

# Cabinet

22 June 2016



<b>Title</b>	Business Improvement District		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	Keith McGroary		
<b>Cabinet Member</b>	Councillor Nick Gething	<b>Confidential</b>	No
<b>Corporate Priority</b>	Creating opportunity and prosperity for our borough		
<b>Cabinet Values</b>	Community and Self-Reliance		
<b>Recommendations</b>	<b>Cabinet is asked to support an amendment to the use of the funding previously agreed by Cabinet, from a 'retail only' Business Improvement District (BID), to a 'retail and office' BID within Staines-upon-Thames</b>		

## 1. Key issues

- 1.1 In February 2015 a report was received by Cabinet with the following recommendation '**Cabinet is asked to endorse the recommendation that Spelthorne Council will support the introduction of a Business Improvement District (BID) for Staines-upon-Thames and incorporate £32k provision for the consultation and start-up costs in the Revenue Budget for 2015-16.**'
- 1.2 Cabinet supported the recommendation with a condition that the Business Improvement District related purely to the retail businesses within the Staines-upon-Thames BID area. Part of the reason for this related to the potential difficulties in collecting the levy from some office based businesses that struggled to pay the business rates, additionally this could imply significant annual costs to the Council with regards to the requirement to pay a levy on all Council assets within the BID area, including 3 car parks and Knowle Green if the BID included office premises. This could make the Council the highest levy payer by far, and disproportionate to other businesses situated within the BID area.
- 1.3 A person was appointed to carry out the necessary work to consult with retail businesses and make arrangements to hold a ballot so that those retailers in the BID area could vote to approve or oppose a BID for Staines-upon-Thames. This person later stood down from leading the BID.
- 1.4 Another person was quickly appointed with significant experience in delivering successful BIDs across the country. It then became apparent that the BID levy could actually realise significantly more income than originally thought by

including offices; over the 5 years life of a BID, this would amount to £1.3m to £1.7m (£260k - £345k per year), dependent upon the boundary and which model the Steering Group selected, compared to the original estimate of £650k over 5 years (retail only). The contribution from the inclusion of the offices would be around £660k (£132k per year). Without the offices, this would reduce the overall levy collected by about 40%.

- 1.5 The benefits for business would include a customised retail offer to offices situated in the BID area for the benefit of their staff, opportunities to take advantage of negotiated deals on behalf of the BID such as insurance premiums which could realise savings through economies of scale, the creation of an even cleaner (i.e. could remove bubble gum from pavements) and a more inviting environment to work. For the retailers, this would help encourage and increase the number of workers based within the town that visit and spend within the stores.
- 1.6 The new lead explained that a BID could place a cap on the maximum that any one single business rate payer would need to contribute to the BID; this would be despite either the rateable value or the number of businesses it owned, situated within the BID area. The proposed cap is expected to be a maximum of £3k - £5k per year.

## **2. Options analysis and proposal**

- 2.1 Option 1 would be to continue with the original plan and progress the BID as a retail only proposition. This would conflict with the vote of the BID Steering Group, therefore support for retail only BID would not be supported by the Steering Group resulting in a 'No' vote. The BID is not an arm of the Council but a business led group where the Council are just one of the members of the BID Board with one vote. This option comes with a significant danger that the BID would collapse, and any financial investment the Council has made to improve the competitive advantage of Staines-upon-Thames would be lost.
- 2.2 Option 2 would be to endorse the change in use of the funding from retail only, to a retail and office BID, which would include all such businesses situated within the BID area. A broader benefit to the Council, which becomes more important with 100% retention is that a successful BID potentially will help local businesses to maximise footfall and to be prosperous which in turn hopefully helps minimise voids and business rates hits on our two councils

## **3. Financial implications**

- 3.1 Under the proposal originally endorsed by Cabinet in February 2015 SBC would be liable for a levy of around £1,000. If the recommendation is approved and all offices were included this would increase the Council's liability to a capped levy which is expected to be in the region of £3k - £5k. This would not alter, even if the Council acquired additional properties within the BID area. However, the overall impact would be to increase the funding available for the BID Board to improve the attraction of Staines-upon-Thames by £660k over the 5 years of the BID.
- 3.2 By extending the area of the BID, there is an increase in software costs to administer the BID from £13,500 to £18,000 and a 10% ongoing maintenance charge. Whilst the Council would initially purchase the software required, these costs would be recharged to the BID management company.

3.3 Whilst collection rates of BIDs are reasonably high, the BID management company should factor in a 10% loss on collection rates within their financial modelling.

#### **4. Other considerations**

4.1 On 10<sup>th</sup> May the BID Steering Group met and agreed that the BID should include retail premises as well as offices as this would make for a more inclusive BID and help to provide incentives through the BID to encourage more office workers to shop in the town and make the most of the opportunity presented by this local and transient population. Additionally, there are in excess of 220 BIDs spread across the country and the overwhelming majority are fully inclusive BID's, not just retail only.

4.2 The BID Steering Group will be agreeing the cap where businesses liability will be limited at the next meeting. The vote for the BID will take place between the 1<sup>st</sup> October and 28<sup>th</sup> October 2016. If there is a 'yes' vote, the BID will become live on 1<sup>st</sup> April 2017.

4.3 Subject to the type of BID selected there could be a resource implication for the Council with regards to the collection of the levy. There could be a number of permutations as to the final details of the levy, the more complex the formula the more likely that additional manual work, and management of the levy would be needed to be carried out by Council staff. If it is retail & office BID, this could mean an additional resource cost for the Council to administer the BID of up to £20k; however any additional costs to carry out this work would need to be funded by the BID.

4.4 By investing in the Staines-upon-Thames BID to ensure that it is a success and has the correct mix of properties within the right boundary for the town, the Council can ensure that this is the 'blueprint' for other BIDs within Spelthorne and can be rolled out across other parts of the Borough.

4.5 A successful BID can improve the competitive advantage within the area, and this could have an impact on Business Rates collection figures and Rateable Value growth as fewer units are left empty and more businesses are attracted to the area.

#### **5. Timetable for implementation**

5.1 This would be implemented immediately should Cabinet approve the recommendation.

**Background papers:** none.

**Appendices:** BID Newsletter; BID Guidance.