

Decision Maker: **RENEWAL, RECREATION AND HOUSING PORTFOLIO HOLDER**

FOR PRE-DECISION SCRUTINY AT RENEWAL, RECREATION AND HOUSING POLICY DEVELOPMENT AND SCRUTINY COMMITTEE ON

Date: **Wednesday 6 March 2019**

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

Title: **BUSINESS IMPROVEMENT DISTRICTS (BIDS) 2019-2020**

Contact Officer: Lorraine McQuillan, Town Centres and BID Development Manager
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Chief Officer: Colin Brand, Director of Regeneration

Ward: West Wickham, Chislehurst

1. Reason for report

In light of the successful establishment of Business Improvement Districts (BID) in Orpington Bromley, Beckenham and Penge Town Centres, this report outlines the feasibility of extending the BID approach to West Wickham and Chislehurst 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 a BIDs in this town and a suggested road map to implementation.

2. **RECOMMENDATION(S)**

That the Portfolio Holder:

- 2.1 **Note the outcome of the initial feasibility study on the potential for a BID in West Wickham town centre and Chislehurst town centre.**
- 2.2 **Supports in principal the formation of a BID in West Wickham at the earliest opportunity, bearing in mind the constraints and risks outlined in paragraph 3.12.**
- 2.3 **Recommends that the Executive approves the allocation of up to £75k from the Growth Fund to cover the costs of the proposed West Wickham 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 West Wickham Town Centre as outlined in paragraph 3.14, and the potential financial implications of establishing a BID in this town.**

That members of the Renewal, Recreation and Housing PDS Committee:

- 2.5 Note and provide comments on the outcome of the BID feasibility study in Chislehurst Town Centre. Note and provide comments on the outcome of the BID feasibility study in West Wickham Town Centre including the suggested strategy for the introduction of a BID in this area.**

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 £75k
 2. Ongoing costs: £2.2k per annum
 3. Budget head/performance centre: Town Centre Management & Growth Fund
 4. Total current budget for this head: £164k and £10.177m
 5. Source of funding: Existing revenue budget for 2018/19 and the Growth Fund
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Staff

1. Number of staff (current and additional): 1
 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): West Wickham occupiers of up to 255 rateable properties
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Ward Councillor Views

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

Councillor Bennett fully supports the proposal for a BID in West Wickham. Councillor Bennett also reported that various Ward colleagues over the past ten years have supported a BID for West Wickham.

Councillor Brock fully supports the proposal and looks forward to the BID in West Wickham progressing.

3. COMMENTARY

3.1 The following paragraphs outline the feasibility for the Council to work with the business communities in West Wickham and Chislehurst town centres to explore the establishment of Business Improvement District (BID). Background is provided on BIDs generally and how BIDs were established in Orpington, Bromley, Beckenham and Penge. Following the initial feasibility research into the potential for a BID in West Wickham and Chislehurst town centres, the recommendations are that a BID in Chislehurst should not be pursued however a BID in West Wickham should be implemented subject to the results of in-depth consultation with businesses. The remainder of the report explores a draft plan for the implementation of a BID in West Wickham, including possible risks, 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 in a defined area, through a levy of rateable business properties - based on typically 1-2% of rateable values. There are now over 300 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 a 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 can deliver any projects or services that are agreed by the relevant businesses and are in addition to services the Public Sector already provides. BIDs 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 and place shaping
- Facilitated networking opportunities with neighbouring businesses.

3.3 Locally within the London Borough of Bromley the Orpington 1st BID was established in 2013, Your Bromley BID was established in 2016, and most recently Beckenham Together BID and Penge SE20 BID both established in 2018. Orpington 1st BID's initial term of five years was successfully renewed in 2018 and is now in their second term delivering the Business Plan covering 2018-2023. Over the five year term of the BID Orpington is expected to benefit from the investment of over £1m, Bromley over £3m, Beckenham over £940k and Penge over £600k. The themes for all the BIDs are based solidly on the expressed needs of the local businesses. Further information can be found on the BID websites www.orpington1st.co.uk, www.bromleybid.com, www.beckenhamtogether.co.uk and www.pengese20.co.uk.

Feasibility Study Methodology and Outcomes

3.4 Given the successful establishment of the other BIDs, Members have asked Officers to explore the business case for establishment of BIDs in West Wickham and Chislehurst town centres. Encouraging the formation of BIDs fits well with the Council's aspirations for vibrant and thriving town centres, whilst also providing the business community with a sustainable model to remain as a competitive town centre and the

potential to deliver additional investment to the area.

3.5 The scale of a BID is based on the number and rateable value of commercial premises within 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 West Wickham, as the next largest town centre after Penge, and on Chislehurst who had previously shown an interest in becoming a BID. West Wickham has 255 rateable properties and Chislehurst 228 rateable properties.

3.6 Specialist BID Consultants, Central Management Solutions (CMS) Ltd, were commissioned in October 2018 to undertake feasibility studies in West Wickham and Chislehurst town centres. Specifically they were asked to provide a report containing evidence of engagement with the target client group, recommendations on key themes that could be delivered by a Business Improvement District, and the financial potential and geographic limits of potential Business Improvement Districts in each of the two town centres. The following elements were required as part of the feasibility studies:

- Engagement with at least 10% of the business occupiers (including both local managers and, where appropriate, head office representatives) in each town centre using a variety of communication methods.
- Evidence of engagement across all sectors of the business community existing in those locations (i.e. retail, leisure, office)
- Results of the business engagement showing the key themes identified by the various sectors and geographical areas of the business community
- Potential Business Improvement District income based on a levy of 1%, 1.25%, 1.5%, 1.75% and 2%
- Recommendations for the optimum geographic extent of each potential BID indicating zones and their potential BID yield.
- Recommendations on any thresholds, caps and exemptions and their impact on the potential BID yield.
- Recommendations for BID development potential and follow up actions for each town, based on the results of business engagement as to whether there is a business interest, demonstrable need and projects that a Business Improvement District could deliver.

Outcomes

3.7 The main recommendation from the Central Management Solutions report, based on the financial analysis, research and consultation, is that a BID in West Wickham is feasible however there was not the desire from the business community in Chislehurst for a BID.

3.8 The key elements that informed these recommendations are:

- The market research and consultation which included a desktop analysis of the town, financial modelling and a consultation exercise with businesses and key stakeholders.
- In Chislehurst there is already a strong Community Interest Company (CIC) established representing 140+ businesses. Research undertaken by the CIC showed that there was some knowledge of the BID concept and the services a BID in Chislehurst may deliver. The research also shows there is currently no appetite for a BID in Chislehurst. There were 53 responses to either an email or verbal communication from the CIC, 50 of which were against the BID and 3 businesses showed an interest in finding out more information. If a threshold of £5,000 was put in place within the Chislehurst area, 188

businesses would be eligible to vote. Currently 27% of businesses would vote no. CMS carried out telephone research with 18% of the 53 businesses contacted by the CIC and again, there was no appetite for a BID in Chislehurst. The businesses that were contacted feel the support in place in the town is excellent and that a BID would not enhance the High Street area. Businesses that do not pay the yearly subscription for the CIC are also likely to vote no in a BID ballot. CMS feels that without the support of the CIC and the associated businesses of the CIC a successful ballot result would not be achieved. Therefore CMS recommends that Chislehurst does not progress to the next stage of the BID consultation/development process.

- In West Wickham the consultation with businesses consisted of a survey, business meetings, engagement with the local authority, key stakeholders and national businesses. There was a 20% response in total to these approaches which is encouraging. At feasibility stage the objective of the market research and consultation is to establish a general understanding of the business needs and identify whether these could be funded through a BID proposal.
- The key points arising from the business survey were:
 - 70% retail, 11% office/banks, 6% food and drink, 13% other
 - 60% independent
 - Marketing, events and cleanliness are key areas of interest
 - Over 80% felt there was a lack of marketing in West Wickham
 - Over 60% wanted more events
 - There was concern raised about the availability and cost of parking
 - Only 22% knew about BIDs which, whilst not surprising, does suggest that more substantial work is needed to increase knowledge of the BID concept.
- The research and consultation process shows clear areas of consensus and concern that could be addressed by the BID process. The main themes are:

Marketing; Events; Cleanliness;

Increased marketing and an improved standard of cleaning are areas where BIDs have a strong track record of delivery.

- The availability and cost of parking was raised as an issue in West Wickham. Generally BIDs have limited influence over increasing parking availability and reducing parking charges. However some BIDs have been successful in providing improved marketing around car parking options, providing discount schemes or providing temporary free parking promotions as part of special events or in the run up to Christmas.
- Generally there is support for the BID concept in West Wickham with a core group of key businesses interested in developing the BID concept further.
- Opportunities to work with other BIDs locally should be explored further to reduce the operational and project costs associated with the BID.
- A BID levy of between 1.5% and 2% be introduced in the West Wickham BID area. The BID levy can range between 1% and 2% and due to the size of West Wickham town centre a higher BID levy has been recommended. This may change during the next stage of BID development. For the purposes of modelling the potential BID income a 2% BID levy has been applied.

- Many BIDs apply a threshold to exclude lower rateable value properties, as the cost to collect the levy from these properties can exceed the levy amount itself. For example, the Bromley BID has excluded any properties with a rateable value below £10k. As West Wickham is a smaller town the threshold modelling has been calculated on excluding properties below £5k. As the threshold level decision is not normally made until the next stage of BID development the potential BID income below has been calculated based on a 2% levy and exemptions on properties with a rateable value of below £5k. The potential income for a BID in West Wickham would be around £124k per annum. This would allow sufficient resources to develop and implement projects and improvements to make tangible differences to the town centre. The following gives an indicative income and expenditure profile based on the amount raised:

	Levy <£5k Exempt £
Potential BID Income	
Total BID Levy (2%) West Wickham	124,000
Additional Income (10% of BID Levy)	12,400
Total Indicative Income	136,400
Potential BID Expenditure	
Projects	109,120
Overheads	27,280
Total estimated expenditure	136,400

On average BIDs succeed in generating 10% from voluntary contributions/fee annually in addition to the BID levy.

- The proposed BID area for West Wickham is shown in **Appendix 1**. This can be further tested and changed if necessary during the next stage of BID development.
- An independent company should be set up as a single legal entity to manage the BID. The company would be not for profit and 'limited by guarantee'. The Board of this company would be elected from the BID levy payers and equally represent the levy payers from the BID.
- The development of a BID is likely to take at least 12 months following a formal decision to proceed.

3.9 The project implementation costs to complete the process to establish the BID are estimated to be £75k and are detailed in **Table 2** in paragraph 5.2. For comparison the budget for the Orpington BID (with 350 levy-paying properties) was in the region of £80k, Bromley (with 640 hereditaments) was £110k and for both Beckenham and Penge (860 hereditaments) £110k. There are approximately 255 potentially levy paying business properties in West Wickham.

3.10 The Council would be liable to pay BID levy of £2,180 per annum on certain properties (based on 2% BID levy and £5,000 threshold applied), as detailed below in **Table 1**.

Table 1: Council-owned properties in proposed West Wickham BID area on the basis that £5,000 threshold is applied and a 2% levy

Property	Rateable Value	BID levy year one	Estimated 5 year total
Ravenswood Avenue Car Park	£44,750	£895	£4,475
Station Road Car Park	£21,500	£430	£2,150

High Street Car Park	£42,750	£855	£4,275
Total	£109,000	£2,180	£10,900

Risks and issues for implementation of a BID in West Wickham

- 3.12 In terms of proceeding with the introduction of a BID in West Wickham, the key issues to consider are the ease of engagement with local businesses and the timing of a BID consultation and pre-ballot campaign.

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. A core group of business people have shown an interest in taking forward the BID concept and it will be this group that will work with Officers to drive any proposed BID forward.

- 3.13 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 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. If this occurred there would be a lower financial impact than if the project was to fail at the ballot stage.

Outline Project Plan

- 3.14 It is recommended that a BID consultant be appointed by June 2019 following a procurement process. The BID consultant will assist the town centre steering group to progress through the developments phases of achieving a BID. The BID steering group will produce a formal BID proposal and will have the formal function of BID proposer, as defined in the BID regulations. The BID proposer 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:

- Summary of the consultation undertaken.
- Draft of the proposed BID 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. It is expected that the BID proposal for West Wickham Town Centre and the required supporting documentation will be brought to the Council's Executive Committee for formal authorisation on behalf of the Council in Spring 2020.

- 3.15 It is recommended that the proposed BID for West Wickham aims for a ballot date to take place by June 2020 at the latest. The expected operational dates for the BID will be November 2020. These timings are based on experience of the Orpington, Bromley, Beckenham and Penge BID development but will need to be flexible subject to satisfactory levels of support and leadership from the business community.

3.16 Assuming Members support the recommendations of this report, Officers will refine the project plan and provide further reports updating Members of progress on the project to be presented at future R, R &H PDS meetings.

4. POLICY IMPLICATIONS

4.1 The proposed project to introduce a Business Improvement District in West Wickham 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, which includes the explicit aim to encourage the development of further BIDs in the borough.

5. FINANCIAL IMPLICATIONS

5.1 This report is seeking Members approval to begin implementing a project to establish a BID in West Wickham. Although there are no direct financial savings to the Council, should the BID be established following a successful secret ballot, it would provide a mechanism for West Wickham town centre to receive additional funds of around **£620k** from the levy, over a 5 year period.

5.2 The project implementation costs to complete the process to establish the BID are estimated to be £75k and are detailed in **Table 2** below.

Table 2: Draft budget for implementation of West Wickham BID

	£'000
BID development project costs - incl BID Project Manager, marketing, communication, legal & establishment costs	60
Ballot costs	4
Billing system software set up	4
Contingency	7
Total	<u>75</u>

5.3 If a BID was to be successfully implemented in West Wickham the Council would be liable to pay BID levy of £2,180 per annum on certain properties (based on 2% BID levy and £5,000 threshold applied), as detailed in **Table 1** in paragraph 3.10. This would be funded from within the overall Town Centre Management budget.

5.4 The Portfolio Holder is asked to recommend that the Executive approve an allocation of up to £75k from the Growth Fund to meet the estimated costs of the process involved in establishing the West Wickham BID. This sum may be reduced should officers be successful in securing external funding for the project at a future date. The current unallocated balance on the Growth Fund is £10.177m.

5.5 Members should note that paragraphs 3.12 – 3.13 highlight the 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 £75k would have been spent or committed.

6. PROCUREMENT IMPLICATIONS

6.1 This report recommends the appointment of a BID consultant to assist the town centre steering group to progress through the developments phases of achieving a BID. The value of this work is likely to be £60k.

- 6.2 The value of this procurement falls below the thresholds set out in Part 2 of the Public Contracts Regulations 2015, so is only subject to Part 4 of the Regulations.
- 6.3 In line with the requirements of 8.2.1 of the Council’s Contract Procedure Rules, this procurement will be conducted using a request for quotation process.
- 6.4 The procurement must comply with EU Treaty principles of transparency and equal treatment. Any time limits imposed, such as for responding to adverts and tenders, must be reasonable and proportionate.
- 6.5 In compliance with the Council’s Contract Procedure Rules (Rule 3.6.1), this procurement must be carried out using the Council’s e-procurement system.
- 6.6 The actions identified in this report are provided for within the Council’s Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

7. LEGAL IMPLICATIONS

- 7.1 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)
- 7.2 Legal Department concurs with and repeats paragraphs 6.2 to 6.6 above.
- 7.3 As the total contract value is above £25,000 it must be published via Contracts Finder.
- 7.4 Legal Department should be consulted on the form of contract and on any legal issues arising.

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	<p>R&R PDS Report ‘Proposed Business Improvement District for Orpington’, 11 Oct 2011 (Report no. DRR11/096)</p> <p>R&R PDS/Exec Committee Report ‘Business Improvement District Strategy for Town Centres 2014-2015’ 26 Nov 2013/15 Jan 2014 (Report no.DRR13/111)</p> <p>R&R PDS/Exec Committee Report ‘Bromley Business Improvement District Proposal’ 5th July 2015 (Report no. DRR15/072)</p> <p>R&R PDS/Exec Committee Report ‘Business Improvement District (BID) Strategy for Town Centres’ Tuesday 5th July 2016 (Report no. DRR16/050)</p> <p>R&R PDS/Exec Committee Report ‘Beckenham and Penge Business Improvement District (BID) Proposal for 2018-2023’ Wednesday 1st November 2017 (Report no. DRR17/051)</p>