

Report to Cabinet

24th January 2019

By the Cabinet Member for Local Economy

DECISION REQUIRED



**Horsham
District
Council**

Not Exempt

A Business Improvement District for Horsham Town Centre

Executive Summary

Business Improvement Districts are business-led partnerships, which are created through a ballot process to deliver additional services to local businesses. All BIDs have a clear and focused role, contained within a Business Plan, which all eligible businesses are asked to vote upon in a ballot. The development of the plan needs to be led by the business community and should involve extensive consultation to ensure that it includes the priority improvement actions, which tend to include:

- Business cost reduction projects
- Car parking improvements
- Local priority improvement actions
- Marketing and promotional activities
- Public event management and development
- Public safety and security initiatives
- Streetscene improvements

The past few years has seen a significant change in the retail sector, with retailers on UK High Streets hit by weak sales, online competition and rising costs. The role for town centres across the country is changing:

“Forget retail for town centres, they need to become community hubs based on health, education, entertainment, leisure and arts and crafts” (Grimsey report)

With the need for town centres to adapt, the night time economy is becoming a central part of the future of the UK high street. It is essential that an attractive night time economy is established in Horsham Town Centre and is a strategy that can be effectively led by a BID organisation. This partnership can bring together local businesses, community groups and HDC in developing night time economy strategies that can reduce costs, boost business rate income, improve community wellbeing and create jobs. The BID will generate additional resources that can be targeted at developing the night time economy.

To take the next steps requires dedicated resources to determine the BID area, develop a business plan and campaign to champion the establishment of a BID. The key cost is the recruitment of a BID Project Manager. This should be an independent role which focuses on consulting with the town centre businesses on the key issues and projects and promoting the benefits of a BID to secure a positive result in the ballot. There are additional ancillary costs in the lead up to the ballot.

Resource		Cost
Staff	BID Project Manager	£33,000
Admin	Premises, IT etc.	£2,500
Marketing		£16,000
Legal	Ballot Costs	£2,500
Consultancy Support	Support for BID Project	£16,500
Total		£70,500

Recommendations

That the Cabinet is recommended:

- i) **that the £70,500 funding required to progress the BID to the ballot stage is agreed. This can then be put forward as a revenue growth bid in the current budget process.**

Reasons for Recommendations

- i) to ensure that the resources are put in place to progress a Business Improvement District for Horsham Town Centre

Background Papers:

Horsham BID Foundation Stage Report 2014: The Mosaic Partnership
The Grimsey Review 2: The Vanishing High Street 2018

Wards affected:

Horsham: Denne Neighbourhood Council

Horsham: Forest Neighbourhood Council

Horsham: Trafalgar Neighbourhood Council

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Background Information

1 Introduction and Background

- 1.1 Business Improvement Districts are business-led partnerships which are created through a ballot process to deliver additional services to local businesses. Since the introduction of Business Improvement District legislation in 2003, over 250 Business Improvement Districts have been created across the UK. BIDs operate through the levy of a small percentage on National Non-Domestic Rates, with the actual levy percentage varying dependent on the area in question. In most towns and cities, the BID levy tends to lie between 1% and 1.5%.
- 1.2 All BIDs have a clear and focused role, contained within a Business Plan which all eligible businesses are asked to vote upon in a ballot. The development of the plan needs to be led by the business community and should involve extensive consultation to ensure that it includes the priority improvement actions, which tend to include:
- Business cost reduction projects
 - Car parking improvements
 - Local priority improvement actions
 - Marketing and promotional activities
 - Public event management and development
 - Public safety and security initiatives
 - Streetscene improvements
- 1.3 It is important to note that the intention of a BID is to add projects and activities to a town or city over and above those which are already taking place. A BID is not a mechanism for any public or private sector body to cease to provide established activities. The critical first step is in establishing a baseline SLA which is the activities the Council agrees to continue with.

1.4 What are BIDs delivering?

There are common themes across the country which businesses have identified as being a priority

Marketing/promotion

This theme is articulated through business led marketing strategies. Here the image of a place is important. For retailers and leisure businesses it means more visitors and more spend, for the office and commercial sector it means a more attractive offer for the workforce they need. In terms of activities, this can deliver:

- Events
- A more vibrant evening economy
- Special offers scheme
- Business and footfall data
- Welcome signs
- Regular market research
- Targeted promotions

- Loyalty cards

Attractive Town

Views of businesses canvassed during the BID process in areas such as Chelmsford and Lichfield highlighted the need for improvements to the local environment to make the town more attractive and accessible to customers. BIDs are delivering:

- Free parking offers, signage and promotion
- Free Wi-Fi
- Summer bunting
- Markets
- Public realm improvements
- wayfinding

Safe and Welcoming

The activities being delivered through BIDs are aimed at ensuring that the towns are welcoming and easily accessible places for visitors, workers and residents:

- Street wardens/Night Angels
- Town centre ambassadors with a combined role of welcoming people to the town and working closely with businesses. They would also troubleshoot issues and lobby the relevant organisation to take action
- Achieve the Purple Flag status -The Purple Flag standard, launched in 2012, is an accreditation process similar to the Green Flag award for parks and the Blue Flag for beaches. It allows members of the public to quickly identify town & city centres that offer an entertaining, diverse, safe and enjoyable night out.

Business Support

Establishing a BID leads to a stronger business community

- Many BIDs create savings through a joint procurement scheme of common business services
- implement group purchasing initiatives to save day and night-time economy businesses money on overheads such as energy, insurance, telecoms and waste disposal
- a strategic voice for businesses
- provide business seminars and networking events and help link businesses with the local community
- employee benefits such as exclusive local offers and social networking events to assist businesses with recruitment and retention of staff

1.5 Case Studies

St Albans

This delivered the following:

- Christmas Lights Switch on – 18,000 visitors
- Nutcracker trail – 468 entries
- 20 benches and 400 bollards painted
- St Albans Gift Card – this is MasterCard-based and works like a store voucher

Lichfield

This delivered the following:

- The Bid funds the local Business Crime Reduction Partnership
- Funded over 60 digital radios for businesses to use in the city to identify and report possible criminal activity
- Funded the development of a signage strategy
- Free Wi-Fi
- Welcome to the city signs

Winchester

This delivered the following:

- Street pastors
- Purple Flag accreditation – this indicated that the city has a safe yet vibrant night time economy
- Fit for Business scheme – designed to support and encourage early stage businesses
- Hanging baskets and Christmas lights

1.6 Who can launch and operate a BID?

A BID can be launched by any partnership of stakeholders but must be led by representatives from the Private Sector who have a vested interest in the BID's success. A BID company is usually formed either Limited by Guarantee as a non-profit company or as a CIC – Community Interest Company

1.7 How are a BID Area and its members determined?

A BID area, who pays and the rates to be levied are decided by the team organising the BID Proposal to achieve the greatest achievable balance between income and acceptability/fairness and thereby success of the BID ballot. The business plan will need to set out the way the BID will be established, the governance and the businesses that will be required to pay the levy. In Worthing, the BID Organisation decided that only businesses with a rateable value of £12,000 or more pay the levy.

Some BIDs are focused purely on retailers others target support to the night-time economy or office/industrial unit occupiers.

1.8 What is the role of the Local Authority in a BID?

The key role of the Council is in fostering the setting up and operation of the BID through creating the right environment and facilitating the process leading up to the Ballot.

The Council will need to agree to the BID having certain responsibilities/authorities for the delivery of its Business Plan. This needs to be confirmed in one or more Memorandums of Understanding. It will also need to agree a baseline with the BID regarding which services and activities the Council will continue to provide. There is a potential to provide additional services under contract to the BID to an agreed standard covered by Service Level Agreements

In most BID areas the Council is responsible for the collection of the BID levy on behalf of the BID (either free or for an agreed fee charged to the BID company). Although the costs of billing, collection and recovery will be specific to the BID scheme that is set up, in Worthing which has 465 BID levy payers, the collection costs are £12,696. The levy is collected by the Borough Council and its costs recharged to the BID.

1.9 What are the Benefits of a BID?

A key benefit of a BID is the opportunity for businesses to decide their own priorities and invest collectively to shape the business environment in which they trade. BID levy money is ring-fenced for use only in the BID area – unlike business rates which are paid in to and redistributed by government.

Where BIDS have been established, business performance is up and business costs are driven down. There are recorded increases in footfall, customer spend and sales. With an agreed business plan, established through extensive consultation, there is an effective framework to shape the future business planning. BIDs have increased a town's desirability and attracts occupiers, assisting with its competitiveness within the region.

2 Relevant Council policy

- 2.1 One of the key objectives in the Horsham District Council Corporate Plan is to "Improve and support the local economy". By establishing a BID for Horsham town centre, there will be a business led focus to ensure the town centre's economic viability and ensure that it adapts to the changing role of the traditional high street.

3 Details

3.1 What are the benefits of a BID for Horsham Town Centre?

The past few years has seen a significant change in the retail sector, with retailers on UK High Streets hit by weak sales, online competition and rising costs. The role for town centres across the country is changing:

“Forget retail for town centres, they need to become community hubs based on health, education, entertainment, leisure and arts and crafts” (Grimsey report)

3.2 With the need for town centres to adapt, the night time economy is becoming a central part of the future of the UK high street. It is essential that an attractive night time economy is established in Horsham Town Centre and is a strategy that can be effectively led by a BID organisation. This partnership can bring together local businesses, community groups and HDC in developing night time economy strategies that can reduce costs, boost business rate income, improve community wellbeing and create jobs. The BID will generate additional resources that can be targeted at developing the night time economy.

3.3 **Direct benefits for Horsham Town**

The funding generated by the BID would invest in business driven projects, such as:

- Night time economy – BID could fund street wardens to operate in the evenings
- Public realm enhancements
- Christmas lights
- Free Wi-Fi
- Signage/wayfinding

There is also the potential for income generation:

- BID procures commercial waste collection from HDC
- BID has an SLA with HDC events team to deliver town centre events
- HDC car park revenues increase with positive footfall trend and/or increases in dwell time through better circulation across the town centre

The current town centres manager resource can be redirected across the district, for the benefit of all the market towns. The Council would also benefit as both a local authority and a property owner in the BID area as economic vitality and success secures better covenant tenants and longer lease terms.

Town centre businesses will drive the success of the town and the right commercial decisions/balance can be progressed without delay allowing a much more reactive response in these challenging times for the service sector/town centre overall.

3.4 **What Resources are Needed to Progress a BID**

The Mosaic report carried out in 2014 set out the upfront resources that would be needed. This would need to be funded by HDC as there is no other town centre organisation that has the funds to kick start the BID process. The cost could be recouped from the BID, although this would impact on the funding available to the BID in the initial start-up period. If the outcome of the ballot is negative, the costs would need to be written off.

The key cost is the recruitment of a BID Project Manager. This should be an independent role which focuses on consulting with the town centre businesses on the

key issues and projects and promoting the benefits of a BID to secure a positive result in the ballot. There are additional ancillary costs in the lead up to the ballot.

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3.5 How Much Funding Could be Generated?

From the report prepared by Mosaic in 2014, the area assessed as a potential BID (Appendix 1) had:

- 582 Organisations
- £22,645,060 RV
- 23 streets
- 17 sectors

There are a number of levels for the BID levy, ranging from 1% up to 2%.

- 1% would generate £226,450
- 1.5% would generate £339,675
- 2% would generate £452,901

The report from Mosaic also highlighted an opportunity for the BID to generate additional income. Their indicative budget projection for a BID levy of 1.5% put forward additional income such as media partnerships, developer funding of £77,600.

It will be for the BID organisation to determine whether smaller businesses will be exempt from the BID levy. For example, in Worthing, businesses who have a rateable value of less than £12,000 are exempt. The above figures include all businesses.

Horsham District Council Contribution as a BID Business

Within the BID area the HDC properties had a total RV of £1,010,400. For a BID of 1%, the HDC contribution would be £10,104 and for 1.5% the contribution would be £15,156. This is based on the BID area as outlined in appendix 1, the final boundary would be determined as part of the initial development work.

- 3.6 It is essential that we respond to the changing role of our town centre. It is clear that the retail sector will play a significantly reduced role in the vitality and viability of the town, with the shift to a more leisure based, cultural and entertainment function. For any successful BID there needs to be a “knotty issue” which a business partnership is best placed to address. For Horsham it is the changing nature of its central role and the need to have a thriving night time economy. The limited resources HDC has and the current lack of engagement with the town centre businesses means that the Council is not in a position to drive this issue forward.

- 3.7 A BID for the town centre would ensure that there is a business plan driven by the businesses, ring fenced resources to deliver projects and activities and a positive relationship between the private and public sectors.
- 3.8 Current town centre stakeholders committed to forming the core BID Project Board and then leading through a yes vote to delivery are:

Simon Pringle	Red River
Gill Buchanan	Swan Walk
David Sheldon	Voluntary sector
Dominic Wakefield	Wakefield Jewellers (Financial/membership expertise as well as retail)
Ben Hewson	Horsham Rotary
Pedro Martins	Cote Manager representing the F&B sector
Melanie Wakefield	Wakefield Jewellers (Retail and Marketing expertise)
Nigel Davis	John Lewis Partnership
Mike Spencer	M&S

4 Next Steps

- 4.1 If the necessary resources are agreed to proceed with the next phases, then a tender would be issued to appoint an external consultancy to progress the following tasks:
- Set up a BID Task Group
 - Review the feasibility study and BID area
 - Carry out detailed consultation with the business community
 - Develop the baseline statements
 - Develop the business plan
 - Undertake the Campaign phase
 - Carry out the formal ballot

The process from the initial development phase to the establishment of a BID organisation is usually around 18 months.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The Local Economy Policy Development Advisory Group discussed the potential for a BID in Horsham at its meeting on 19th December 2018. The Group advised that it fully supported the proposal.

6 Other Courses of Action Considered but Rejected

- 6.1 The option of not progressing a BID has been considered. However, this would not address the challenges facing our town centre and its changing role. It is essential that a strong business voice is developed, with ring fenced resources identified to deliver agreed projects and priorities.

7 Resource Consequences

- 7.1 To progress the proposed BID to the ballot stage will require a budget of £70,500. This will need to be resourced by the District Council and has been included as a revenue growth bid for one year only in the 2019/20 budget paper. Should the ballot

be unsuccessful, this funding cannot be recouped. If the result of the ballot is a yes vote, consideration can be given to an agreed repayment of the funding from the new BID organisation. However, given the significant set up costs of the BID organisation that will need to be resourced via the BID levy, the terms of repayment, should that be the agreed course of action, need to be carefully negotiated so as not to adversely impact the initial BID process.

7.2 There are also costs associated with the collection and recovery of the BID levy, these costs will involve, but are not limited to:

- Set up costs for the functions and management of the BID levy collection
- Software purchase for the appropriate BID module provided by Capita, quoted approximately at £6,000.00
- Ongoing resource costs to cover the day-to-day functions, activities and management of the BID levy collection
- On-going software maintenance costs, quoted at approximately £2,200 by Capita

7.3 The Council will be the billing authority and will be responsible for the imposition, collection, recovery and application of the BID levy and administering the BID revenue account under this proposal. This work will be undertaken by the Council's Revenues and Benefits team. The costs of managing and administering the account including software costs are recoverable annually in advance from the BID levy under the terms of the Operating Agreement and will be adjusted annually in line with inflation.

7.4 The Council will seek to enter into an agreement with LGSS to undertake the above duties under an amended Partnership and Delegation agreement.

8 Legal Consequences

8.1 Part 4 of the Local Government Act 2003 gave local authorities the power to enable BID arrangements for the benefit of a district or those who live, work or carry on an activity in the district. The Council also has the power to make financial contributions or take action for the purpose of enabling the BID to be carried out.

8.2 The Business Improvement Districts (England) Regulations 2004 outlines the legal responsibilities of the Council as billing authority. The Council must approve the BID business plan, financial management, and consultation as well as providing an accurate non-domestic rates list.

8.3 The Council will negotiate, agree and enter into a BID Operating Agreement with the BID Company providing a Yes vote is secured in the forthcoming ballot.

8.4 At this stage in the process the Council, as billing authority, is only required to instruct the Returning Officer to hold a ballot once satisfied that the BID Proposer has met all the requirements under the Regulations. Where the relevant billing authority is of the view that the BID proposals conflict with a policy formally adopted by and contained in a document published by the authority the authority shall, as soon as

reasonably practicable after receiving the proposals, notify the BID body in writing explaining the nature of that conflict. Officers have stated elsewhere in this report that there is no conflict.

- 8.5 The Council has implied legal powers under the above legislation and a general power of competence under section 1 of the Localism Act 2011 (subject to overriding fiduciary duties) to enter into arrangements to facilitate the BID arrangements including levy collection and may enter into a Baseline Agreement for the Provision of Standard Services and an Operating Agreement to confirm agreed arrangements. Local Authorities are required to provide a schedule of baseline services under Schedule 1 of the BID regulations. Should a ballot be successful the BID Body proposes to form itself into a Company Limited by guarantee under the Companies Act 2006. Proposed Council payments and contributions would fall within the Council's general power of competence and any state aid issues are unlikely to apply and should in any event fall within the de minimis threshold exemptions.
- 8.6 When making decisions the Cabinet and officers must ensure that they understand that the interests of the Council as owner of hereditaments in the BID and certain duties under the Regulations may not coincide. Although this is unlikely in practice it may be necessary put in place arrangements to deal with a conflict of interests albeit that a person does have rights of appeal in the event of the Council exercising it.
- 8.5 The Council has a right to exercise a veto after the outcome of the Ballot if the Council considers the arrangements are likely to either conflict to a material extent with any of their published policies or place a disproportionate and inequitable financial burden on any person or group of persons through manipulation of the BID geographical area or the structure of the BID levy.
- 8.6 In due course, if the BID does not deliver the envisaged benefits, there could be indirect reputational risks for the Council. However, by supporting the BID process and remaining involved in the day to day running of its activities, the Council will be seeking to mitigate any potential future risk.

9 Risk Assessment

- 9.1 Whilst the resources would ensure that the businesses were engaged in highlighting the key issues and involved in the production of a business plan, this cannot guarantee that the ensuing ballot would be successful. In the event of a negative vote, there would be no opportunity to recoup any of the £70,500. It is critical that the business plan clearly demonstrates the benefits of a BID to the businesses and secures their buy in to the project.
- 9.2 The risk to the Council is in the recovery of outstanding debts which will be pursued in line with the normal business rate collection processes.

10 Other Considerations

- 10.1 There are no significant consequences of this proposed action in respect of Human Rights; Equality & Diversity and Sustainability. Many of the BIDs established across the country have had a positive effect on Crime & Disorder. In some areas, Purple Flag status has been achieved, demonstrating that they have a safe night-time economy.

10.2 Many BIDs create savings through a joint procurement scheme of common business services and implement group purchasing initiatives to save day and night-time economy businesses money on overheads such as energy, insurance, telecoms and waste disposal

