

BUSINESS IMPROVEMENT DISTRICT FOR EPSOM - PROGRESS REPORT

<u>Report of the:</u>	Head of Place Development
<u>Contact:</u>	Alanna Coombes
<u>Urgent Decision?(yes/no)</u>	No
<u>If yes, reason urgent decision required:</u>	N/A
<u>Annexes/Appendices (attached):</u>	Annexe 1 – Town Centre Survey results
<u>Other available papers (not attached):</u>	None stated

REPORT SUMMARY

This report sets out the progress made by the Epsom Town Business Partnership (ETBP) in creating a Business Improvement District (BID) for Epsom town centre and the likely timetable for future action.

It notes the statutory duties of a local authority in a BID process and the contribution EEBC is making to plans for one in Epsom. It then sets out the estimated annual levy for 2017/18 onwards that would be due on its hereditaments (property) should a BID be created in Epsom town centre.

RECOMMENDATION (S)

- (1) That the Committee notes the progress of the Epsom Town Business Partnership (ETBP) in creating a Business Improvement District (BID) for the town centre
- (2) That the committee notes the statutory role of the local authority in the process of creating a BID
- (3) That the committee provides a commitment to the ETBP that EEBC will continue to encourage the creation of a BID

Notes

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

1.1 One of EEBC's five key priorities as set out in the Corporate Plan 2016-2020 is, 'Supporting businesses and our Local Economy'. It states that we will do so through five activities:

1.1.1 Supporting a comprehensive retail, commercial and social offer

- 1.1.2 Maintaining strong links with local business leaders and representative organisations
- 1.1.3 Supporting developers to bring forward the development of town centre sites
- 1.1.4 Developing an affordable Economic Development Strategy
- 1.1.5 Promoting our Borough as an excellent place to do business
- 1.2 Clearly progress on these activities depends significantly on the national and regional economies and the willingness of businesses to invest in the borough. However, the local authority has an important role to play in creating the right environment for businesses to thrive.
- 1.3 Through the appointment of a Town Centres Manager EEBC has demonstrated its commitment to support business and the local economy. Through her work with businesses she has brought the council closer to making achievements against council key priorities in 1.1 above.
- 1.4 In particular, should a BID be created we can expect the town centre to be more attractive to retailers, commercial, businesses services and leisure providers. This would make a contribution to the achievement of 1.1.1 above. For the same reason we could expect potential development to become a more attractive proposition (1.1.4 above) and expect the town centre to be promoted as an excellent place to shop, visit, relax and do business (1.1.5). Support for the creation of a BID is also described in EEBC's Economic Development Strategy.
- 1.5 As part of the work of the Town Centres Manager (TCM) a new town centre partnership has been facilitated, the Epsom Town Business Partnership. The group meets monthly, is chaired by the manager of Marks & Spencer, and includes managers of Wetherspoons (Pubwatch), the Ashley Centre, Specsavers, Wilko, Ernest Jones, So Lippy, Stitch Mouse, the business development of Surrey Chambers, the deputy manager of Boots, and a partner at TWM solicitors. The TCM services these meetings and if a BID is created we might expect EEBC to have a place on a BID board. This work is contributing to 1.1.2 above.
- 1.6 In short, the council's work in supporting the creation of a BID is contributing to the achievement of a number of its activities under the key priority of supporting businesses and our local economy.

2 Background

What is a BID, what do they do and how do they work

- 2.1 Business Improvement Districts (BIDs) are business-led, business-funded bodies that deliver on a business plan agreed through a formal ballot of all 'hereditaments' (properties) in a defined area (with a continuous boundary).

- 2.2 Kingston was the first town centre in Britain to create a BID in 2005. Since then over 200 BIDs have been created across the country including in our other competitor town centres - Sutton, Guildford and Croydon.
- 2.3 BIDs elsewhere include Purley, Oxted, Wimbledon, Camberley, Horsham, Winchester, Chichester, Waterloo, London Victoria, Ealing, Hammersmith, and Twickenham. Smaller neighbouring centres including Dorking and Worcester Park are now looking to create one too.
- 2.4 Business Improvement Districts deliver on a Business Plan (referred to by government legislation and guidance as 'The Proposal') that has been approved by a formal ballot of all businesses in the defined area. Typically the themes include:

- ✓ Branding a town centre, marketing and advertising
- ✓ Cleaner, smarter, safer and more attractive
- ✓ Putting on events and running specialist markets
- ✓ Networking and learning opportunities for businesses
- ✓ Using the strength of a business partnership to lobby for changes (such as for transport improvements)

- 2.5 The funding for such activities comes from a levy on business rates – of usually between 1% and 2% (with the national average being 1.4%).
- 2.6 The levy amount and the activities preferred are set out in a Business Plan (that acts as a manifesto at a formal ballot of all businesses within a boundary). This BID boundary is also set out in the business plan.
- 2.7 Importantly, any funding raised must be for new services or activities – it cannot be used to replace funding currently provided through public service operators (county or borough council or the police).
- 2.8 The process for the creation of a BID is tightly defined within legislation.

Steps to creating a Business Improvement District in Epsom

- 2.9 There are a number of steps in creating a BID and some have already been taken in Epsom:

	Stage	Timescale *estimated
1	Establishing whether there seems to be enough business interest in creating a BID	Early 2016
2	Holding a visioning event to test opinion of a representative selection of businesses	March 2016

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	Stage	Timescale *estimated
3	Creating a town centre partnership to take a lead and coordinate BID activity	June 2016
4	Conducting a town centre survey to see if a BID would be feasible by asking initial views on a BID and what one might achieve if one were created	September 2016
5	After assessing the findings of the survey carry out more in depth consultation on key areas (that are perceived to need improvement) and use both sources of information to create a Business Plan	November 2016 – February 2017*
6	Create a BID Company formed from the ETBP	November 2016 – February 2017*
7	Agreements developed to ensure that existing baseline services (of public service providers) would be retained once a BID starts and establish how and when the BID levy will be collected.	November 2016 – February 2017*
8	BID Proposal (or Business Plan) Launched	February 2017*
9	BID Ballot – the BID Proposal would be put to a democratic vote of all hereditaments over a 28-day period. All those eligible to pay the levy would have the right to vote	June 2017*
10	BID Launch	By October 2017*

2.10 EEBC has supported the principle of creating a BID in Epsom town centre after hearing from key business leaders for some time that the local economy would greatly benefit from one.

2.11 It demonstrated its support by the appointment of a Town Centres Manager in August 2015 to work with businesses to explore whether they wanted to create a BID. A small amount of funding was also made available to *The Means* – a BID consultancy – to advise on the process and the local authority role within it.

2.12 A very successful visioning event was held in March 2016 hosted by Surrey Chambers and attended by nearly forty business leaders and stakeholders including: Epsom Coaches, Atkins, Nuffield Health, Epsom racecourse, Wetherspoons, Epsom police, Marks & Spencer, Waitrose, Boots, the Ebbisham Centre, and a number of independent traders. At the end of the workshop that considered what a BID might achieve for Epsom all were unanimous in saying that Epsom should move to the next stage – a survey of all town centre businesses to get a wider view on whether a BID should be created and what one might do to improve the town.

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- 2.13 Since then the process has been picked up by a newly formed, Epsom Town Business Partnership, chaired by the manager of Marks & Spencer, Kim Eden.
- 2.14 With the support of EEBC the Partnership created a factsheet about BIDs and a survey, which were both circulated within the town centre in September 2016.
- 2.15 100 of the approximate 300 surveys were returned completed from a good range of types of business: (independent and chain; restaurants, cafes and bars; shops; office services); as well as a good geographical spread across West Street, South Street, the Ashley Centre, High Street, Waterloo Road, East Street and Upper High Street.
- 2.16 The response rate of around 33% is comparatively very good for a BID survey of this nature. It is notable that 61% of respondents also answered 'yes' to a question on whether they'd like to be further involved in their town centre, indicating an appetite to take action in support of change.
- 2.17 Significantly, on a question of 'Do you think a BID would be good for Epsom – something that should be tested at ballot?' 59% of those surveyed answered, 'yes' – even though the campaign for a BID hasn't officially started.
- 2.18 It'll be for the Epsom Town Business Partnership to interpret the findings and use it to create a Business Plan. Deeper exploration through small focus groups of businesses over the coming months will explore potential proposals to be included in the Business Plan. Those proposals may follow the themes that proved most popular in the survey:
- Improving the image of the town centre
 - Increased promotion of the town centre
 - More events in the town centre
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 - Business networking events
 - Parking incentives and offers
 - Strategies to bring in more retail
 - Availability of parking/ stopping for deliveries
 - Free town centre wifi
- 2.19 The role of the council will not be to interpret the survey or unduly influence a Business Plan but it does have a role in ensuring the content of the Business Plan is not in conflict with any of its own policies. The same needs to be said for Surrey County Council.

- 2.20 A local authority has a statutory role in the process of their formation most of which will be played out once the Business Plan is drafted, which will come to a meeting of this committee early in 2017.

3 Proposals

What is the role of a local authority in a BID process?

- 3.1 The government published a Technical Guide for Local Authorities on BIDs in March 2015 which sets out the key roles of a council in the BID process.
- 3.2 Whilst a local authority can lead a BID process, that is not the usual way this is done, and the most successful BIDs are proposals that are business-led.
- 3.3 The government guidance notes the local authority role as “enabling the establishment and successful operation of a BID”. This role is played out in a number of ways.

Local authority roles in the creation of a Business Improvement District	
1	On receiving a valid request from a BID Proposer (which in Epsom’s case can be expected to be the Epsom Town Business Partnership) a local authority must make available to the BID Proposer a document from its business rate records showing the name of each business rate payer within the boundary of the proposed BID, together with the address and rateable value of each relevant property.
2	A local authority must satisfy itself that the BID Proposal (the business plan) doesn’t conflict with any council policy or disproportionately burden any business or class of businesses (the council could in fact veto The Proposal in the last resort if either of these were the case although in practice this has proved to be very unlikely).
3	A local authority must provide to The Proposer a document setting out the existing baseline services – so for example street cleansing regime, gum removal rota, Christmas lights, planting and maintenance of hanging baskets. This will be to ensure all services that might be provided by a BID are in addition to what public services currently provide.
4	A local authority must satisfy itself that the BID Proposal when sent to all voters includes all the elements necessary (including how the levy would be calculated, the proposed BID boundary, and statement of existing baseline services that the councils must provide).

Local authority roles in the creation of a Business Improvement District	
5	The Returning Officer is required to ensure the ballot is operated, either in-house or outsourced, in line with BID regulations. Whether or not it is outsourced the Returning Officer will remain legally responsible for the ballot process. A local authority must also ensure a voter list is created for The Proposer in readiness for the ballot.
6	The local authority is required to manage the collection and enforcement of BID levy charges – to be agreed with the BID proposer and set out in an Operating Agreement (it is allowed to charge a reasonable fee for this service). The non-payment of the levy can be expected to be treated in the same way as non-payment of business rate and non-payment liability will fall on the BID Company.

- 3.4 Following the survey, small focus groups will be run by the ETBP to drill down on some of the issues raised in the survey. This process will also help to establish a firm BID boundary. The boundary must be a continuous one and will of course impact significantly on the funding that the BID can raise. Epsom has something of a natural town centre boundary – with little sprawl with perhaps the exception of East Street and Church Street.
- 3.5 The survey showed broad support for a BID from those who responded. It hasn't indicated that any particular parts of the town centre object to the BID although it was hard to engage businesses in East Street which perhaps feel somewhat detached. The ETBP may continue to work on the basis that the businesses immediately fronting the one way system would be included within a BID boundary, along with West Street (up to the railway bridge), South Street, the Ashley Centre, High Street, Upper High Street, Waterloo Road, Church Street up to St Martin's of Tours, and East Street at least up to Laine Theatre Arts.
- 3.6 The ETBP will also consider the levy amount – which is expected to be between 1% on top of business rates and 1.4% (the latter being the national average). This equates to roughly £77 a week for a large retailer in the Ashley Centre; £13.50 a week for a medium retailer on the High Street; and about £2.30 a week for a small independent retailer.
- 3.7 The survey is only a loose indication of support for a BID. Although the turnout was relatively high there are a couple of important differences between a survey and a ballot. The ballot of course will have all the formality of a by-election but it will also have a somewhat different voter make up because many of the chain businesses will have someone at head office who is responsible for voting in any BID ballot.

- 3.8 Importantly, the BID ballot will be different because it has to be won on a simple majority in two counts: first, a standard count of votes for or against; and second, a majority by rateable value of those that turned out to vote (i.e. you add up the rateable value of all those that voted and divide by two to establish a 50% figure - those who voted 'yes' must reach at least that 50% figure). The former method of counting protects the small businesses and the latter protects the larger ones that would pay a higher amount in levy.

4 Financial and Manpower Implications

- 4.1 Staffing support has been provided by EEBC principally by the Town Centres Manager and also through consultancy support from BID experts, *The Means (a total of £4,750 support to the end of the ballot phase)*. Place Development's active work in support of the BID process has been supplemented by advice and guidance from the Head of Financial Services, Head of Legal & Democratic Services and the Head of Revenue & Benefits.
- 4.2 The Town Centres Manager, Head of Place Development, the Head of Revenue & Benefits, the Head of Financial Services, and the Head of Legal & Democratic Services meet regularly to consider the process and impact of the BID and will continue to do so until a BID ballot.
- 4.3 It is expected that a BID ballot would take place over 28 days in June and if successful a BID Company would take over the running of a BID. EEBC has already agreed to fund the cost of the ballot. No further EEBC staff support would be necessary after this time to support a BID although the Council as a whole would of course cooperate with a BID if it were established, with different officers contributing depending on the issue.
- 4.4 The Council has already committed to funding a BID ballot, which would cost approximately £3,000 as a one-off payment. This will be funded from existing budgets.
- 4.5 Funding will also need to be found for the creation and production of a Business Plan. This has been estimated at £1,500 for the design (not the written content which will be provided by the proposer) and £5,000 for the printing. If this cannot be found from savings in other areas then EEBC will need to discuss with the ETBP the option for them to refund any outlay against a future BID levy.
- 4.6 A successful BID would see all hereditaments paying the BID levy (regardless of whether they supported a BID at ballot). The current BID boundary includes all those EEBC hereditaments above the shaded line on the table below. The table indicates the levy due on each EEBC hereditament at a small range of levy rates between 1% and 2%.

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	EEBC owned hereditament (Rateable value)	Cost pa at BID levy of 1%	Cost pa at BID levy of 1.25%	Cost pa at BID levy of 1.5%	Cost pa at BID levy of 2%
1	Ashley Centre Car Park (£830,000)	£8,300	£10,375	£12,450	£16,600
2	Hook Road (£115,000)	£1,150	£1,438	£1,725	£2,300
3	Epsom Playhouse (£75,000)	£750	£938	£1,125	£1,500
4	Community Centre – Ebbisham Centre (£32,000)	£320	£400	£480	£640
5	The Market Place (£27,500)	£275	£344	£413	£550
6	Unit 2, Clock Tower ((£2,950)	£30	£37	£44	£60
5	Town Hall (£545,000)*	£5,450	£6,813	£8,175	£10,900
6	Depot Road and Upper High Street Car Parks (£140,000)*	£1,400	£1,750	£2,100	£2,800
7	Hope Lodge and Town Hall Car Parks (£124,000)*	£1,240	£1,550	£1,860	£2,480

* Not currently included within the draft BID boundary

4.7 **Chief Finance Officer's comments:** Both Members and Officers will need to give careful consideration to the baselining of services to ensure that any proposed changes are accurately reflected.

4.8 At present there are no funds other than officer time allocated to support the creation of the BID or the potential payment of the levy. However, following discussion with the Head of Place Development, any costs associated with the creation of the BID could be met from within existing budgets.

5 Legal Implications (including implications for matters relating to equality)

5.1 The regulations governing the creation of and running of Business Improvement Districts are set out in The Business Improvement Districts (England) Regulations 2004.

5.2 DCLG guidance for local authorities is set out in the Business Improvement Districts – technical Guide for Local Authorities (March 2015, DCLG/ British BIDs)

5.3 The legal implications of these regulations are set out in the body of this report.

- 5.4 **Monitoring Officer's comments:** *It will be important to consider our role in the BID proposal at each stage. For example, we will need to examine the BID proposal carefully, when submitted; we will need to decide how to vote in the ballot; and we will need to decide whether the proposal should be vetoed.*

6 Sustainability Policy and Community Safety Implications

- 6.1 The development of a BID has important implications for the economic sustainability of Epsom town centre. All of Epsom's key competitors – Sutton, Kingston, Guildford and Croydon have BIDs in place bringing an on-going stream of revenue funding to support the ability of the businesses there to thrive. Smaller centres nearby – notably Dorking, Reigate and Worcester Park, are also looking at setting up a BID. When town centre businesses were asked in September's survey if Epsom could benefit from the funding raised through a BID levy, 87% of respondents said they thought it would.

7 Partnerships

- 7.1 A number of key business partners took part in the BID visioning event, hosted by Surrey Chambers in March 2016, including Epsom racecourse, Epsom Coaches, Chris Grayling's office, and the police. There was unanimous support for taking Epsom to the next stage in a BID process. This provided an important impetus to the creation of the Epsom Town Business Partnership, the development of which has been supported by the Epsom's Town Centres Manager.

8 Risk Assessment

- 8.1 There has been discussion over a number of years of a BID for Epsom town centre and it is now at a far closer stage than ever before. The momentum needs to be maintained if a BID is to be achieved and EEBC can help to ensure the momentum is maintained. The risk of not keeping the BID process on track could mean the momentum is lost and future attempts to get the wheels back in motion are thwarted through a lack of enthusiasm and a growth of cynicism.
- 8.2 The levy cost to EEBC could change – either increasing or decreasing – if the BID boundary (as currently proposed) changes. For example, if the boundary at East Street moved further south to the bridge then Hook Road car park may not be included in the BID boundary. Or if the boundary along the High Street or Upper High Street were moved south it could bring in council-owned car parks and even the town hall. This could impact on the financial cost to the council.

- 8.3 There is a risk that the ballot does not support the creation of a BID. This can be managed through careful preparation in the campaign period leading up to the ballot. The outcome cannot, of course, be guaranteed. It's worth noting that 83% of BID ballots are successful although no doubt many only get to that stage once they are confident of success. Learning lessons from those not successful (such as Sutton's first attempt) is also important in managing this risk.
- 8.4 There is a risk that increases in business rates due to revaluation could be confused with the BID levy, with some businesses thinking that all increase is due to the BID or that the coincidence of both will be seen as a 'double hit' on their business. However, the post-revaluation bills will be issued to businesses in the run-up to April 2017 while the levy bills wouldn't be issued until a BID is established – probably some six months later. The coincidence of the timing of both is unfortunate but it is considered that a delay in implementing the BID is unlikely to significantly mitigate the possibility of a 'no' vote.
- 8.5 There is a risk that the Plan E roadworks could lead to frustration and complaints about any congestion and delays caused to delivery vehicles and shoppers. The ETBP will make clear that it is they who are leading the BID process and not the Council so it would seem unlikely that businesses would react by voting against the BID.
- 8.6 Importantly there is already momentum behind the BID process and a timeline towards which the ETBP are working and it would probably not therefore be appropriate to delay a BID ballot until after the roadworks are completed.

9 Conclusion and Recommendations

- 9.1 That the committee notes the progress of the Epsom Town Business Partnership (ETBP) in creating a Business Improvement District (BID) for the town centre
- 9.2 That the committee notes the statutory role of the local authority in the process of creating a BID
- 9.3 That the committee provides a commitment to the ETBP that EEBC will continue to encourage the creation of a BID.

WARD(S) AFFECTED: (All Wards)