

**Decision Maker:** PORTFOLIO HOLDER FOR RENEWAL, RECREATION & HOUSING

**Date:** Wednesday 4 November 2020

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

**Title:** BROMLEY BUSINESS IMPROVEMENT DISTRICT (BID) PROPOSAL – RENEWAL FOR 2021-2026

**Contact Officer:** Lorraine McQuillan, Town Centres & BID Development Manager  
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**Chief Officer:** Sara Bowrey, Director of Housing, Planning and Regeneration

**Ward:** Bromley Town

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1. Reason for report

This report updates Members on the progress to date on the development of a proposed second term for the existing Business Improvement District (BID) in Bromley Town Centre and its potential implications for the Council; Introduces the outline Bromley BID Proposal 2021 – 2026 which has been presented to the Council by the Bromley BID Ltd (the Bromley BID company) and requests delegated authority for the Director of Housing, Planning and Regeneration to review the final version of the BID Proposal in order to authorise a Ballot to be held on the renewal of the Bromley BID in February 2021.

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2. **RECOMMENDATION(S)**

2.1 **Members of the Renewal, Recreation and Housing PDS Committee are asked to note and comment on the content of this report.**

2.2 **The Portfolio Holder is asked to:**

- a) **Note the draft Bromley BID Proposal 2021 – 2026 (summarised in 3.9 below but provided in full as part of a report on Part 2 of this agenda) which details the progress to date on the development of the BID, including the level of consultation with businesses, and outlines the BID levy rules and emerging key priorities of the BID for its second term.**

- b) Agree in principle, on the basis of the outline BID Proposal that the Council's Ballot Holder may be instructed to hold a ballot in February 2021, according to the Business Improvement District Regulations (England) 2004, being satisfied that the BID Proposal does not conflict with any of the Council's priorities and plans, and that its geographic scope is within the boundaries of the London Borough of Bromley (see map of draft BID boundary in APPENDIX 1).**
- c) Agree delegated authority to the Director for Housing, Planning and Regeneration to review the FINAL version of the BID Proposal which is expected to be delivered to the Authority by 12<sup>th</sup> January 2021 and provided that this still meets the criteria outlined in 2.2 above, instructs the Ballot Holder to run the BID ballot, on behalf of the Portfolio Holder.**
- d) Agree to nominate an officer to vote 'Yes' on behalf of the Council for eligible Council-occupied hereditaments which fall within the proposed BID area (these are listed in paragraph 5.2).**
- e) Subject to a BID 'yes' vote, authorise the Director of Corporate Services to enter into all legal agreements necessary to renew and operate the BID, and that the agreements ensure that the BID company acts at all times in the best interests of the town centre. The draft agreements, which are still to be finalised, are included as part of APPENDIX 2.**
- f) Note the potential for additional costs to the Council in the event of a 'no' vote and that a further report setting out options be submitted for Members' consideration in that event.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: BIDs support the resilience of the local economy and therefore protect local employment for a range of people, including vulnerable adults. Many BIDs provide support to the wider community as well as the business community, supporting charities such as Dementia UK.
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### Corporate Policy

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

1. Cost of proposal: One-off costs: £3k
  2. Ongoing costs: Approx. £12k per annum
  3. Budget head/performance centre: Town Centre Management & Business Support
  4. Total current budget for this head: £77,970
  5. Source of funding: Existing Controllable Revenue Budget 2020/21
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### Personnel

1. Number of staff (current and additional): 1
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

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

1. Summary of Procurement Implications: Not applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Businesses within Bromley Town Centre, especially 600 business rates payers who are likely to be BID Levy Payers from April 2021 – March 2026
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes

2. Summary of Ward Councillors comments: At the time of finalising this report, one comment had been received.

Councillor William Harmer said “I fully support the proposal. The future of the town centre is best served through the BID and I hope that we can secure a Yes vote”.

### **3. COMMENTARY**

#### **Background**

- 3.1 The Bromley Business Improvement District (BID) was established in April 2016 after a successful ballot of business rate payers which took place in November 2015. The Bromley BID was set up to run for five years, which is the maximum allowable term for a BID under the BID Regulations. The current term of the BID therefore ceases on 31 March 2021.
- 3.2 In preparation for the end of the current BID term, Bromley BID undertook some initial feasibility work and confirmed that there is an appetite amongst the local businesses for renewal of the BID mandate to continue for a further 5 years. The Bromley BID Board therefore approved the issuing of a notice of the intention to hold a ballot to the Secretary of State (as required by BID Regulations) which was sent and acknowledged on 29<sup>th</sup> July 2020. The Board also approved that further work, including consultation with levy payers, was undertaken in preparation for a ballot to be held in February 2021.
- 3.3 The consultation with businesses helped to identify the priorities for businesses now and over the next five years. This consultation helped to inform and shape the Business Plan outlining the priorities for the BID in their second term. Further detail about the approach for consultation with businesses is outlined in paragraph 3.9.
- 3.4 As the BID Company is an independent private company and their plans for the delivery of services are still under consultation with the levy payers, the BID has asked for the full draft Business Plan and 5-year Budget for the period 2021 – 2026 to be kept confidential at this stage. For this reason, the full draft documents are provided to Members as an appendix to a report under Part 2 of this agenda. However, a summary of the business engagement, the proposed BID levy rules and the activities to be delivered through the BID are summarised in sections 3.9, 3.15 and 3.19 below.
- 3.5 In the financial year 2020/21, some businesses were not able to pay the BID levy due to COVID-19. This scenario was not accounted for in the original Operating Agreement with Bromley BID and therefore a variation to this contract was agreed. In order to address this issue, the draft Operating Agreement for the new BID term 2021-2026 has been amended (see APPENDIX 2 Draft Operating Agreement). Further detail is outlined in paragraph 5.5 below.
- 3.6 As a BID can only be established by a secret postal ballot, there is a risk that this will not result in a favourable outcome and in this worst-case scenario there may be a financial implication for the Council. In the event of an unsuccessful ballot, the businesses may look to the Council to provide a town centre service and Christmas lights. In order for the Council to provide a light touch approach to managing the town centre, the annual staffing impact has been identified as £50k per annum. There would be a loss of income of £1.6k from Bromley BID as they currently contribute to footfall counting costs in the town centre. Christmas lights cost in the region of £75k per annum. Therefore, there may be a financial implication of up to £126k per annum in this scenario of an unsuccessful ballot. In that event, a further report setting out options would be presented for consideration by Members

#### **Council decision-making for the establishment of the BID**

- 3.7 The Business Improvement District Regulations (England) 2004 require a BID proposer to request that the Local Authority holds a ballot on the BID Proposal. The parameters of this decision are framed by the legislation – and these are set out in paragraph 6.1. However, because of the short timescales involved, the BID Proposal is not yet finalised. The draft

BID Proposal will be refined by a further round of consultation, and 1 to1 meetings, with a view to providing the Council with the final BID Proposal and Business Plan by 12<sup>th</sup> January 2021.

- 3.8 Due to the need to run the BID Ballot for 28 days from 29<sup>th</sup> January 2021 to 25 February 2021, the Notice of Ballot will need to be issued by 14<sup>th</sup> January 2021 and there would not be sufficient time for the Recreation, Renewal and Housing PDS Committee to review the final version of the Proposal and Business Plan in good time. Therefore, although this report recommends that the Portfolio Holder agrees in principle with the running of a BID Ballot on the basis of the Outline BID Proposal, the Portfolio Holder is also requested to approve delegated authority for the final decision to be accorded to the Director for Housing, Planning and Regeneration, who would be provided with the final version of the BID Proposal and Business plan and would therefore be able to instruct the Ballot Holder to proceed at the appropriate time. Additionally, the Portfolio Holder will need delegated authority to mandate an Officer to vote in favour of the final BID Proposal in the ballot in respect of hereditaments which are occupied by the Council.

### **Consultation of Bromley businesses**

- 3.9 As the BID has been operating since April 2016, there has been continuous feedback from the BID levy payers throughout the first term, including an annual survey of levy payers. This was essential to ensure that project delivery reflects the expectations of the businesses, and to understand the appetite for proceeding to seek a second BID term. Based on this feedback from businesses, it was agreed by the Board that there was an appetite for the BID to continue for a second term.

- 3.10 Over 80% of businesses responded to the surveys. The top five priorities for businesses were:

- Christmas lighting
- Street Cleansing
- Operation Gemini (additional policing in the town centre)
- Town Centre Marketing and Events
- Street Ambassadors

Businesses were asked what they would like the town to be known for over the next five years. The responses were:

- Great experiences
- Art
- Culture
- Accessibility
- A great celebrated shopping offer
- Memorable events

- 3.11 The more structured consultation process, started in March 2020, with a number of meetings with businesses on an individual basis. At this stage voting intentions were also

ascertained. Due to COVID-19, this approach had to be reviewed and business engagement thereafter was undertaken remotely rather than face to face. There was also a requirement for meetings that took place prior to COVID-19 to be repeated and voting intentions confirmed. Two further business surveys were carried out between June and August in addition to the annual survey.

- 3.12 At the time of finalising this report, 78% of the businesses had been engaged with, with a view to achieving 90% business engagement by the end of November.
- 3.13 As a result of this engagement, the Business Plan and BID budget for the 2<sup>nd</sup> term will be refined with a view to publishing the final Business Plan on 12<sup>th</sup> January 2021.
- 3.14 At this stage of the consultation, businesses have not yet seen the Business Plan and therefore are unable to confirm their vote. However, those undertaking the work have reported a generally very positive approach to the concept of a continuing BID for Bromley. The business engagement will continue over the coming months with ongoing monitoring of voting intentions. This information will be reported back to the Council on a regular basis.

### **Outline of BID Proposal**

- 3.15 In response to the survey results and business engagement, Bromley BID have developed a Business Plan with three key themes – culture, environment and engagement. These themes will include the top 5 priorities for businesses and encompass what businesses would like Bromley to be known for over the next five years. The below provides a brief description of each theme.

#### **Culture**

- 3.16 Bromley BID will create stronger experiences relating to culture and heritage utilising performance space within the town centre, a variety of events and creating 'instagrammable' moments. Installations for Remembrance Day and Christmas lights will continue, and a new wellness programme will be launched.

#### **Environment**

- 3.17 Bromley BID will continue to provide additional policing and the DISC intelligence sharing system to help reduce shoplifting. The Street Ambassador team will also continue to report important issues in the town centre such as antisocial behaviour, provide communications to businesses, promote opportunities for business marketing, business support, and promotion of events. Bromley BID will introduce long term planting projects, such as pop-up parks and floral displays. The free recycling service will continue to be offered to businesses, along with the jet washing of the pavements. A new initiative will also be launched to reduce single use plastic across the town centre.

#### **Engagement**

- 3.18 As well as continuing with regular communications, Bromley BID will provide dedicated support to businesses following the coronavirus pandemic. This will include career advice, increased awareness of apprenticeships, information on financial support, mentoring and employee training opportunities. To help attract and retain quality staff, Bromley BID will organise a number of social activities and events for employees and introduce an Employee Reward scheme. Bromley BID will launch a new destination website to promote

businesses within the town centre and undertake consumer research to develop a strong brand for the town.

3.19 The draft BID rules for Bromley BID's second term are:

- a) The levy rate to be paid by each property or hereditament is to be calculated as 1.25% of its rateable value as at the 'chargeable day' (notionally 1st April each year). This is a reduction from the current prevailing rate of 1.41%.
- b) Only properties or hereditaments with a rateable value of £20,000 or more will be eligible for payment of the levy.
- c) The number of properties or hereditaments liable for the levy is approximately 603.
- d) Each year the levy rate will be increased by the fixed rate of inflation of 3% per annum.
- e) The levy will be charged annually in advance for each chargeable period to be April to March each year, starting in 2021. No refunds will be made.
- f) The maximum amount payable in any one BID year either (1) by any one levy payer and/or (2) for any hereditament each year will be capped at £12,000 (subject to the same inflation).
- g) The owners of untenanted properties or hereditaments will be liable for payment of the levy. This includes listed buildings.
- h) Occupiers within covered shopping or leisure centres (in this case The Glades and The Mall) that are subject to a service charge will pay 75% of the levy that would otherwise apply.
- i) Charitable organisations that are subject to relief on their business rates liability (and who are not subject to h above) will pay 75% of the levy that would otherwise apply.
- j) London Borough of Bromley will be responsible for collection of the levy. The collection charge will be £17,800 this equates to £29 per hereditament.

On this basis, the renewed Bromley BID would have Year 1 levy income of £451,790 (assuming a collection rate of 80%), increasing by 3% per annum thereafter. It is anticipated the collection rate for years 2 to 5 will increase to 90%. In addition, based on experience of the first term, the BID expects to be able to generate on average over the 5 year term additional annual income of circa £17,600. Over the full second term of the BID, the total expected average income to be raised by the BID would be approximately £546k per annum. This would be sufficient to deliver the programme of improvements and activities which are outlined above.

### **Implications of BID establishment**

3.20 Based on the proposed BID levy rules above and barring any significant changes in the rateable values within the BID area, the total investment which would arise from the BID levy will be £2.73m over the 5 year term. At the time of finalising this report, £2.72m had already been invested in the town from the BID levy over the past 5 years. In terms of financial impact on the businesses, although there are a small number of national businesses who will be making a significant contribution to the BID budget, the average annual levy bill in the new BID term will be approximately £876 per hereditament.

3.21 It is important to note that for a BID Proposal to be successful at ballot it must meet two key criteria:

a. More than 50% of votes counted must be in favour

AND

b. More than 50% of the rateable value represented by the vote must be in favour

This means that Bromley BID Board must not only obtain the support of more than 50% of the voters, but also ensure that businesses with multiple hereditaments or properties with large rateable value support the BID in the ballot. One to one engagement is already under way with managers and potential voters at these higher rateable value organisations to understand their needs and requirements for a renewed BID.

3.22 Should the BID ballot be successful, delivery of the activities outlined in the BID Business Plan would be the responsibility of Bromley BID Ltd (a Company Limited by Guarantee) as is the case for the current BID term. The board of Directors for this Company will continue to be drawn from amongst a range of businesses – large and small – within the BID area. A full list of the current Board members will be included in the final BID Business Plan. The Council will have non-voting advisory members on the Board – with one Officer and one Councillor playing this role. These arrangements are to be confirmed as part of the Operating Agreement for the renewed BID.

3.23 The Operating Agreement, a draft of which is included as **APPENDIX 2**, will govern how the London Borough of Bromley and the proposed BID will cooperate on the operation of the BID – including how the BID levy will be collected and passed across to the BID company. Included with the Operating Agreement is what is known as the Baseline Statement which defines the services being delivered by the Council within Bromley Town Centre which are expected to continue during the BID term. These will remain the responsibility of the Council, but the BID may introduce additional services to enhance the existing baseline – for example additional or specialist cleansing patrols. Further information on the legal aspects of the BID set up is provided in the Legal Implications section below.

#### **4. POLICY IMPLICATIONS**

4.1 As Bromley BID has at its heart the improvement, enhancement and promotion of the town centre, the BID Proposal is expected to assist in the Council's ambition to encourage Vibrant Thriving Town Centres. It is therefore recommended that the Council supports the renewal of Bromley BID as the best means of ensuring that the town centre continues to be managed effectively – to enable it to flourish and develop positively into the future, in partnership with the Council.

#### **5. FINANCIAL IMPLICATIONS**

5.1 As part of the Council's statutory duty under the BID Regulations, it has to fund the cost of any BID ballot. For Bromley BID, this is estimated to be £3k. This will be funded from the Town Centre Management budget for 2020/21.

5.2 The main revenue implication for the Council over the 5 years of the BID, is the liability to pay the BID levy on Council-occupied hereditaments which are located within the BID area. These are listed below – with their rateable value and likely BID levy charge during the first year of operation. Assuming no changes to the Council's occupation of commercial premises the total potential charge to the Council over the five year period is expected to be £63.7k. The Council's total BID levy payments over the past five years in the first term of the BID were

£67.7k. The BID levy for Council properties will be funded from the Town Centre Management budget.

<b>Council Property</b>	<b>Rateable Value</b>	<b>BID levy Year 1 (1.25%)</b>	<b>Estimated 5 Year total</b>
20 Market Square	£41,250	£515.625	£2,738
23 Market Square	£82,000	£1,025	£5,442
98 High Street	£101,000	£1,262.50	£6,702
Depot	£64,500	£806.25	£4,281
Hill Car Park	£445,000	£5,562.50	£29,532
Civic Centre Car Park	£99,167	£1,240	£6,583
Civic Centre	£1,500,833	£18,760	£99,599
<b>Sub total</b>	<b>£2,333,750</b>	<b>£29,172</b>	<b>£154,877</b>
<b>Total with BID levy rules applied</b>	<b>£2,333,750</b>	<b>£12,000</b>	<b>£63,710</b>

- 5.3 Market Square and High Street are currently empty investment properties and as such the Council are liable for the BID levy. As and when they are let, the levy responsibility would be transferred to the new occupier. However, given the current market and trading conditions, it is not possible to anticipate when these will be re-let. In addition, the report “Transforming Property – Creation of a £30m Disposals Programme” was recently approved by the Executive which will include an evaluation of opportunities to rationalise the Council’s property portfolio and potentially could change the Council’s holdings within the BID area.
- 5.4 Bromley BID is expected to generate nearly £460k in the first year of operation and will invest approximately £2.73m into the town centre in the new 5-year term.
- 5.5 In the financial year 2020/21, some businesses were not able to pay the BID levy due to COVID-19. This scenario was not accounted for in the original Operating Agreement with Bromley BID and therefore a variation to this contract was agreed. In order to address this issue and minimise any financial risk to the Council regarding payment of the BID levy to Bromley BID, clause 10 within the Operating Agreement has been amended. This ensures that only the BID levy collected by the Council will be paid to Bromley BID.
- 5.6 As explained in 3.6 above, a BID can only be established by a secret postal ballot. There is a risk that this will not result in a favourable outcome and in this worst-case scenario there may be a financial implication for the Council of up to £126,600 depending on the scope of the town centre service and Christmas lights provision that is continued. In that event, a further report setting out options would be presented for consideration by Members.

## 6. LEGAL IMPLICATIONS

- 6.1 Whilst there is no statutory obligation on the Council to establish BIDS there is a statutory process to follow if the decision is made to promote one. These are set out in the Business Improvement District Regulations (England) 2004. This requires approval of the Council be given for a ballot on the proposed BID and this approval is being sought from the Portfolio Holder for Renewal, Recreation and Housing. Through this process the Authority is to satisfy itself that the BID Proposal does not conflict with any Council policies or priorities, has been generated in accordance with the BID Regulations and is within its jurisdiction (i.e. the proposed BID boundary falls wholly within the Local Authority's boundary). These are the only criteria on which a Local Authority can reject an application for a BID ballot or veto the outcome of a ballot.
- 6.2 Bromley BID Ltd, which has been responsible for the delivery of the Bromley BID from 2016 – 2021, is the body which will be formally requesting the Council approval to go to ballot for the further 5 year term – from April 2021 to March 2026.
- 6.3 Additionally Council Officers have been working with Bromley BID Ltd to draft and finalise two legal agreements which are required for the formation of the BID, as follows:
- Operating Agreement – The Operating Agreement covers the arrangements for the billing, collection and payment of the BID levy collected to the BID Company. This will place an obligation on the Council to take certain steps to secure payment of the levy and in the event of failure to follow the specified steps to pay the relevant sums to the BID Company itself. A draft version of this Agreement is provided in APPENDIX 2
  - Baseline Statement – The Baseline Statement forms a Schedule to the Operating Agreement and summarises those statutory and standard non-statutory services provided by the Council which may potentially overlap with services to be provided by the BID. This provides reassurance to the BID company and levy payers that the levy income is funding additional services, not those currently being provided. The baseline statement describes the services provided by the Council at this point in time and will not, save to the extent that any services amount to a statutory requirement, constitute a binding commitment on the Council to continue to provide these in the future. A draft version of the Baseline Statement is included in APPENDIX 2.
- 6.4 Should there be a requirement for Bromley BID Ltd to take up any other services from the Council, then Legal will draft a further agreement for any additional services which the Council may provide (for example the operation of the High Street Markets and Promotions).

## **7. PERSONNEL IMPLICATIONS**

- 7.1 The Council's only ongoing staff input for the Bromley BID is to provide an Officer as an advisory member of the board and this Officer (Town Centres & BID Development Manager) is responsible for monitoring the delivery of the BID programme and the associated legal agreements – an arrangement which is expected to continue. The administration of the levy collection involves both Liberata and Council staff – and this is expected to continue during the renewed BID term. Costs related to these services will be recharged annually to the BID company. There will be no staffing changes as a result of the successful renewal of the Bromley BID.

## **8. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

- 8.1 BIDs support the resilience of the local economy and therefore protect local employment for a range of people, including vulnerable adults. Many BIDs provide support to the wider community as well as the business community, supporting charities such as Dementia UK.

<b>Non-Applicable Sections:</b>	Procurement
Background Documents: (Access via Contact Officer)	Bromley Business Improvement District (BID) Proposal 15 July 2015 (DRR15/072)