

**Decision Maker:** **Renewal and Recreation PDS Committee**

**Executive**

**Date:** **26th November 2013 and 15th January 2014**

**Decision Type:** Non-Urgent Executive Key

**Title:** **BUSINESS IMPROVEMENT DISTRICT STRATEGY FOR TOWN CENTRES 2014 - 2015**

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**Chief Officer:** Nigel Davies, Director of Environmental & Community Services

**Ward:** Bromley Town; Copers Cope; Kelsey & Eden Park; Clockhouse

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1. Reason for report

In the light of the successful Business Improvement District (BID) ballot and the subsequent establishment of the Orpington 1<sup>st</sup> BID, this report outlines the feasibility of extending the BID approach to other town centres in the borough – specifically the potential for implementing BIDs in Bromley and Beckenham town centres. The report explores the business case for the Council to invest in the introduction of further BID areas, and a summary of issues arising in each town, how a BID could assist with tackling these, potential barriers to a successful introduction of BIDs in these towns and a suggested road map to implementation.

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2. **RECOMMENDATIONS**

**That members of the Renewal & Recreation PDS:**

**2.1 Note and provide comments upon the suggested strategy for the introduction of BIDs beyond Orpington town centre.**

**That the Executive:**

**2.2 Notes the outcome of the initial feasibility study on the potential for a BID in Bromley town centre and supports in principal the formation of a BID at the earliest opportunity, bearing in mind the constraints and risks outlined in paragraphs 3.12 – 3.15.**

**2.2 Notes the outcome of the feasibility study on the potential for a Beckenham BID, and supports the strategy not to start the BID process in that town centre at this time, but for officers to revisit the feasibility for a BID in Beckenham before the end of 2014.**

**2.3 Approves the allocation of up to £110k from the Economic Development and Investment Fund to cover the costs of the proposed Bromley BID project (as set out in more detail in paragraph 5.2).**

**2.4 Notes the projected timescales for the establishment of a BID in Bromley Town Centre as outlined in paragraph 3.16, and the potential personnel implications of the BID.**

## Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Vibrant, Thriving Town Centres:
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## Financial

1. Cost of proposal: Estimated cost £110k
  2. Ongoing costs: Potential saving of £30k per annum should the Bromley BID be established
  3. Budget head/performance centre: Economic Development and Investment Fund and Town Centre Management
  4. Total current budget for this head: £32.04m and £227.6k
  5. Source of funding: Economic Development and Investment Fund and 2013/14 existing revenue budget
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## Staff

1. Number of staff (current and additional): 3 + 2 temporary staff during BID project
  2. If from existing staff resources, number of staff hours:
- 

## Legal

1. Legal Requirement: Non-Statutory - Government Guidance
  2. Call-in: Applicable
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## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Beckenham: occupiers of up to 422 rateable properties; Bromley: occupiers of up to 1083 rateable properties
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments:

Initially an email was sent to Councillors in the affected wards which solicited a response from one of the Bromley Town Ward Members. To summarise this was broadly in support of the suggested approach, but asked that a separate briefing for Ward Councillors be arranged as the project starts, to help them understand the process and issues arising.

Further engagement was undertaken with Councillors for the Beckenham Wards to ascertain their views on the proposal that a Beckenham BID project was not started in 2014. This involved providing a briefing note and a map of the potential BID area to all local Members, and inviting these Councillors to a briefing meeting on 4 November. The views of the Members expressed at the meeting and in subsequent correspondence supported the view that the timing is not yet right to start working towards the establishment of a BID in Beckenham, but that Officers should revisit the feasibility for a BID in that town centre before the end of 2014.

### **3. COMMENTARY**

- 3.1 The following paragraphs outline the feasibility for the Council to work with the business communities in Beckenham and Bromley town centres to explore the establishment of Business Improvement Districts (BIDs). Background is provided on BIDs generally and how one was established in Orpington. Recent initial research into the comparative financial and community benefits of BIDs in Beckenham and Bromley is explored, with the conclusion expressed that, initially at least, the possibility of a BID should be explored for Bromley town centre only. The remainder of the report explores a draft plan for implementation, including possible risks and barriers, a draft project plan and also provides information on the costs and potential budgetary implications of the initiative.

#### **BACKGROUND**

- 3.2 A Business Improvement District (BID) is now a tried and tested model to deliver sustainable investment, through a levy of rateable properties based on typically 1-2% of rateable values. There are now over 160 formal BIDs in operation in the UK and Republic of Ireland – the majority of which are retail-led and focussed on town centres and over 60 of which are into a second, or even third term. Legislation which became law in 2004 provides the regulatory underpinning for BIDs which means that they can only be established or renewed after a majority of ratepayers vote in favour in an official postal ballot (operated under conditions similar to political election). Once a BID is established or renewed the occupiers of any eligible property must by law pay the levy annually for the term of the BID (usually 5 years) – providing a level of financial sustainability and certainty not usually present with less formal partnership arrangements. BIDs have been strongly endorsed by the Mayor of London in his Economic Development Strategy, because they deliver the following business benefits:

- BID levy money is ring-fenced for use only in the BID area.
- Businesses decide and direct what they want for the area.
- Business cost reduction, for example reduced crime and joint procurement.
- Help in dealings with Local Councils, the Police and other public bodies.
- Increased footfall and staff retention.
- Place promotion
- Facilitated networking opportunities with neighbouring businesses.

- 3.3 The 150<sup>th</sup> BID to be formally established following a ballot in February 2013 was the Orpington 1<sup>st</sup> BID. Over the term of the BID the town is expected to benefit from the investment of over £1m – a quarter of which is due from sources other than the BID levy. The themes for the BID – which are based solidly on the expressed needs of the local businesses – are to promote the town to a wider range of customers, to take steps to make the town more attractive, safe and welcoming to visitors, improve accessibility and reduce the costs of doing business through collective purchasing. Although it is still early days for Orpington 1<sup>st</sup> – initial benefits include a brand new hub website for the town, free cardboard and plastic recycling for all businesses, a spring public showcase event, a revamped and heavily promoted ‘Orpington’s Finest’ Competition and most recently an agreement in principle for the BID to take over, refurbish and operate the town’s public toilets. Further information on Orpington 1<sup>st</sup> and its plans for the town can be found on the BID website: [www.orpington1st.co.uk](http://www.orpington1st.co.uk).

#### **CONDITIONS FOR SUCCESS IN ORPINGTON**

- 3.4 The project to promote and develop a BID for Orpington town centre was initiated and led by a group of businesses from the already established Orpington Business Forum, driven by a desire to see the town move forward following a very challenging trading period. This coincided with the Council’s own aspirations for the town. On the back of some significant capital investment

into the town centre, including a comprehensive public realm improvement scheme, the move of the Library into the town centre, and major improvements to Bromley College's Orpington campus, the time appeared right to look for an additional source of investment which could help deliver some of the aspirations of the town's businesses and provide a sustainable alternative to the traditional Town Centre Management model, increasingly under threat due to public sector funding cuts. This background provided favourable conditions for a BID to be explored, debated and finally adopted after a ballot in February 2013. From an early stage the Town Centre Management team were involved, and following agreement from the Renewal & Recreation Portfolio holder in October 2011, were in a position to provide both financial and staff resources to back the BID. Working alongside a core steering group of businesses and an external consultant specialising in BIDs, Council officers were able to ensure that all necessary stages of preparation for the ballot and for the establishment of the BID company were completed successfully. The process, especially in the run up to the ballot, was highly resource intensive and it should be noted that from an initial feasibility study in March 2011 through to formal establishment of the BID took over 24 months.

## **FEASIBILITY STUDY METHODOLOGY AND OUTCOMES**

- 3.5 Given the successful establishment of Orpington 1<sup>st</sup>, Members have asked Officers to explore the business case for establishment of BIDs in other town centres. This is not simply due to the intrinsic benefits of the BID model, but also driven by the increasing financial constraints faced by the Council – which may threaten the continuance of Council funding for the Town Centre Management function in the medium term. Encouraging the formation of BIDs fits well with the Council's aspirations for thriving, vibrant town centres, whilst encouraging town centre businesses and their communities away from dependence on Council funding. Although there are potential budget savings from the implementation of further BIDs, these are relatively modest, the main benefit being the potential to deliver additional investment to town centres far exceeding anything available from the public purse alone.
- 3.6 The scale of BID is based on the number and rateable value of commercial premises with a defined area. This means that it is difficult to justify the establishment of BIDs in most small town centres, as these are invariably too small to deliver a level of income justifying the expense and effort involved in establishing and operating a BID, bearing in mind that there are also ongoing costs involved in collecting the levy and in managing a BID. The focus of our feasibility study has therefore been on Bromley, as the largest town centre in the borough, and on Beckenham (third largest) as potential BID areas for possible implementation within the next 2-3 years.
- 3.7 The feasibility study for each of these towns involved two aspects – one was to identify the potential financial benefit (or yield) of the BID levy for each town centre and the other was to engage with a selection of key stakeholders within each town centre to understand the issues that a BID might help tackle and to obtain a sense of whether the businesses are open to exploring the BID model for their town. Each town was divided into zones and the maximum area feasible for a BID was used to identify which properties could be included. Maps for each town showing the possible maximum extent of a BID boundary for each town are provided in **APPENDIX 2A and 2B**. The Business Rates (NNDR) billing list was then used to identify the total rateable value for the possible BID area and the potential yield based on typical BID levy rules. A summary of the outcomes for this exercise is shown in **APPENDIX 1**.
- 3.8 The modelling exercise included a number of assumptions about the BID levy rules, all of which are open for discussion and would ultimately be set by the businesses themselves. Should a BID go ahead in either of these towns the BID levy could deliver a level of investment into the town centres within the following ranges:

- Beckenham - £101k - £134k per annum
- Bromley - £587k - 731k per annum

For comparison, the Orpington BID has 350 hereditaments and a yield of £158k per annum, after discounts. Very few BIDs exist of a similar small scale to Beckenham, but similar sized BIDs to a possible Bromley BID exist across the UK and examples include Bath, Norwich and Wimbledon.

- 3.9 In addition to the financial evidence for or against potential BIDs, Town Centre Managers undertook face to face and telephone interviews with a range of business owners and managers in each town centre, selected to represent the various sectors and sizes of business rate payers present. Given the timescale allowed this was admittedly a limited exercise, obtaining feedback from up to 20 businesses in each town. A summary of the findings are presented in **APPENDIX 3**.
- 3.10 A number of the issues arising could be tackled through the use of a BID levy – for example BIDs have paid for or subsidised shop radio schemes, wardens or even additional police officers to tackle safety issues. Equally BIDs have paid for enhanced cleansing regimes, spectacular events and town promotional campaigns. It would be entirely possible for a wide range of similar interventions to be funded out of the potential Bromley BID budget. However, the level of funding likely to be available for expenditure on Beckenham after potential collection costs and the cost of employing BID staff would be extremely limited, probably less than £100k per annum, especially if a full time professional BID manager was employed. In terms of possible support for a BID there is clearly more enthusiasm for exploration of this amongst Bromley businesses (100% agree) than in Beckenham (70% agree) – although it should be emphasised that the scope of the consultation was limited.
- 3.11 On the basis of the possible financial yields and also the lower level of interest and enthusiasm expressed by businesses for further exploration of BIDs in Beckenham, it is recommended that the Council concentrate its resources initially on working with businesses to develop a BID in Bromley town centre – and then look to revisit the feasibility for a Beckenham BID by the end of 2014. Timing is also an important factor. Delaying a Beckenham BID project will give more time for the newly launched Beckenham Town Centre Team to get established and extend its engagement with High Street businesses and also hopefully for the proposed TfL scheme to be well underway (assuming a positive outcome to the bid).

### **RISKS AND ISSUES FOR IMPLEMENTATION OF A BROMLEY BID**

- 3.12 In terms of proceeding with the introduction of BID in Bromley, the key issues to consider are the ease of engagement with local businesses and the timing of a BID consultation and pre-ballot campaign.
- 3.13 The level of engagement with businesses from the start is vital – as although Councils do play a key role in encouraging and implementing BIDs, these are essentially business-led initiatives, and without both the involvement of business champions and broad support in the wider business community, any BID proposal is bound to fail. In Orpington it was fortunate that a well established and respected representative business group – in the form of Orpington Business Forum (OBF) – already existed and was keen to work with the Council on the project – with key personnel from the OBF now members of the Orpington 1<sup>st</sup> Board. In Bromley there are a number of business groups representing separate areas of the town and business engagement has intensified in recent months as a result of the ongoing development works. Work has also been ongoing to establish a town-wide body which is representative of businesses and other key stakeholders. The first meeting of the new group took place in October and, although it is

early days, this body may provide the core group of business people who will work with Officers to drive any proposed BID forward.

- 3.14 Another factor to take into account is the disruption now being felt by businesses based in the North of the town centre due to the ongoing Bromley North Village improvement works. Whilst there is no doubt that these works will have a major beneficial effect on the town and its businesses, during the period of the works (scheduled to take place until November 2014) many small businesses will be suffering from reduced footfall and income, and are therefore unlikely to be open to a suggestion that they would wish to pay an additional charge – regardless of the potential future benefits. Therefore any campaign in advance of the ballot and the ballot date itself would have to be carefully timed to avoid the worst of the disruption.
- 3.15 As a BID can only be established by a secret postal ballot, there is a risk that this will not result in approval of the BID proposal and in this worst case scenario the potential savings outlined in Financial Implications (below) would not be realised and most of the Council's investment in the project would already have been spent or committed. There are points earlier in the process where the Council and the businesses involved in steering the BID proposal could mutually agree to abandon the project if it was felt that there was insufficient support amongst business rate payers. Again if this occurred, the potential savings would not be realised although there would be a lower financial impact than if the project was to fail at the ballot stage.

#### **OUTLINE PROJECT PLAN FOR BROMLEY**

- 3.16 In the light of this it is recommended that the proposed BID project aims for a ballot date in early March 2015 before the start of preparations for the expected General Election (May 2015). **APPENDIX 4** provides a schematic outline of a draft project plan which envisages a total timescale of around 23 months from initial feasibility work (already undertaken) through to the new BID becoming operational (potentially in June 2015). These timings are based on experience of the Orpington BID but will need to be flexible subject to satisfactory levels of support and leadership from the business community.
- 3.17 The draft project plan has been designed with key lessons learned from the Orpington experience in mind, including:
- Key business leaders who will be committed to the project long term to be identified at an early stage
  - Cleansing and careful ongoing management of data about the businesses and the voters is essential
  - Sufficient dedicated project staffing, especially during the more intense phases, will ensure more rapid progress
  - Sufficient time to be allowed for phases involving face to face or telephone contact with businesses
  - Branding and communications to promote the BID to be consistent and of a high standard

Because officers now have experience of implementing a BID the draft project plan envisages a reduced reliance on external consultants, in comparison with the Orpington project, but instead proposes the use of temporary staff to create a small project team whose primary focus will be the delivery of the project. Although the Town Centre Manager will be expected to play a role in the project – especially during the early phases – the use of temporary staff will ensure that she can continue to deliver the expected requirements of the Bromley TCM service throughout the project period. An outline of the proposed project budget is provided in paragraph 5.2 in Financial Implications.

3.18 Assuming Members support the recommendations of this report, Officers will refine the project plan and form an internal project board which will include Officers from relevant Divisions across the Council and provide oversight of the initiative. It is expected that further reports updating Members of progress on the project will be presented at future R&R PDS meetings.

#### 4. POLICY IMPLICATIONS

4.1 The proposed project to introduce a Business Improvement District in Bromley town centre is aimed specifically at enhancing the vitality of the town centre, and as such contributes to the Building a Better Bromley key priority of Vibrant, Thriving Town Centres.

#### 5. FINANCIAL IMPLICATIONS

5.1 This report is seeking Members approval to begin implementing a project to establish a Bromley BID. Should the BID be established following a successful secret ballot, it would provide a mechanism for Bromley town centre to receive additional funds of between **£2.94m** and **£3.65m** over a 5 year period.

5.2 The project implementation costs to complete the process to establish the BID are estimated to be £110k and are detailed in Table 1 below. For comparison the budget for the Orpington BID was in the region of £80k however this was for a much smaller number of business properties.

**TABLE 1: Draft budget for implementation of Bromley BID**

	£
Temporary Staff	62,000
Consultants	12,000
Printing and Promotion costs	12,600
Consultation and Ballot costs	12,950
Billing System Software Set Up	6,000
Contingency	4,450
	<b>110,000</b>

5.3 If a BID was to be successfully implemented there would be savings of £40k per annum, as there would no longer be a requirement for the Council to fund a Town Centre Management Service for Bromley after the BID had been established. However, the Council would be liable to pay BID levy of between £10k and £12k on certain properties, as shown in table 2 below. Overall, a net saving of up to £30k per annum would be achieved.

5.4 Table 2 below has details of the levy payable on Council properties within the potential Bromley BID area: -

<b>TABLE 2: Rateable values of Council properties in potential Bromley BID area</b>				
<b>Council Hereditament</b>	<b>Portfolio</b>	<b>R.V (£)</b>	<b>Estimated charge per annum (£) @ 1.25%</b>	<b>Estimated charge per annum (£) @ 1.50%</b>
Public Toilets - Library Gardens	ENVIRONMENT	6,400	80	100
Central Library	ENVIRONMENT	457,500	5,720	6,860
Old Town Hall - Exchequer House *	RESOURCES	188,000	2,350	2,820
Old Town Hall - Tweedy Road *	RESOURCES	124,600	1,560	1,870
<b>Total</b>		<b>776,500</b>	<b>9,710</b>	<b>11,650</b>

\* NB It is probable that the two Old Town Hall properties would not be in Council occupation by spring 2015 so the potential annual costs of the BID levy to LBB could be around 40% lower.



- 5.5 The Executive is asked to agree an allocation of up to £110k from the Economic Development and Investment Fund to meet the estimated costs of the process involved in establishing the Bromley BID. This sum may be reduced should officers be successful in securing external funding for the project at a future date.
- 5.6 Members should note that 3.15 highlights that there is a risk that the BID will not be established. It is wholly dependent on a favourable outcome of the secret ballot. If the outcome is not favourable, almost all of the £110k would have been spent or committed and the potential savings will not be realised.

## **6. LEGAL IMPLICATIONS**

- 6.1 Business Improvement Districts (BIDs) were introduced by Part 4 of the Local Government Act 2003 (LGA 2003). Their establishment, enforcement and operation is regulated by the LGA 2003 and the Business Improvement Districts (England) Regulations 2004 (SI 2004/2443) (BID regulations) as amended by the Business Improvement Districts (England) (Amendment) Regulations 2013 (SI 2013/2265)
- 6.2 Once interested parties have indicated their interest in the BID a formal BID proposal will be put together by a BID board. The BID board will progress the BID proposal and be responsible for drawing up the BID proposal and building support for it prior to the ballot.
- 6.3 If the proposers wish to proceed, they must submit to the Council (who will act as the Billing Authority) a notice in writing, asking them to hold a ballot on the BID proposal.

The notice must be accompanied by a:

- Copy of the BID proposal.
- Summary of the consultation undertaken.
- Summary of the proposed business plan.
- Summary of the financial management arrangements for the BID body.

Unless the proposal conflicts with a formal policy document published by the Council the ballot will be authorised and the ballot holder specified.

- 6.4 It is expected that the BID proposal for Bromley Town Centre and the required supporting documentation will be brought to the Council's Executive Committee for formal authorisation on behalf of the Council during the autumn of 2014.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 It is expected that a steering group (or Board) comprising and led by local businesses will be formed. This steering group will formally take the lead on the development of the BID proposal. However, the Head of Town Centre Management will take the lead from the Council point of view, with support from the Bromley Town Centre Manager and a small temporary staff team. Where appropriate, external consultancy expertise will also be brought in to support the more technical aspects of the project.
- 7.2 Should the BID be successfully established, there will clearly be personnel implications for the Town Centre Management & Business Support Team. The BID steering group would include the proposed management structure of the BID within the terms of the BID proposal. However the likelihood is that the post created to manage the BID would cover broadly similar functions

as a Town Centre Manager so the TUPE regulations may apply. The full personnel implications will become clearer as work towards establishing the BID is carried forward – and this will include consultation with staff and staff representatives. The appropriate employment procedures will be implemented with regard to TUPE transfer should this apply or if a post of Town Centre Manager is deleted then HR will be advising on the process in line with the Council’s managing change procedure. An update on emerging personnel implications will be brought back to Members as part of progress reports on the project at future PDS meetings.

<b>Non-Applicable Sections:</b>	None
Background Documents: (Access via Contact Officer)	R&R PDS Report ‘Proposed Business Improvement District for Orpington’, 11 Oct 2011 (DRR11/096)