

BID BUSINESS PLAN AND BALLOT

<u>Report of the:</u>	Head of Place Development
<u>Contact:</u>	Mark Berry
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
<u>Annexes/Appendices</u> (attached):	Annexe 1: BID Business Plan Annexe 2: Proposed BID boundary
<u>Other available papers</u> (not attached):	The Business Improvement Districts (England) Regulations 2004

REPORT SUMMARY

Preparation for an Epsom Business Improvement District (BID) is well advanced and it is envisaged that the formal ballot, required to create the mandate for its creation, will take place in the autumn. The BID Steering Group have produced a Business Plan that defines the proposed scope and purpose of the BID. This document will inform the choice that businesses will have to make when determining whether or not they support the BID.

As a business within the BID boundary, the Borough Council will need to determine whether or not to support the BID as it will be eligible to vote in the ballot. This report recommends that the Council votes “Yes” in the ballot.

The Borough Council also has another specific role as the Billing Authority and as-such it can veto BID proposals. This report recommends that the Council does not exercise this veto.

RECOMMENDATION (S)

- (1) That the BID Business Plan is noted as defining the scope and purpose of the proposed BID
- (2) That the Borough Council agree to support the proposed BID and authorise the Chief Executive to vote “Yes” in the forthcoming ballot on behalf of the Council
- (3) That, commensurate with (2) above, the Borough Council determines, in its capacity as Billing Authority, not to use its right of veto under Section 53(2) of the relevant Act.

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 the Council will do so through five activities:

- Supporting a comprehensive retail, commercial and social offer
- Maintaining strong links with local business leaders and representative organisations
- Supporting developers to bring forward the development of town centre sites
- Developing an affordable Economic Development Strategy
- Promoting our Borough as an excellent place to do business

1.2 Progress on these activities depends significantly on the national and regional economies and the willingness of businesses to invest in the Borough. However, the Borough Council has an important role to play in creating the right environment for businesses to thrive.

1.3 Should a Business Improvement District (BID) be created it is anticipated that Epsom Town Centre will become more attractive to retailers, commercial, businesses services and leisure providers, because of the benefits that will be brought with this additional source of inward investment. This would make a contribution to the achievement of 1.1.1 above. For the same reason it is anticipated that potential development would become a more attractive proposition (1.1.4 above) and the town centre would 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 The Borough Council's Economic Development Strategy.

1.4 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

2.1 BIDs are business-led, business-funded bodies that deliver on a business plan agreed through a formal ballot of all businesses in a defined area.

2.2 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%).

- 2.3 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.
- 2.4 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).
- 2.5 A BID exists for an initial term of 5 years after which its mandate must be renewed if it is to continue.
- 2.6 The process for the creation of a BID is tightly defined within legislation.
- 2.7 The Borough Council has expressed its support for the creation of a BID for Epsom Town Centre in its adopted Economic Development Strategy, its Corporate Plan and through the Local Plan (Plan E Epsom Town Centre Area Action Plan 2011).
- 2.8 With the assistance of a Town Centres Manager and subsequently a BID specialist employed by the Council, a BID Steering Group was formed (previously referred-to as the Epsom Town Business Partnership). Progress on the BID was last reported to the Strategy and Resources Committee in November 2016. The Committee resolved to continue to support the creation of a BID in Epsom.

3 Proposals

- 3.1 The BID Steering Group has prepared a Business Plan for the proposed BID (Annexe 1) and defined its proposed boundary (Annexe 2). It has been decided by the Steering Group that the boundary will be extended beyond the town centre to include part of Epsom Racecourse. This is to reinforce the mutual economic benefit of each to the other.
- 3.2 The proposed levy rate is 1.5% of rateable value (1.25% for Ashley Centre tenants) and the anticipated annual revenue would therefore be more than £300,000. There would be a cap on contributions from any single business of £8,000 per annum and all businesses with a rateable value of less than £8,000 would be exempted from the additional levy.
- 3.3 The proposed Business Plan at **Annexe 1** sets out the scope of the proposed BID activities. These would, of necessity be additional to anything that is currently being done by the Borough Council and there should be no conflict with the Council's policies. The intention is that there should be a mutually supportive relationship between the BID and the Council.
- 3.4 The specific areas that the BID would cover are:
 - Marketing and promotion
 - Epsom events

- Environmental Improvements
 - Parking and Accessibility
 - Safer Epsom; and
 - Business support
- 3.5 These areas of focus have emerged from two surveys of local businesses carried out in 2016 and 2017 respectively that have each shown a very substantial majority in favour of setting-up a BID.
- 3.6 The Borough Council needs to formally decide whether it will support the BID in the ballot. In actuality it has already agreed to support a BID in principle. The decision at this stage is whether to agree to the BID on the basis of the proposed Business Plan.
- 3.7 There is nothing in the Plan that would conflict with the Borough Council's objectives and there is no direct conflict with any of its policies. All of the proposed themes and actions would complement what the Borough Council is trying to achieve.
- 3.8 There is a provision in the BID regulations for the "Billing Authority" – the Borough Council to veto Bid proposals if they are likely to either: materially conflict with any of the Council's formally adopted policies or lead to a significantly disproportionate charge on any person involved. The second of these is to prevent the BID boundary being manipulated to unfairly impact on a single business or simply to avoid any other inequitable financial impact from the levy.
- 3.9 The BID boundary has been carefully considered and does not give rise to any inequitable impact. Although the racecourse is an outlier it's inclusion within the BID area has been with their full support. They are also protected by the levy cap.
- 3.10 There are no material conflicts between the proposed business plan and Council policies. The Borough Council should not therefore need to use this veto.
- 3.11 It is proposed that the ballot be held from 12 October to 9 November 2017. This is a week later than previously envisaged but slippage by one week should not have any material impact on the proposals.
- 3.12 Subject to a successful ballot, it will be necessary for the BID Steering Group to set up a company that will be governed by a BID Board. The Board will be responsible for delivering the Business Plan and would probably appoint a BID Manager to drive the BID forward.

4 Financial and Manpower Implications

- 4.1 The principal cost to the Council will be its levy contribution capped at £8,000 per annum. This sum is affordable and provided within existing 2017/18 budgets. The relevant costs of arranging for the necessary ballot and other support that the Council provides on an on-going basis are also all within existing budgets.
- 4.2 Costs incurred by the Council in collecting the levy under the business rate regime will be recharged to the BID. These costs are currently estimated to comprise a one-off payment of £13,500 for the software and an annual sum of c. £5,500 for the system support. There would be a collection charge not exceeding £35/business. The total annual cost is therefore estimated at £12,000 and this re-charge has been factored-in to the BID Business Plan.
- 4.3 There may also be a limited amount of “pump-priming” expenditure to enable the BID Steering Group to set up a company. The Council may be asked to assist with funding this initially but any of these costs would also be re-charged to the BID once it is established.
- 4.4 There will be a baseline exercise for costs to ensure that any additional Council services provided to support the BID, i.e. any additional operations costs for cleaning say, are met from the BID budget rather than existing Council budgets.
- 4.5 ***Chief Finance Officer’s comments:*** *The levy rates are expected to generate more than £300,000 of funding for the BID which will be spent in accordance with its Business Plan. A cap of £8,000 per business will be set to limit hardship for individual businesses. Costs of collecting the levy will be charged to the BID and any additional costs will be baselined and also charged to the BID.*

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

- 5.1 The proposed arrangements for setting up a BID are all within the prescribed legislation. All necessary steps have been taken to comply with the relevant regulations.
- 5.2 The Council needs to decide whether it should use the veto allowed for under Section 51 of the Local Government Act 2003, read with Regulation 12 of the Business Improvement Districts (England) Regulations 2004. The circumstances in which the power of veto can be exercised are that the Council is of the opinion that the BID arrangements are likely:
 - to conflict to a material extent with any policy formally adopted by and contained in a document published by the authority; or
 - to be a significantly disproportionate financial burden on any person or class of persons caused by the manipulation of the geographical area of the BID or by the structure of the BID levy; and that burden is inequitable.

- 5.3 As it is recommended that the Council itself vote “yes”, and having regard to the information in section 3 of this report it is not considered that there will be any need to consider vetoing the proposals.
- 5.4 There are no equalities issues arising from the decisions required under this report.
- 5.5 ***Monitoring Officer’s comments:*** Notice was given in accordance with Regulation 3(2) of the 2004 Regulations, on behalf of the BID proposer of their intention to seek a ballot. The ballot will be formally triggered when notice in accordance with Regulation 4(2)(a)(ii) is sent by the BID proposer to the Council, in its capacity as billing authority. The Council must then give notice to the Ballot Holder, namely the Chief Executive in her capacity as Returning Officer. The Ballot Holder must then undertake the necessary procedures to initiate a postal ballot in accordance with the statutory timetable.

6 Sustainability Policy and Community Safety Implications

- 6.1 The proposed BID is intended to support a safer Epsom. Any implications from this decision should therefore be positive.
- 6.2 Plan E Epsom Town Centre Area Action Plan included a section on future town centre management. This document sets out the Borough Council’s in-principle support for investigating the possibility of establishing a BID for the town centre. Plan E was subject to a full sustainability appraisal.

7 Partnerships

- 7.1 The emergence of a BID is a reflection of the Borough Council’s commitment to strengthening the local economy in partnership with the business community.

8 Risk Assessment

- 8.1 There are limited risks entailed in the proposed recommendations on this agenda. They relate to whether the BID becomes a success and whether an effective partnership can be developed to achieve the desired outcomes.
- 8.2 The success of the BID itself is by-no-means certain. This will depend greatly on the emerging BID Board, their ability to deliver on the plan and the BID Manager they appoint.
- 8.3 The Borough Council will want to maintain close links with the BID to support it in its objectives. To this end clear channels of communication will need to be established and mutual understanding developed to avoid misunderstandings and to enhance the prospects of success.

9 Conclusion and Recommendations

- 9.1 The Borough Council supports the idea of a BID. The proposed Business Plan comprises a positive set of proposals that the Borough should be able to support. The payment of £8,000 per annum is an acceptable level of contribution for the Borough Council.
- 9.2 It is recommended that the Council should formally support the Business Plan, determine to vote "Yes" in the forthcoming ballot and not use its power of veto.

WARD(S) AFFECTED: (Town, College and Woodcote);