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

Date: **For Pre-Decision Scrutiny by the Renewal, Recreation and Housing Policy Development and Scrutiny Committee on 16 November 2022**

Decision Type: Non-Urgent Executive Non-Key

Title: **BECKENHAM BUSINESS IMPROVEMENT DISTRICT (BID) RENEWAL 2023-2028**

Contact Officer: Lorraine McQuillan, Place Shaping Manager
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Chief Officer: Sara Bowrey, Director of Housing, Planning, Property and Regeneration

Ward: Clock House; Copers Cope; Kelsey and Eden Park;

1. Reason for report

- 1.1 This report seeks Portfolio Holder authority for a renewal ballot of the existing Beckenham Together Business Improvement District for another term of 5 years, commencing 31 March 2023 and expiring 1 April 2028.

2. **RECOMMENDATION(S)**

- 2.1 **That Members of the Renewal, Recreation and Housing PDS Committee notes and makes comments on the content of this report to the Portfolio Holder.**
- 2.1 **That the Portfolio Holder for Renewal, Recreation and Housing:**
- 1) **Note the results and officer recommendations from the survey of businesses in the Beckenham Business Improvement District;**
 - 2) **Agrees to delegate authority to the Director of Housing, Planning, Property and Regeneration that upon being notified that the BID proposer wishes to put in a request for renewal, to review the final version of the BID Proposal which is expected to be delivered to the Council on 9th January 2023; and being satisfied that the BID Proposal has been submitted in accordance with Business Improvement Districts (England) Regulations 2004 and does not conflict with any of the Council priorities and plans, and its geographic scope is within the boundaries of the**

London Borough of Bromley; to instruct the Ballot Holder to hold the BID ballot on 23rd February 2023 in accordance with the regulations;

- 3) Agrees to delegate authority to the Director for Housing, Planning, Property and Regeneration that upon review of the final version of the BID Proposal, to vote on behalf of the Council for eligible Council-occupied hereditaments which fall within the proposed BID area (these are listed in Table 2, paragraph 3.18); and,**
- 4) Notes 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 foster the resilience and prosperity of local economies and help create and protect local employment, including for vulnerable adults. BIDs also provide support mechanisms to the wider business community, including a diverse range of national charities including Mind and Dementia UK.
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Transformation Policy

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

1. Cost of proposal: One-off cost: £3,210
 2. Ongoing costs: £4,316 per annum
 3. Budget head/performance centre: Town Centre Management and Business Support
 4. Total current budget for this head: £47k
 5. Source of funding: Existing Controllable Revenue Budget 2022/23
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Personnel

1. Number of staff (current and additional): 1
 2. If from existing staff resources, number of staff hours: 29
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Legal

1. Legal Requirement: Non-Statutory
 2. Call-in: Applicable: Portfolio Holder decision.
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Procurement

1. Summary of Procurement Implications: N/A
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Property

1. Summary of Property Implications: N/A
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: N/A
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Customer Impact

1. Estimated number of users or customers (current and projected): The businesses within Beckenham Town Centre, specifically the 362 business rate payers who are expected to be BID levy payers from April 2023 to March 2028.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes

2. Summary of Ward Councillors comments:

Councillor Connolly and Councillor Ross provided the following response: “As local ward Councillors, we support Beckenham’s thriving High Street and local economy. We support the ballot for a new BID in Beckenham and look forward to working with the newly elected BID team on driving improvements for Beckenham businesses and residents.

We would like the BID to continue to engage and work with community groups and have a layperson with community links on their board. We would like to see more visibility of BID decision making, AGM minutes and annual accounts as this is something the local community is interested in (noting when town centres were managed by the Council, local people could refer to council minutes).”

3. COMMENTARY

Background

- 3.1 The Beckenham Together BID was established in 2018 for a term of 5 years running until 31st March 2023. Following a successful first term, the BID Board and businesses within Beckenham have expressed a desire for another term of 5 years from 2023 to 2028. Some of the key achievements of the BID over the past 5 years include the introduction of a regular programme of popular events such as the Screen on the Green and Ice rink, securing over £200k of additional income for the town centre and the introduction of additional security to help manage both the day and night time economy.
- 3.2 In preparation for the end of the current BID term, the Beckenham Together BID Board commissioned a survey to establish appetite within the business community for renewal of the BID. The key findings are outlined below:
- 60% of businesses surveyed would vote yes in any forthcoming ballot
 - 80% of businesses were either satisfied or very satisfied with the BID
- 3.3 The Beckenham BID Board plans to issue notice of its intention to hold a ballot to the Secretary of State (as required by BID regulations 84 days before the scheduled ballot) on 1st December 2022. The Board also plans to consult with levy payers in preparation for the ballot to be held on 23rd February 2023.
- 3.4 In committing to a second term, the Beckenham BID commenced a number of staged actions in preparation for the ballot in anticipation of securing a mandate for a new 5-year BID term. These stages will be agreed between the BID and the Council as a mini project plan to help ensure compliance with the industry standard and democratic mandate for the establishment and renewal of BIDs and comprise:
- Feasibility stage – to establish the need and case for the renewal of the BID, assessing business interests, testing the financial feasibility based on business rates data, raising awareness and publicising the process involved.
 - Planning Stage – including establishing the vision, undertaking research and in-depth consultation, modelling the potential BID levy rules and creation of the BID Proposal.
 - Local Authority Stage – including developing the Operating and Baseline Service agreements, agreeing and setting up the ballot process and agreeing a ballot timetable, creating a voter database and agreeing an updated BID levy collection process. This stage will involve some input from various Council teams, with the lead taken by the Town Centres & BID Development Manager.
 - Campaign Stage – Establishing the voters at each business, communications with voters, ballot monitoring and agreeing contingency for failure to secure a successful ballot.
 - Establishment/Renewal Stage – including preparation for launch, setting up billing procedures, governance arrangements, staffing and recruitment.
- 3.5 A copy of the draft Beckenham Together BID Proposal 2023 – 2028 containing a summary of the consultations, the proposed BID levy rules and the activities to be delivered by the BID will be submitted to the Council in December 2022. It is anticipated that the final BID Proposal will be presented to the Council by 9th January 2023.

Risks and issues for the Council

- 3.6 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 section 6 of this report.
- 3.7 In the financial years 2020/21 and 21/22 a number of businesses were not able to pay the BID levy due to the adverse impact of COVID-19. This scenario was not accounted for in the initial Operating Agreement with the Beckenham Together BID and therefore a variation to this contract was agreed. In order to address this issue, due consideration will be given to any ongoing risks and the effects this could have on business profits and continuity. These will take the form of implications and contingencies for the Council which will be incorporated and reflected in the Operating Agreement for the prospective new BID term 2023-2028.
- 3.8 As a BID can only be established by a secret postal ballot, there remains a risk that regardless of the consultation and survey findings, it may be that the ballot does not lead to a favourable outcome and in this scenario, there may be a financial implication for the Council. In the event of an unsuccessful ballot, the businesses may expect the Council to provide a town centre service, including Christmas lights. Although this is not a statutory requirement, there may be some pressure from the local community to provide this service. In order for the Council to provide a minimalist approach to managing the town centre, the annual staffing impact has been identified as £50k per annum. As Christmas lights presently cost in the region of £20k per annum for Beckenham town centre, there may therefore be a financial implication of up to £70k per annum in the event of an unsuccessful ballot. In such an event, a further report setting out options would be presented for consideration by Members.

Consultation of Beckenham businesses

- 3.9 Given the Beckenham Together BID has been operating since its commencement in 2018, there has been continuous engagement and feedback from the levy payers throughout its first term. This was essential to ensure that project delivery reflects the expectations of the businesses and facilitates knowledge and understanding of the appetite for seeking a second BID term. The survey findings of businesses in the Beckenham Together BID suggests there is positive prospect of a 'yes' vote.
- 3.10 In addition to the survey, further engagement has been undertaken with the Chancery Road shopping parade. This area is within the existing BID boundary but consideration is being given by the BID Board as to whether it is included in the BID area for the new term. This local parade has its own identity and is located away from the main town centre of Beckenham. Therefore, it has been challenging for the BID to successfully demonstrate impact in this area. If this area is not included for the new term, the BID levy income will be reduced by circa £7.5k p.a representing 3% of the budget.

BID Proposal 2023 - 2028

- 3.11 A draft Business Proposal will be submitted to the Council for review in December 2022.
- 3.12 A consensus amongst levy payers, arising out of the survey and consultation undertaken to date, suggests support for the Beckenham BID to continue to deliver along similar priority work themes as during its first 5-year term. These themes include promoting the town centre, providing an events programme to attract visitors to the town, improved cleanliness and safety and building connections within the community.

For information, the table below sets out the existing BID Rules for Beckenham Together BID. The new BID levy rules for term 2 are under review however they are likely to remain similar to the previous term

Table 1: Proposed BID Levy Rules

The levy rate to be paid by each hereditament is to be calculated at 2% of its rateable value as at the Chargeable Day (1st April in each year).
All hereditaments with a Rateable Value of £5000 or above will be eligible for payment of the levy. (The number of hereditaments liable for payment of the levy is circa 362)
Each year the levy rate will be increased by a fixed rate of inflation of 2% per annum.
The levy will be charged annually in advance for each chargeable period, to be April to March each year. No refunds will be made.
Owners of untenanted buildings would be liable for the levy.
The London Borough of Bromley will be responsible for collection of the levy. The parameters of this responsibility, including collection charges to the BID, are to be set out in the Operating Agreement.

Implications of BID renewal

- 3.13 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 £1.14m over the 5-year term. If the Chancery Road shopping parade is removed from the BID area this figure would be reduced to £1.1m over the 5 year term. Regardless of the decision regarding the Chancery Road shopping parade, this is a significant level of private sector investment to help ensure that Beckenham town centre remains competitive. Like other BIDs, Beckenham Together will also be able to bring in additional income to the town over and above the BID levy income through sponsorship, event income or external funding. 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 will be approximately £600 per hereditament.
- 3.14 It is important to note that for a BID Proposal to be successful at ballot it must meet two key criteria:
- More than 50% of votes counted must be in favour, and
- More than 50% of the rateable value represented by the vote must be in favour
- 3.15 This means that the Beckenham Together BID Board must again persuade at least the number of voting businesses making up a minimum of 50% of the rateable value to vote in favour, to ensure that businesses with multiple hereditaments or properties with large rateable value, support the BID in the planned ballot. A focussed programme of engagement has been conducted with managers and potential voters with the higher rateable value organisations to enable a detailed understanding of their expectations in the event of renewal of the Beckenham Together BID.
- 3.16 In the event of the BID ballot being successful, delivery of the activities set out in the Beckenham Together BID Business Plan would be the responsibility of the Beckenham Together BID Ltd (a Company Limited by Guarantee). This would mostly be a continuation of current arrangements. The Board of Directors will continue to be drawn from businesses of varying sizes and from different sectors within the BID area. A list of the current Board members will be included in the final BID Business Plan, submitted to the Council as part of the BID Proposal in January 2023. The Board and BID team will continue frequent communication with relevant Council officers and Councillors and invite local authority representatives to meetings as appropriate.

3.17 The Operating Agreement will govern how the London Borough of Bromley and the Beckenham Together BID cooperates in relation to the operation of the BID – including how the BID levy will be collected and transferred to the BID company. The Operating Agreement includes a Baseline Statement, defining the services being delivered by the Council within the BID area of Beckenham Town Centre and which are scheduled to continue their delivery during the prospected additional 5 year term of the Beckenham Together BID. Whilst the delivery of these services will remain the responsibility of the relevant Council service areas, the BID retains the option to introduce additional services to enhance the provision of services in the existing baseline schedule.

3.18 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 for Council owned hereditaments in the Beckenham Together BID is expected to be £21,580.

Table 2: Council owned properties in the Beckenham Together BID area

Council Hereditament	Portfolio	R.V (£)	BID levy in Year One (£)	Estimated 5 year total (£)
Car Park - Village Way	Environment	90,500	1,810	9,050
Car Park - Fairfield Road	Environment	59,000	1,180	5,900
Car Park - St Georges Road	Environment	58,000	1,160	5,800
Car Park - Lewis House, Beckenham Road	Environment	8,300	166	830
Total			4,316	21,580

3.19 In the financial years 2020/21 and 21/22, many businesses were not able to pay their BID levy due to the adverse impact of COVID-19. As referred earlier, this scenario was not accounted for in the original Operating Agreement with the Beckenham Together BID and therefore a variation to this contract was agreed with the Council. In order to address the anticipated impact of the cost of living crisis or any other issue in the future, the Operating Agreement for the new BID term 2023-2028 will ensure that there are no costs to which the Council would be liable if a lower percentage of the levy is collected than expected.

3.20 As set out in para 3.8 above, a BID can only be established by a secret postal ballot. There remains a risk that the result could reveal an unfavourable outcome and in such an adverse scenario, there may be a financial implication for the Council of up to £70k depending on the scope of the town centre service and Christmas lights provision that may be continued. In such an event, a further report setting out options would be presented for consideration by Members.

4 POLICY

4.1 A core objective of the Beckenham Together BID is to foster the improvement and promotion of Beckenham town centre in partnership with the Council’s wider ambition to encourage Vibrant and Thriving Town Centres. It is therefore recommended that the Council supports the renewal of the Beckenham Together BID as the best means to ensure that the town centre continues to be managed effectively and significantly, enabling 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, the Council has to fund the cost of any BID ballot. For Beckenham Together BID, this is estimated to be £3,210. This would be funded from the Town Centre Management budget 2022/23.
- 5.2 The cost to the Council of the levy on Council-occupied hereditaments would continue to be funded from existing revenue budgets. This cost is estimated to be £22k over the five-year period 2023-2028.
- 5.3 In the event of an unsuccessful ballot, a further report setting out options would be presented for consideration by Members setting out potential financial implications to the Council. As detailed in paragraph 3.8, there may therefore be a financial implication of £70k per annum in the event of an unsuccessful ballot.

6 PERSONNEL IMPLICATIONS

- 6.1 The Council's only ongoing staff input for the Beckenham Together BID is to provide an Officer as an advisory member of the Board and this arrangement is expected to continue. The administration of the levy collection involves both Liberata and Council staff – and this is expected to also continue in the event of a renewed 5 year term. Costs related to these services are recharged annually to the BID company. There will be no staffing changes as a result of a prospective successful renewal of the Beckenham BID.

7 LEGAL IMPLICATIONS

- 7.1 Business Improvement Districts (BIDs) were introduced by Part 4 of the Local Government Act 2003 (LGA 2003).
- 7.2 Their establishment, enforcement and operation is regulated by the LGA 2003 and the Business Improvement Districts (England) Regulations 2004 (SI 2004/2443) as amended (Regulations).
- 7.3 The Beckenham BID Ltd, retained the lead responsibility for the delivery of the BID from the existing term 2018 to 2023. Beckenham BID Ltd is now formally requesting the Councils approval to ballot its business area for a further 5 year term – between March 2023 and April 2028.
- 7.4 Whilst there is no statutory obligation on the Council to establish a BID, there is a statutory process to follow if a BID Renewal Proposal is submitted to the Council as the relevant billing authority.
- 7.5 The Regulations require the BID proposer at least 84 days before sending a notice in writing requesting the billing authority to instruct the ballot holder to hold a BID Renewal ballot and to notify the billing authority and the Secretary of State in writing of the proposer's intention to ask the relevant billing authority to put the BID Renewal proposals to a BID Renewal ballot.
- 7.6 Where a submission from the BID Renewal proposer is received, the Council must be satisfied that the submission from the BID Renewal proposer includes a copy of the BID Renewal Proposal; details of the consultation undertaken; details of the finances and the financial management of the BID e.g., the Business Plan.
- 7.7 The Council must also be notified that the BID Renewal proposer wishes to put proposals for a BID Renewal to a ballot, and the BID Renewal proposer needs to ask the billing authority to instruct the Council's returning officer (the ballot holder) to hold a ballot.
- 7.8 The Regulations requires the Council to satisfy itself that the BID Renewal Proposal does not conflict with any of the 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); nor does it propose a disproportionate burden on particular

businesses by way of an unfair levy charge on a certain ‘class’ of levy payers. For example, by an inappropriate manipulation of the BID boundary. These are the only criteria on which a Council can reject an application for a BID Renewal ballot or to veto the outcome of a ballot.

7.9 The Council’s Constitution under Part 3 ‘Responsibility for Functions’ under Functions exercised by the Full Executive provides that all Executive decisions other than those specifically listed as being exercised by the Full Executive, shall be taken by the member of the Executive with Portfolio responsibility for the matter in question. Under the Executive Procedure Rules 1.3 (a) the Portfolio Holder may delegate such decisions to an Officer.

7.10 Council service teams will work closely with the Beckenham Together BID Ltd to draft and finalise the Operating and Baseline Agreements which are legally required for the formation of the BID. These are described 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.

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 would only fund other/additional services requested or commissioned by the BID company, not those usually provided as standard service provision. The baseline statement describes the services provided by the Council 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 will be available to the Director for Housing, Planning and Regeneration under delegated authority at the appropriate time and prior to the ballot of businesses in the Beckenham Together BID.

7.11 Should there be a requirement for the Beckenham Together BID to commission any other services from the Council, then the Councils Legal Service will draft a further agreement for any additional services which the Council or other agent may provide.

7.12 Furthermore, where the Council is a non-domestic ratepayer in relation to a hereditament situated in the area to be comprised in such proposals then certain rights are given to the Council including the right to be included in the ballot and to vote. In this respect the recommendations in this report seeks a delegation granting authority to the Director for Housing, Planning and Regeneration to vote.

Non-Applicable Headings:	Procurement: Impact on vulnerable adults and children
Background Documents: (Access via Contact Officer)	BECKENHAM AND PENGE BUSINESS IMPROVEMENT DISTRICT (BID) PROPOSAL FOR 2018-2023 7 TH NOVEMBER 2017 (DRR17/051) BECKENHAM AND PENGE BUSINESS IMPROVEMENT DISTRICT (BID) UPDATE 22 ND JANUARY 2019 (DRR20/002)