

Meeting of the Cabinet – 29 October 2014

Report of the Director of the Urban Environment

Business Improvement District

Purpose of Report

1. To seek Cabinet approval to work with Businesses in Halesowen and Stourbridge on the feasibility of Business Improvement Districts in those Town Centres

Background

2. A Business Improvement District (BID) is a business-led and business funded body formed to improve a defined commercial area. Since the creation of legislation enabling their formation in 2003 a number of BIDs have been formed nationally, primarily in town centres, however there are increasing numbers in industrial areas, as well as commercial and mixed-use locations. The BID mechanism allows for a large degree of flexibility and as a result BIDs vary greatly in 'shape' and size.
3. In 2013, a survey carried out by British BIDs, the national association for BIDs, established that the total BID levy across the UK and Ireland in 2012/13 was £51.8m, with a further £44.5m raised by BIDS from other sources.
4. The improvements made by a BID are determined by businesses and local stakeholders and can include core services such as additional cleansing and security or more wide-ranging projects such as recycling, business support, improved infrastructure, area branding and promotion. In addition, BIDs include:
 - A businesses-led partnership for delivering improvements

- The ringfencing of BID levy money for use only in the BID area
- Area promotion
- Networking opportunities with neighbouring businesses
- Assistance in dealings with the Council, Police and other public bodies

5. The benefits that follow a BID are wide ranging and include:

- Increased footfall
- Increased staff retention
- Business cost reduction (shrinkage, crime, joint procurement)

6. Legislation requires that a BID can only be formed following consultation and a ballot in which businesses vote on a BID Proposal or business plan for the area. All businesses eligible to pay the levy are balloted and for a BID to go ahead the ballot must be won on two counts: straight majority and majority of rateable value. This ensures that the interests of large and small businesses are protected.

7. The BID Proposal or Business Plan sets out businesses' priorities for improvements for the area and area services, as well as how the BID will be managed and operated. This document becomes legally binding once a ballot has been won and becomes the framework within which the BID will operate. In addition, an Operating Agreement is entered into between a BID and their local authority governing how the BID levy monies are collected and administered and passed over to the BID.

8. A BID is funded through a BID levy, which is a small percentage of a businesses' rateable value. The majority of BIDs charge 1% of rateable value, however some have opted for higher levies, particularly in locations with lower rateable values such as industrial areas. Once a ballot is successful the BID levy is mandatory for all eligible businesses. BIDs can choose to exclude certain businesses from paying the levy (and therefore from voting in the BID ballot). Many BIDs exclude the smallest businesses and charities; some exclude certain business sectors or types of business.

9. The BID levy is collected by the local authority into a ring-fenced account (called the BID Revenue Account) and passed to the BID Company for use on the

projects and services set out in the BID proposal. In addition, Councils acting as Billing Authorities are permitted to charge the BID participants for collecting the levy.

10. BIDs operate for a maximum of five years. If they wish to continue they must go through a renewal ballot process to secure another BID term of up to five years
11. The BID levy is on business occupiers rather than property owners in line with the business rates system in the UK
12. BIDs are often successful at attracting funding in addition to the BID levy. They are particularly attractive to public sector grant making bodies due to the private sector match-funding available through the BID levy. Local authorities, property owners, and businesses outside the BID area can all provide additional income for BIDs through voluntary agreements.
13. To date there has been little appetite for the development of BIDs in the Borough. A feasibility study was carried out in 2005 in partnership with the Stourbridge Chamber of Trade and this concluded that there would not be sufficient interest to proceed with developing a BID for that Town Centre. The Stourbridge Chamber of Trade has been very effective in promoting events and activities in the town in recent years without the need for a BID, however, the Chamber would welcome the opportunity to work with the Council to explore what benefits would now follow from a BID proposal for the town.
14. The Council has been approached by representatives from Halesowen Chamber of Trade who have expressed interest in the development of BID proposals for Halesowen Town Centre. The basis of their proposal is to ensure the sustainability of regular Town Centre events and marketing such as Halesowen by the Sea, the Victorian Street Fair, and the Christmas Lights Switch on. It would also be fundamental in the continuation and sustainability of the successful Halesowen in Bloom initiative. The additional resource could also ensure that volunteering opportunities by people and community groups could be coordinated and could assist with crime reduction initiatives such as supporting the Dudley Borough Business Crime Partnership.
15. Analysis of the potential yields from a range of BID levy scenarios was carried out for the Council in 2010, and this indicated that a 1% levy on Business Rates

in Halesowen Town Centre would generate £51,668 and a 2% levy £103,337. A 1% levy on Business Rates in Stourbridge Town Centre would generate £91,000 and a 2% levy £182,000

Finance

16. The cost of the feasibility work will be borne by the businesses that will carry out the review. Any input from Council officers will be met from existing resources.

17. If a BID is created, costs to the Council of administering the scheme can be met from the BID levy.

Law

18. Section 111 of the Local Government Act 1972 enables the Council to do anything that is calculated to facilitate or is conducive or incidental to this discharge of its various functions. The restructure and consequent appointments process for the posts will be undertaken in accordance with the Council's employment policies and legislative framework.

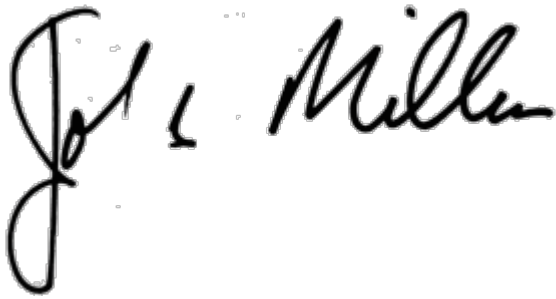
19. Pursuant to Section 1 of the Localism Act 2011 the Council has the general power of competence to do anything that individuals may do.

Equality Impact

20. Business Improvement Districts aim to improve and maximise the economic and social benefits for residents, businesses and visitors and are therefore in accordance with the Council's Policies in relation to equality and diversity.

Recommendations

21. It is recommended that the Cabinet authorise the Director of Corporate Resources and the Director of the Urban Environment, in consultation with the Cabinet Members for Finance and Regeneration, to work with Businesses in Halesowen and Stourbridge on the feasibility of Business Improvement Districts in those Town Centres, and where appropriate, the preparation of fully costed Business Plans, prior to consideration at a future meeting of the Cabinet

A handwritten signature in black ink, appearing to read 'John Millar'. The signature is fluid and cursive, with the first name 'John' written in a more compact, stylized manner and the last name 'Millar' in a more extended, flowing script.

John Millar

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List of Background Papers

Business Improvement Districts; House of Commons Library Standard Note
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