

Decision Maker: PORTFOLIO HOLDER FOR RENEWAL AND RECREATION
WITH PRE-SCRUTINY BY THE RENEWAL AND RECREATION
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Tuesday 1 April 2014

Decision Type: Non-Urgent Executive Non-Key

Title: BROMLEY BID PROJECT UPDATE

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Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: Bromley Town;

1. Reason for report

In January the Council's Executive agreed to set aside a sum of £110k from the Economic Development and Investment Fund to assist with the development of a Business Improvement District (BID) in Bromley town centre. Subsequent to discussions which have taken place with key stakeholders in the town centre, this report sets out in more detail the means for achieving the goal of introducing a BID in Bromley and requests Portfolio Holder authorisation for a grant to be made to a business group established specifically for the purpose of promoting the proposed BID.

2. **RECOMMENDATION(S)**

That the Portfolio Holder for Renewal and Recreation:

2.1 Notes the proposed methodology for promoting a Business Improvement District (BID) in Bromley town centre and the establishment of a business-led group (named the Bromley BID Task Group) to lead on this project, as outlined in paragraphs 3.4 – 3.7.

2.2 Authorises the granting of up to £90k, staged over a period of up to 18 months, to the Bromley BID Task Group to assist with the promotion and establishment of the Business Improvement District

2.3 Authorises the Director of Environment and Community Services to enter into a grant agreement with the Bromley BID Task Group, which will set out the purposes of the grant and the conditions attached to the grant, the key elements of which are summarised in paragraph 3.6.

Corporate Policy

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

1. Cost of proposal: £90k
 2. Ongoing costs: Non-Recurring Cost
 3. Budget head/performance centre: Economic Development and Investment Fund
 4. Total current budget for this head: £110k of the £32.04m set aside for the establishment of a Bromley BID
 5. Source of funding: Economic Development and Investment Fund
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Staff

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

Legal

1. Legal Requirement: None: Discretionary service
 2. Call-in: Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Occupiers of up to 1083 rateable business properties
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: A separate briefing meeting with ward Councillors took place on 18 March which was also attended by Cllr Peter Morgan and Cllr Ian Payne. The feedback from Councillors was that they are broadly in support of the approach outlined in this report, but were concerned to ensure that the BID Task Group, and any subsequent BID Board, has a membership which is fully representative of the whole town centre, including Bromley North Village and Bromley South, and both independent and national companies.

3. COMMENTARY

3.1 During the summer of 2013, officers in the Town Centre Management and Business Support team undertook an initial feasibility exercise to ascertain the financial viability and potential levels of business support for the establishment of Business Improvement Districts (BIDs) in Beckenham and Bromley. The results of this study were reported to the Recreation and Renewal PDS Committee in November 2013 and Members agreed with the assessment that Beckenham town centre was not yet ready to embark on the BID process, but that officers should make plans to help introduce a BID in Bromley. Subsequently, a proposal to set aside £110k from the Economic Development and Investment Fund to assist with this process, which was expected to take up to 18 months, was agreed by the Council's Executive in January 2014.

3.2 As underlined in the report to the Renewal and Recreation Committee and to the Executive, a BID cannot be established without a strong core of businesses within the proposed BID area taking the lead and playing an active role. Therefore since January, officers have been in close discussions with various businesses in the town centre with a view to establishing a strong stakeholder group for the town centre. Included at an early stage in these discussions was the new Intu Bromley (Glades) General Manager, Mr Marc Myers. Previous to his transfer to Bromley in December 2013, Mr Myers spent a number of years in an equivalent position at Ilford Exchange, and crucially, has also been the Chairman of the Ilford Business Improvement District for 5 years, during which time the BID successfully passed a ballot for its first renewal on an increased majority. He is also on the Board of British BIDS – a national body to oversee quality and good practice in the BID industry. Mr Myers is therefore uniquely placed to help lead a representative group of local businesses through the process of establishing a BID in Bromley.

3.3 When the Orpington 1st BID was established in 2012-13 the project was largely delivered by officers within the Council or attached to the Council, with all related goods and services procured directly by the Authority. There was of course involvement and oversight by the businesses through the medium of the BID Working Group, but this was an unincorporated group with no direct decision making powers. Whilst the project was ultimately successful, with the BID receiving a yes vote at ballot in February 2013, the majority was quite narrow and it is likely that the campaign was hampered by the impression that the project was Council-led rather than business-led.

3.4 Subsequent to discussions described in 3.2 above, officers are proposing an alternative method of delivery which is for the bulk of the project to be led and delivered by the business group now forming in the town centre. This group, with a working title of Bromley BID Task Group, will include representatives of the various types of businesses within the proposed BID area – both large and small, multiple and independent, retail and non-retail – and will form the core of a future BID Board for Bromley. It should be stated that these potential BID levy payers will be joined by advisory, non-voting representatives from the public sector (including the Council) and local community groups. However, the major advantage of this approach, which according to research published by the Department for Communities and Local Government¹, is the dominant method of new BID delivery, is that the project will be business-led, and will be seen as business-led, from the outset.

3.5 It is proposed that the Bromley BID Task Group will be incorporated as a limited company, with voluntary Directors drawn from amongst the group, to enable it to hold monies, make purchases and enter into contracts. This will enable it to work independently of the Council. It is further proposed that the Task Group, once incorporated, be in receipt of a grant of up to

¹ 'The Development & Implementation of Business Improvement Districts' DCLG, 2007 p 23. Table 2.6 shows that for only around 20% of BIDs surveyed, the process was led and managed by Local Authorities, as opposed to over 60% by businesses or business-led partnerships.

£90k to cover expenses related to the establishment of the BID. This grant will be provided in stages, with each stage relating to a phase of delivery for the BID – as outlined in **APPENDIX 1**, which also contains an outline budget for the project. This outline budget excludes any elements which are within the direct remit of the Council to provide – such as the ballot process and the establishment of a BID levy billing system. A sum of £20k from the original £110k would therefore be retained by the Council to cover these expenses.

3.6 The provision of the grant at each stage will be wholly conditional upon the Bromley BID Task Group meeting the agreed milestones for each phase of BID development as identified and agreed in advance in a Grant Agreement between the Task Group and the Council. The Grant Agreement will set other conditions to ensure clear accountability and probity in the use of public funds and will also include a clause requiring the BID Task Group to maintain a membership which is fully representative of all parts of the town to be included in the proposed BID area. As outlined in the Executive report in January, there will remain key decision points for the Council to withdraw support for the project should there be indications that the BID is unlikely to be successfully established, thereby reducing the Authority’s exposure to risk.

3.7 In order to undertake all the tasks necessary to establish a BID, the Bromley BID Task Group, which will be made up of business owners and managers acting on a voluntary basis, will need to engage a delivery partner. There has already been some discussions between Mr Myers and a group with a successful track record in the BID ‘industry’ both as instigators of new BIDs and managers of existing BIDs. The costs outlined in APPENDIX 1 are based on their assessment of the requirements for establishing a BID in Bromley. It is expected that if the grant is authorised that the Task Group will invite this group to partner with them to undertake the delivery of the project.

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 On 15th January 2014, the Executive agreed that a sum of £110k was earmarked from Economic Development and Investment Fund to assist with the development of a BID in Bromley Town Centre.

5.2 Following discussions with the forming Bromley BID Task Group it is proposed that £90k of this is provided to the Task Group as a staged grant with the specific purpose of undertaking a project to establish a BID in Bromley Town Centre. The remaining £20k will be retained by the Council to cover additional elements of the project not within the remit of the Task Group – including running the BID ballot and setting up the BID levy collection system.

TABLE 1: Amended budget for implementation of Bromley BID

	£'000
Grant to Bromley BID Task Group for implementation	90
Ballot costs	5
Billing system software set-up	6
Contingency	9
	110

6. LEGAL IMPLICATIONS

- 6.1 To reiterate the legal background to the project, 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, in the case of Bromley this will be the Bromley BID Task Group. The Bromley BID Task Group 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 latter part of 2014.
- 6.5 The Council may from time to time enter into partnerships with external bodies and may also provide grants of funds to these partners for the achievement of the Council's objectives.
- 6.6 However public bodies must bear in mind that the offer of financial assistance to third sector organisations, i.e. organisations that are neither public or private enterprises, in respect of start-up and ongoing costs must comply with State Aid rules.
- 6.7 State Aid rules prohibit subsidies by governments to companies or industries when the subsidy confers an unfair advantage on the organisation.
- 6.8 The current threshold for state aid subsidies is £167K over three fiscal years. The rules provide for the repayment of wrongly granted funding. In this instance the rules will not apply as the value of the grant is below the stipulated threshold.
- 6.9 Where monies have been granted to a third party it is expected that these will be bound by a form of Grant Agreement which will ensure the funds are used in support of the agreed objectives. Whilst there is an expectation that the use of these funds will be subject to regular monitoring by the Council, there is no requirement for the third party to abide by the Council's Contract Procedure Rules or the EU Procurement legislation as these only apply where either a below or above threshold contract has been awarded. The proposal in this instance is for the Council to provide financial assistance as opposed to the award of a contract.

7. PERSONNEL IMPLICATIONS

- 7.1 As outlined in the report to Executive the Bromley BID Task Group will formally take the lead on the development of the BID proposal, but it now also expected to take a more active role in the commissioning of work to develop the BID. The Head of Town Centre Management will take the lead from the Council point of view, and will represent the Council as an advisory member on the Task Group. The Bromley Town Centre Manager will also assist in an advisory capacity and assist with engagement, however it is not now expected that there will be a need for the Council to engage additional temporary staff or commission external consultants.
- 7.2 Should the BID be successfully established, there will clearly be personnel implications for the Town Centre Management & Business Support Team. The proposed management structure of the BID will be included within the terms of the BID proposal. The responsibilities of any new post(s) created to manage the BID would be guided by the express needs of the businesses in the BID area and are yet to emerge. 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.

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	<ul style="list-style-type: none">- Report to Executive 15/1/2014 - Business Improvement District (BID) Strategy for Town Centres 2014-2015 (DRR13/111).- ‘The Development and Implementation of Business Improvement Districts, DCLG, 2007