

Report to: Cabinet

Date of Meeting: 6th June 2016

Report Title: Hastings Town Centre Business Improvement District

Report By: Monica Adams-Acton
Assistant Director for Regeneration and Culture

Purpose of Report

1. To provide an update on the progress towards a Business Improvement District (BID) for Hastings Town Centre.
2. To seek approval to delegate authority to the Director of Operational Services and the Chief Finance Officer in consultation with the Lead Member for Regeneration and Culture to agree with the BID Board the BID Business Plan and BID Operating Agreement. This will include the final proposed BID boundary; levy and exemptions; charges and arrangements for collection of the levy and carrying out the ballot.

Recommendation(s)

1. To continue to support the development and establishment of a Business Improvement District in Hastings Town Centre.
2. To delegate to the Director of Operational Services in consultation with the Lead Member for Regeneration and Culture authority to formally approve casting the HBC vote on its own hereditaments that will attract the levy.
3. To give delegated authority to the Director of Operational Services and the Chief Finance Officer in consultation with the Lead Member for Regeneration and Culture to agree with the BID Board the BID Business Plan and BID Operating Agreement.

Reasons for Recommendations

Members had previously agreed in early 2015 to support the establishment of a BID. Progression of this project now requires formal Council approval to support the ambitions of local town centre businesses.

Introduction

1. The Business Improvement District project was brought to the attention of members in February 2015 to support the process and apply for a BID loan application on behalf of Town Centre Management (TCM). There are over 200 BIDS now established in the UK. In Sussex, Worthing and Brighton have already established BIDs and Eastbourne is also developing one.
2. In April 2015, a BID Loan application was submitted to British BIDs for funding towards the costs of developing a Business Improvement District in Hastings Town Centre.
3. An interim BID steering group was established by TCM to oversee the development of the BID.
4. The loan application of £31,400 was approved by the Department for Communities and Local Government (DCLG) in July 2015. It is repayable in two instalments in March 2017 and March 2018 in the event of a 'yes' vote. If there is a 'no' vote, the loan will not be repayable.
5. Consultants 'Revive and Thrive' were appointed in September 2015 to develop and establish the BID.
6. The consultants will prepare a BID proposal which will include the BID boundary, the proposed levy that businesses would be charged, any exemptions and charitable relief, and the measures in the business plan that would be funded through the levy.

The Bid Process

7. The process for establishing the BID is shown in DCLG's Technical Guide for Local Authorities. The link is provided below under Background Information.
8. HBC will be formally notified of the intention to hold a ballot by 9th June 2016. The ballot will open on October 14th 2016, 'Hastings Day' and run for 28 days. The start date and first collection of the levy will be April 2017.
9. If the ballot vote is yes, then the BID will be in place for a period of five years. The decision may then be taken to renew, which would trigger a further ballot process.
10. The projects or services that are delivered in a BID area should be over and above those that the local council, police and other public sector organisations are currently providing. To demonstrate this, a statement of baseline services will be produced and it is best practice that this is reviewed annually.
11. New BID supported activities could include marketing and promotion; joint purchase of energy or waste, for example; increased safety and security measures in the town centre and enhancing the customer experience.

BID Ballot

12. BIDs are established by achieving a 'dual key' majority at a BID ballot, which is run impartially by the local authority or its nominated agent. A majority of those that vote must be in favour both by number and by rateable value.
13. All the businesses liable to pay the BID levy (within the boundary) are eligible to vote. This includes all statutory and non-statutory authorities with premises and business rate liability in the area. Organisations that have a rateable value of below £5,000 are exempt and are not eligible to vote.
14. It is recommended that the Council outsources the ballot as staffing demands are high with the boundary review and EU referendum and capacity is limited. The cost of conducting the ballot is approximately £4000. This cost may be reclaimed from the BID income in the event of a 'yes' vote. In the case of a 'no' vote this cost will not be recoverable.

BID Levy

15. The proposed BID levy boundary is shown in Appendix 1. This is however not the final agreed boundary which will be confirmed when the business plan for the BID is approved. Several considerations will be taken into account when determining the boundary, including:
 - the general level of business support / participation from the particular areas
 - the amount of levy expected to be collected from these areas
 - assessment of resources required to support the areas
16. The current proposed boundary includes approximately 600 hereditaments (of which 442 would be eligible to vote under the current proposal), and is expected to generate between £184,000 and £220,000 per year depending upon what business model is finally agreed. The level of income will depend on the number/type of exemptions and the levy percentage.
17. The BID levy percentage, proposed by the BID Steering Group, is currently 1.5% of rateable value. It is proposed that this is payable by all businesses with a rateable value of £5,000 and over. This includes education and public authorities. Relief to local charities is also being proposed by the BID Steering Group.
18. A discounted rate of 1.25% is likely to be offered to Priory Meadow businesses, as they already pay service charges.
19. A draft BID business plan will be available in June 2016 for consideration and comment from the local authority and town centre businesses. The final BID business plan will be available before the ballot period.
20. The BID levy is collected by the local authority on behalf of the BID. The funds are then forwarded to the BID Board to spend on the agreed measures. The arrangements will be reflected in an Operating Agreement set out by the Council.

This will define the principles and processes for collecting the levy; enforcing the payment of the levy; and arrangements to report back on collection service. These details will be agreed with the BID Steering Group as it finalises its business plan.

21. It is proposed that a separate BID bill is sent that includes a clear logo for the BID on the header. This helps to ensure businesses recognise that the BID is delivering specific services over and above that which is delivered by the local authority.
22. The Council's collection charge is to be based on the cost of recovery, which is expected to be no more than 3% of the income collected or £35 per hereditament (whichever is lower). This is in line with industry good practice (Technical Guide for Local Authorities p.11). The charge will be recovered from the total bid levy collected.
23. To illustrate this, the lowest annual income projection of £184,000 would result in the council charging £5,520 per year for the collection.
24. Finally, after collection, the funds are passed directly to the BID Company. The BID will have an independent board that will oversee the BID project.
25. The BID Company structure is under discussion with Let's Do Business who currently manage the Town Centre Management Partnership.
26. The Council has right to veto the BID and should satisfy itself that the BID proposal does not conflict with any existing Council policy nor propose a disproportionate burden on particular businesses.
27. The Council notes it will also have liability to pay the BID levy on its own eligible properties. This is currently estimated at £6,270 per annum for five years.

Conclusion

28. A successful BID represents an opportunity for improvements in the town centre, with limited risk to the local authority. This is primarily financial in terms of underwriting the cost of the ballot as above.
29. The yearly income level can be used as leverage to bring in other funding sources, and savings to businesses may be made through joint purchase of services, for example.
30. As it is the businesses themselves who determine the spending priorities, the project should foster ownership, and increased business participation in the governance of the Town Centre.

Background Information

Local Authority Guide: <https://www.gov.uk/guidance/business-improvement-districts>

Policy implications

a) Equalities and Community Cohesiveness:

The Council will have the opportunity to review the business plan to ensure that no group of businesses are disproportionately affected by the proposals. Community safety issues are being considered for inclusion in the business plan by the steering group. Local business views are being sought throughout the process.

b) Environmental issues:

The BID steering group has indicated environmental issues may be a priority for additional investment from the BID funds collected. There may be opportunities to increase recycling rates of commercial waste and make energy savings, but these may be further assessed when the business plan is finalised.

c) Economic/Financial Implications:

There are a number of these that are set out in this report.

d) Organisational Consequences:

These are limited but are also set out in the report.

e) Poverty Implications:

There should not be poverty implications to this project provided the conditions in policy implication a) are met.

Wards Affected

Castle

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	X
Crime and Fear of Crime (Section 17)	X
Risk Management	X
Environmental Issues	X
Economic/Financial Implications	X
Human Rights Act	No
Organisational Consequences	X
Local People's Views	X
Anti-Poverty	No

Additional Information

Appendix 1 The proposed BID boundary

Officer to Contact

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