's Business Plan

5. BIDs will contribute to Wiltshire Council's Business Plan 2011 - 2015 by helping to safeguard and create new jobs as a result of additional investment and marketing of our town centres which will help to promote Wiltshire as a business location of choice for retail and leisure businesses. They will contribute to the emerging Business Plan 2013 – 2017 by boosting the local economy.

Background

6. A BID is a clearly defined commercial area within which extra improvement and management is funded by contributions made by the businesses and public bodies operating within it.
7. A BID is proposed in consultation with stakeholders within the district, and ultimately voted for by businesses within the defined area for a specific term, which is usually five years. At the end of the term, the BID may either disband, or propose a ballot for a new, subsequent BID. Nationally, the majority of BIDs that have reached re-ballot have continued to a further term.
8. All businesses, large and small, are represented fairly in the ballot. This is because a majority vote, both in the number of businesses, and the proportion of their rateable value, is necessary for the ballot to result in a 'yes' vote.

9. If the ballot results in a 'yes' vote and the BID is established, all eligible businesses and public sector bodies operating within the district must pay the agreed levy to fund the improvements. This is a small percentage of their existing rates, so smaller businesses pay proportionately less than their larger neighbours. The smallest businesses and non-retail charities are exempt from paying the levy. Only businesses that will actually pay the levy are eligible to cast votes in the ballot. For eligible businesses and public sector bodies, the levy is treated in the same way as business rates, becoming a statutory debt.
10. The funding raised by the levy is held by the local authority in a ring fenced account called the BID Revenue Account. This funding is used to implement the projects identified by the business community working with their local authority and other public bodies in the BID business plan. Potential projects might include initiatives like masterplanning; marketing, promotion and events; town centre management; physical improvements to the town centre; and services additional to those provided by the local authority e.g. additional street cleaning, waste collection and recycling.
11. There are over 180 BIDs established in the UK. 50 BIDs have come to the end of their five year term, of which 47 have been successfully voted in for a second term. Over 100,000 businesses have been involved in BIDs nationally.

Main Considerations for the Council

BID Foundation, Development and Campaign process

12. Officers in the Economy and Regeneration service are able to provide information, advice and support about BIDs, sharing best practice and experience between towns through the Market Towns Regeneration Programme and conference events. While the Council does not fund the feasibility ('Foundation') stage of a BID it can, however, provide information, advice, and support (e.g. Business Rates information, details of current service provision, etc.).
13. Should a town council or local business partnership fund a feasibility assessment which indicates that a BID is viable then Wiltshire Council will consider contributing towards the development and campaign stages and work with them to support the selection and recruitment of consultants.
14. In Salisbury, subsequent to a study commissioned by Salisbury City Centre Management which clearly demonstrated the viability of a BID in the city, it was agreed in February 2012 at a forum meeting of the city's business community, chaired by the Leader of the Council, that the BID should be pursued further in partnership with the Salisbury Vision and Salisbury business community. Following confirmation of available resource, the Council procured, through a competitive process, advisors to deliver the work for the Development and Campaign stages.
15. Cherish Chippenham also raised funds to commission a study to assess the feasibility of developing a BID for the town in January 2013. The conclusion of the feasibility study was that a BID would be viable in Chippenham Town Centre. Wiltshire Council, in partnership with the Chippenham Vision, Chippenham Town Council and Cherish Chippenham, has agreed to proceed to the Development and Campaign stages of a BID. All of these organisations are expected to play a key role in the development of the BID through the forthcoming phases.

16. The appointed consultant is responsible for bringing together and advising a task group of local town centre business representatives to take the BID through to the ballot stage. Wiltshire Council, the town council and representatives of any local business partnerships must be amongst the members of this task group.
17. The task group for the Salisbury BID began work in November 2012 and has been supported throughout the development process by officers in the Economy and Regeneration Service, with a senior officer sitting on the task group.
18. During the BID development and campaign stages the BID task group holds extensive consultation with potential levy payers, using methods including but not limited to open business meetings, surveys, one-to-one discussions and presentations. Wiltshire Council and other public bodies should support this process by submitting baseline information which sets out the current level of services provided, to ensure that projects or services offered by the eventual BID will be additional and neither duplicate nor replace these.
19. In Salisbury, over the past several months, extensive consultation has been undertaken with the business community and baseline information has been provided by Wiltshire Council and other applicable public bodies offering services within the city.
20. The process culminates in the development of a business plan which sets out how the business community would like to see additional improvements to the town implemented using the funding available from the levy. A full copy of the BID Business Plan must be sent to all potential levy payers before the ballot takes place.
21. Potential levy payers in Salisbury have now received a full copy of the BID Business Plan. The business plan is attached to this report for Cabinet's consideration (see **Appendix 1**).

The ballot

22. The Returning Officer is responsible for instructing the ballot holder to hold a BID ballot. All costs associated with the ballot will be paid for by the BID. The ballot is a postal ballot and all potential levy payers are invited to cast a vote.
23. Ballot papers for the Salisbury BID were sent out on 13 October. The ballot count for the Salisbury BID is scheduled for 13 November. The ballot has been outsourced to Electoral Reform Services Ltd.
24. If a BID ballot results in a 'yes' vote then the costs of establishing a management company or similar mechanism to manage the BID should be met from the BID levy itself.

Operating agreement

25. If the ballot results in a 'yes' vote the BID Regulations require that the Council collects the BID levy into a ring-fenced account called the BID Revenue Account. The operating agreement relates to the arrangements for the setting, collection, enforcement and monitoring of the levy, the accounting for it and reimbursement of costs relating to collection.

The Council as a levy payer

26. If the ballot results in a 'yes' vote, Wiltshire Council will become a levy payer for the properties it operates within the BID area. The financial implications are discussed in paragraphs 33 - 37 below.

Safeguarding Considerations

27. There are no safeguarding considerations relating to these proposals.

Public Health Implications

28. BIDs tend to promote a safe and enjoyable experience in the town centre in which they operate, and subject to their individual business plan may choose to focus on helping to ensure that performance standards are maintained with regards to cleanliness and maintenance, safety, and security.

Environmental and Climate Change Considerations

29. BID proposals generally incur no significant impact on current energy consumption or carbon emissions, although it is feasible that for certain BIDs these could include proposals to implement energy efficiency measures.
30. BIDs tend to improve the general environment of the town centre within which they operate, benefiting businesses and customers operating within the district boundary.

Equalities Impact of the Proposals

31. BIDs allow businesses to manage their local place and prioritise their own projects. BID funding will be raised and controlled by business owners within the BID area, who will have formally voted on the business plan which includes local business ideas gathered through the consultation period.

Risk Assessment

32. Risks that may arise if the proposed decision and related work is not taken:
 - (i) By not supporting the development of BIDs the Council would risk causing an opportunity cost in terms of the potential advantages that BIDs could bring to Wiltshire's town centres.
 - (ii) Should authority to cast the Council's ballots not be delegated there is a possible risk that the Council would miss an opportunity to ensure its participation in the ballot.

33. Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks:

	Risk	Action to mitigate the risk
(i)	While a BID ballot may be successful, there is a risk that an established BID may not successfully deliver the business plan, or disband before the end of the five year term.	It is very rare for BIDs to fail subsequent to ballot. The council can help mitigate this risk by continuing to work closely with the eventual BID company to help deliver the priorities of the business community.
(ii)	There may be too much demand for BID development in Wiltshire compared with the resource available to the Council.	The Council is requiring that town councils and/or local business partnerships fund the foundation stage of BID development themselves before it will consider supporting further development. In the unlikely event that a large number of foundation studies come forward at once the Council will manage available revenue resource appropriately over time.

Financial Implications

34. The costs of developing BIDs will be met within the Economy and Regeneration Service budget. These costs will be capped at £80,000 per BID that the Council agrees to support, but officers will seek to achieve best value for money through competitive procurement and in most cases the costs are anticipated to be significantly lower. Where available, officers in Economy and Regeneration will bid for, or support third party organisations in bidding for, alternative sources of funding, e.g. the BIS proposal for a Government lending scheme to support BIDs.¹
35. During the development phase the Council is in a position to save on costs by offering appointed consultants the use of council facilities.
36. If a BID ballot results in a 'yes' vote, then like other applicable businesses and public bodies operating within the relevant BID boundaries, Wiltshire Council would be committed to paying an additional annual levy on its business rates. These will vary subject to the percentage of the levy set in the relevant business plan and the rateable value of properties owned by the Council within the relevant district.
37. In the event of a 'yes' vote for the Salisbury BID, the Council would pay an additional £18,060 per annum into the ring fenced BID fund, amounting to an approximate total of £90,300 over the five year BID period 2013-2018. Together with the levy paid by the business community and other public bodies this will go

¹ 'Cutting red tape for business improvement districts that help small shops and local traders', BIS, <<https://www.gov.uk/government/news/cutting-red-tape-for-business-improvement-districts-that-help-small-shops-and-local-traders>>, 1 October 2013, retrieved 9 October 2013.

towards raising £2 million which will be invested in projects led by the business community which will benefit the economy of the city centre over the next five years.

38. In addition to this there will be administrative costs in maintaining BID accounts and reporting; however, it is felt these can be absorbed within the current Finance staffing resources.

Legal Implications

39. There are no further legal considerations which have not been considered in earlier sections of this report.

Options Considered

40. The Council could choose not to support the development of BIDs in Wiltshire, allowing town councils or local business partnerships to take this work forward alone. However, in so doing it would risk a significant potential opportunity cost in terms of the economic benefit that a BID can bring in a way that is funded equitably between both the private and public sectors.
41. The Director of Finance, in consultation with the Cabinet Member for Economy, Skills and Transport, will carefully consider the Business Case of each BID when deciding on which way to cast the votes to which the Council is entitled.

Conclusions

42. The BID mechanism provides a way for both public bodies and the business community to invest together in their town centres following an agreed business plan. BIDs can deliver a better environment for Wiltshire's town centres and can boost their economies by supporting and providing additional services to their business communities.

Alistair Cunningham
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The following unpublished documents have been relied on in the preparation of this Report:

None

Appendices:

Appendix 1 – Salisbury Business Improvement District Business Plan