



Chester-le-Street District Council

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| Report to: | Executive |
| Date of Meeting: | 6 October 2008 |
| Report from: | Town Centre Development Manager |
| Title of Report: | Developing a Business Improvement District for Chester-le-Street Town Centre |
| Agenda Item Number: | 8 |

1. PURPOSE AND SUMMARY

- 1.1 This report recommends that Chester-le-Street District Council should take positive steps to work with businesses in its town centre and develop a Business Improvement District (BID) to enhance the town's commercial viability. It discusses the policy background; what benefit the partners and our communities would obtain and outlines the steps needed to develop a BID.

2. CONSULTATION

- 2.1 The proposal to develop a BID for Chester-le-Street has been discussed informally with members of the Business Association, who are in favour in principle and agree that the town centre is ripe for improvement. A more formal meeting was held with representatives of the Business Association and other business people on 23 June 2008. The meeting endorsed the proposal to develop a BID.

Those who attended the meeting are passionate about the town and have invested their own money to improve the business environment. They are keen to develop new projects. A BID prevents freeloading; all the businesses in the BID area gain from the levy, which is a major selling point.

3. Transition Plan and People and Place Priority

- 3.1 The development of a BID is a priority for the 'Investment in the Town Centre' aspect of the People and Place single priority.

4. Implications

4.1 Financial Implications and Value for Money Statement

There are around 450 hereditaments in the town centre footprint yielding £3,650,000 in non-domestic rates; if a 1.5% levy was agreed in a vote this could raise around £55000 per year for the BID.¹

4.2 Local Government Reorganisation Issues

The Council has an important role in developing a BID. It is vital that the BID has its support and necessary that a strong partnership is forged between it and the business community at an early stage. Officers from Durham County Council's economic Development Department and the Durham Economic Partnership have been consulted and have no objection to the development of a BID but are unable to assist financially.

4.3 Legal

Local Authorities play an important facilitating role and in particular are charged with legal responsibilities, including the provision of the ratings data to calculate the BID levy; the collection and enforcement of the BID levy via a ring-fenced BID Revenue Account, which is then passed to the BID company; the organisation of the formal BID ballot, and the preparation and commitment to an audit of services.

4.4 Personnel

The Town Centre Development Manager will require part time assistance to conduct the necessary consultation and business case development processes on the run up to a vote on the BID proposals.

4.5 Other Services

Departments delivering services to businesses and residents in the town centre wards will be required to provide accurate details of service levels and costs. This will include all our public sector partners.

4.6 Diversity

The BID consultation process will be open to all who are within the BID footprint area; this will include resident's associations and the voluntary sector.

4.7 Risk

Appendix 1 to this report outlines the pros and cons of developing a BID.

¹ These are indicative figures, which will need to be verified.

4.8 Crime and Disorder

A BID Business Plan could include provision for extra Crime and Disorder preventative measures that will improve the perception of safety in the town. Discussions have taken place with the Officer in Charge of policing the town centre who also supports the development of a BID.

4.9 Data Quality

Every care has been taken in the development of this report to ensure that the information and data used in its preparation and the appendices attached are accurate, timely, consistent and comprehensive. The council's Data Quality Policy has been complied with in producing this report.

4.10 Other Implications

A private sector lead Town Centre BID Steering Group will need to be established in order to champion the BID process and to develop the Business Plan upon which non-domestic ratepayers will vote. The meeting that took place with business people on 23 June agreed to develop such a steering group; however the relationship between the private sector, Chester-le-Street District Council and the new Unitary Authority has to be determined.

5. Background to Developing a Business Improvement District

5.1 BIDs are a proven means of enhancing the business environment; over 60 have been established across England and Wales since the enabling legislation was passed ².

5.2 A company, partnership or group manages a BID, which may be established by the business community, local authority or others. The BID will invest in specific projects and additional services over and above those already provided by a local authority and other public bodies. These bodies will enter into formal baseline service agreements with the BID organisation. The BID organisation, in consultation with businesses in the area, decides what its priorities are and produces a business plan.

5.3 The revenue collected provides a flexible funding mechanism to improve and manage the commercial area. Funding is based on the principle of an additional levy on all defined non-domestic ratepayers following a simple majority vote. ³

5.4 A dual test applies to the votes cast:

² Part four of the Local Government Act 2003, (2003 C.26)

³ Funding is not likely to be reliant only on the BID levy. Other sources could be a significant – from voluntary contributions, sponsorships, grants or similar leverage.

1. A simple majority of those voting.
2. Those voting in favour must represent a majority by rateable value of the hereditaments (rateable properties).
- 5.5 The levy proposed in the BID business plan becomes mandatory on all defined ratepayers and is treated in the same way as the Business Rate, becoming a statutory debt.
- 5.6 The business plan should specify how the levy would be paid and calculated but there are provisions within the legislation and regulations for smaller companies to contribute less.
- 5.7 The Council collects the additional levy in the same way as non-domestic rates but the revenue is held in a ring-fenced BID account. The BID runs for a defined period but it needs to be reviewed or renewed after five years, which will be the subject of another vote.
- 5.8 In order to establish a successful vote the BID will rely on a certain amount of up-front funding to get it off the ground.

6. Recommendations

- 6.1 That Executive agrees to the development of a Business Improvement District for Chester-le-Street Town Centre.
- 6.2 That Executive agrees to use People and Place Capital funds to employ a part time assistant⁴ for the Town Centre Development Manager and to develop the BID.

7. Background Papers/ Documents referred to

- 7.1 Part four of the Local Government Act 2003, (2003 C.26)
- 7.2 Appendix 1 (BIDs in Brief)

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⁴ The process of writing a person specification job description and evaluation is being undertaken. Approximatley £15000 is set aside for consultation and marketing the BID.

Appendix 1

BIDS IN BRIEF

Business Improvement District allow businesses in the defined area and / or business sector(s) to vote on which additional services they want to invest in, to improve their trading environment

The vote is open if a simple majority, both by number and by rateable value, approve the proposal, all non-domestic ratepayers will contribute through their business rates

BIDs give local businesses the power to effect changes that will benefit them in their local community. Improvements may include extra safety/security, cleansing and environmental measures, improved promotion of the area, improved events, and greater advocacy on key issues, but the legislation does not put a limit on what products or services are provided

Businesses have the opportunity to agree on the projects for which they are contributing and to vote in a ballot on the amount of money they are prepared to raise, enabling them to become involved in the administration of the schemes themselves

BIDs are operated by not-for-profit partnership organisations

Businesses must be able to sustain the additional cost - if they are not viable the BID levy will not be sufficient to raise enough income to make it a worthwhile venture

Once voted for, the levy becomes mandatory on all defined ratepayers and is treated as a statutory debt

The plan has a lifespan of up to 5 years and further proposals will have to be reaffirmed through a vote

Who Gains and How?

The Community

- Can produce economic well being and economic growth in the area
- Attracts inward investment
- Gives competitive regional advantage
- Produces social well being / improves quality of life
- Develops partnership between private & public sector
- Encourages corporate social responsibility

- Provides sustainable investment for ongoing capital projects/services
- Creates a positive sense of place and enhanced feeling of safety and well being - provides community pride.

Businesses

- Increases footfall
- Increases consumer spend and sales - can lead to increase in profits
- Reduces costs (crime reduction, joint activities, e.g. promotions/marketing)
- Is flexible to address the issues of individual sectors
- Gives businesses a local voice
- Creates more appealing environment for employees
- Fair to smaller businesses
- Fair system, those that invest, benefit - no freeloading
- Can decide and vote for action before making the investment
- Can control process, monitor results and terminate it easily – flexible.

Local Authorities

- Harnesses private sector management/organisational drive and skills
- Promotes greater understanding of the role of LAs
- Provides new, sustainable investment and doesn't detract from other resources
- Has commercial support.

The Landlord

- Assists capital value growth
- Increases rental values of property and area
- Increases an area's desirability and attracts occupiers
- Increase in trade which affects turnover based rents (some retail)
- Could help properties away from main footfall areas
- Good PR for company locally and regionally
- Forges positive links with council

Establishing a BID

Preparing for, consulting upon and marketing the concept is essential; therefore a clear and effective strategy should be developed at the start of the process, which could take up to 18 months. The focus of any consultation or marketing strategy should be on delivering a return on investment, rather than simply increasing the costs of running a business. It will also need to recognise that a business person – whether owner or occupier – will not vote in favour of the BID unless it is self-evidently in their interests to do so.

There are a number of audiences to convince:

Businesses:

- Any new services they pay for have added value to them.
- Businesses must see the levy as an investment rather than an unnecessary burden. For example, through increased footfall as public confidence improves; higher asset values as the area's competitiveness increases: lower costs as crime falls, security improves - &
- That objectives can be delivered through a BID – this could involve other stakeholders in the equation e.g. owners and landlords.

The Authority:

- The BID will benefit the wider community – through increased employment etc.
- The BID has wide business support
- The beneficial outcomes will improve its popularity

Owners:

- BID objectives will be beneficial to the area – hence they may be more likely to invest in the area.
- They can convince their tenants that the BID levy and resulting improvements will not lead to offsetting by increased rents.

Voluntary and Community Sectors:

- They have a stake in the BID and its objectives will benefit their constituents
- The community can be involved in the development of strategies helping to harness civic pride through a shared vision.

Practical Steps To Set Up The Bid

What's Feasible?

1. Define the area carefully to provide focus
2. Develop/identify projects with equal care with all stakeholders
3. Define baseline services that the Authority and other public bodies provide in the area
4. Assess the costs - rateable value information will enable potential yields and therefore the feasibility of costing the schemes prioritised
5. Allow a notional 12 to 18 month period from forming the partnership to the ballot result

Forming a Board

The BID Board will develop the proposal and business plan explaining how the BID will be implemented. Its member's most important work will be to draw up and sell the proposal and the business plan, which should cover:

- Baseline agreement – what the BID entails and what the partner's commitments will be.
- The benefits to the stakeholders clarified
- Risk assessment – covering aspects such as contingencies to deal with funding gaps, delivery failure, loss of key personnel or other externalities
- Liability
- Other identified contributions
- Budget and funds likely to accrue
- Voting procedure and publicity for the vote
- The BID's aims, objectives, timescales, outcomes and KPIs

Administration and Management

Management of the BID is the key to its success. The Board that was set up prior to the vote may not be appropriate afterwards. Members may need different skills and techniques to implement the business plan. But the skills and qualities of the BID manager are crucial. The legal status of the Board has also to be considered; it may be appropriate to make the BID a company limited by guarantee and its roles could include:

- Acting as a focal point for those involved in the BID area
- Supporting stakeholders and seeking new investors
- Developing areas for projects and coordinate and oversee them
- Monitor budgets etc.

To maintain the mandate the Board must be able to show the benefits of the BID over time, meeting targets, outcomes etc. Mechanisms for measuring change and evaluation are required and KPIs should be established to determine change over the period of the BID.

As the BID develops new issues will arise:

- The range and nature of business change – the BID will need continuous marketing
- The focus and/or boundary may need to change
- The relationship between the BID and the Council may evolve – (who provides what services?)