

## **HIGH PEAK BOROUGH COUNCIL**

### **Report to Economy and Growth Select Committee 19 April 2018**

<b>TITLE:</b>	<b>Business Improvement Districts</b>
<b>EXECUTIVE COUNCILLOR:</b>	<b>Councillor Kemp – Executive Councillor for Regeneration</b>
<b>CONTACT OFFICER:</b>	<b>Dai Larner – Executive Director, Place</b>
<b>WARDS INVOLVED:</b>	<b>Non-specific</b>

#### *Appendix 1 - Business Improvement Districts: Technical Guide for Local Authorities*

### **1. Reason for the Report**

- 1.1 The report sets out for Councillors the background on Business Improvement Districts (BIDs). BIDs are partnerships between local authorities and local businesses which are intended to provide additional services or improvements to a specified area. A BID must be agreed by ballot and is funded in whole or in part by a levy on those liable for non-domestic rates. The report also sets out the Council's responsibilities in relation to BIDs.

### **2. Recommendation**

- 2.1 That Councillors note the report.

### **3. Executive Summary**

- 3.1 In the United Kingdom, BIDs are funded in whole or in part by a levy on non-domestic ratepayers. This is sometimes linked to, but usually collected separately from, their business rate liability, and non-payment of the levy is subject to similar remedial action by the billing body.
- 3.2 BID-style systems have been operating on the North American continent for some years. They have largely been welcomed by businesses, although the concept has its critics (see below).
- 3.3 BIDs originated in Canada and have been implemented in other countries including South Africa, New Zealand and Germany. The benefits of BIDs cited by businesses include:

- Businesses decide and direct what they want for the area;
- Business are represented and have a voice in issues affecting the area;
- BID levy money is ring fenced for use only in the BID area – unlike business rates which are paid in to and redistributed by government;
- Increased footfall;
- Increased staff retention;
- Business cost reduction (shrinkage, crime, joint procurement);
- Area promotion;
- Facilitated networking opportunities with neighbouring businesses;
- Assistance in dealings with the Council, Police and other public bodies.

3.4 BIDs have also been criticised on a number of grounds including:

- They are undemocratic;
- Decision making is not transparent;
- They can lead to increases in rental values which can price out smaller businesses;
- They can lead to undue pressure on street vendors and homeless people;
- They can lead to councils passing on the cost of their services to the BID.

#### 4. **How this report links to Corporate Priorities**

4.1 BIDs are an option to consider in delivering the corporate aim to Support Economic Development & Regeneration.

#### 5. **Options and Analysis**

5.1 Option 1 – Note the report. This will give Councillors the background information and detailed guidance for the Council's role in relation to BIDs and will be useful to guide any decisions the Council may need to take in relation to BIDs in the future. **This option is recommended.**

Option 2 – Do not note the report. Councillors will not have the information required on which to base a decision on BIDs in the future.

**This is not recommended.**

#### 6. **Implications**

6.1 Community Safety - (Crime and Disorder Act 1998)  
No implications in relation to this report but aspects of community safety may form part of a BID proposal

6.2 Workforce  
No implications

6.3 Equality and Diversity/Equality Impact Assessment  
No implications in this report but this will be an important aspect of any risk assessment.

#### 6.4 Financial Considerations

The role of the Council is set out in the report and any decision that the Council may take on BIDs in the future will need to carefully consider the costs to the Council. Costs to the Council fall into two broad areas – the cost of discharging its legislative responsibilities and the cost of having assets located within the BID area.

#### 6.5 Legal

The legislative framework for BID areas is contained in the Part 4 of Local Government Act 2003, the Business Improvement Districts (England) Regulations 2004 (as amended) and, for property owner BIDs, the Business Rate Supplements Act 2009 and the Business Improvement Districts (Property Owners) (England) Regulations 2014 (BID legislation).<sup>1</sup>.

#### 6.6 Sustainability

No implications

#### 6.8 Risk Assessment

Any consideration of BIDs will need to carefully and thoroughly assess the risks to the Council.

### 7.0 **Background**

#### **What do BIDs do?**

7.1 In other towns and cities, BIDs are used to both improve visitor and shopper experiences and support businesses. They run projects which are over and above Councils' day-to-day work in town centres and can often enhance Councils' economic development programmes. Projects funded by other BIDs include:

- Marketing and promoting town centres through high quality branding and sub-regional advertising campaigns through posters, train panels etc.
- Town centre focussed events – such as food festivals or special events.
- Public realm improvements – a number of BIDs fund their own public realm work or provide additional street cleaning regimes.
- Town centre rangers – usually in distinctive jackets undertaking a range of functions including meeting and greeting tourists, offering information on-street to visitors and shoppers, undertaking town centre janitorial functions etc.
- Supporting businesses in a variety of ways, for example using collective bargaining power to negotiate preferential rates on waste collection.

## How do BIDs work?

- 7.2 A 'proposer' must develop a proposal describing the additional services that will be provided under the BID. The proposal must also set out the proposed levy upon ratepayers, including which ones will be exempt. A BID may be applied to a "specified class" of properties e.g. retailers, and reliefs may be applied. Thus liability for the BID levy may not necessarily follow the standard pattern of business rate reliefs that apply, for instance, to small businesses.
- 7.3 Non-domestic ratepayers in the BID area vote on the proposal in a ballot. Voting is restricted to those ratepayers who would be liable for the levy. In most cases the levy takes the form of a liability of between 1% and 2% of the rateable value of the ratepayer's property. However, no maximum or minimum levy rates are set in the various regulations. The proposal must also specify the length of time that the BID will last: the vast majority last for the maximum five-year period. It may also include provisions for discounts or exemptions from the levy (for example, for properties below a certain rateable value).
- 7.4 A BID levy ballot must be conducted by post. The cost of the ballot must be met by the billing authority (i.e. High Peak Borough Council). If fewer than 20% of businesses by number vote in favour of the proposals, the billing authority is permitted to recover the cost from the proposers. The proposer is entitled to a list of electors for canvassing, and to be able to identify who has cast a vote, in the manner of a democratic election. A BID must be approved by a numerical majority, and a majority by rateable value, of the businesses covered by it. This "dual-key" mechanism offers some protection against large firms forcing through a proposal against the wishes of small firms, or vice versa
- 7.5 A proposer may be a: billing authority; non-domestic ratepayer; a person with an interest in land within a proposed BID area; or, members of a body which has, amongst its aims, the intention to manage a BID.
- 7.6 The Council has a veto power over the establishment of the BID under certain circumstances (see paragraph 7.12). If the result of the ballot is in favour of the BID, all businesses which fall into the geographical area, and the business sector defined in the proposal, will be obliged to contribute to the scheme. It is not possible for businesses to refuse to pay a BID levy once it is in place: the only option would be to argue against the scheme being extended after its end.
- 7.7 The maximum term of a BID is five years. After this time, a new ballot must take place. The BID may be altered at this point, including changing the rate of the levy and/or the area covered. A BID can be established covering any geographical area: examples range from town centres to industrial parks. There is no upper or lower limit to the number of businesses that can be covered by a BID. Councils are permitted to charge the BID participants for collecting the levy. Not all Councils make a charge for this. Councils are also required to hold BID income in a separate *BID revenue account*. The various regulations do not address how a BID scheme should be managed or administered once it has been established. BIDs have a free hand to constitute their managing board, make spending decisions, and seek additional income as they see fit.

- 7.8 According to British BIDs, the national advisory agency, most BIDs are non-profit bodies, but this is not required by the legislation. BIDs are not public bodies and are therefore not subject to the transparency and accountability requirements that apply to public bodies. The Government published two notes in March 2015, one for those planning to set up a BID, *Business Improvement Districts: guidance and best practice*, and one for local authorities, *Business Improvement Districts: Technical Guide for Local Authorities* (see appendix 1). These notes provide guidance on how to set up and manage BIDs for both councils and participants.
- 7.9 A Loan Fund scheme was launched on 14 October 2013 making £500,000 available to help communities and business groups to establish BIDs. It is run by British BIDs and offers loans of between £10,000 and £50,000: Loans of between £10,000 and £50,000 per site are available as stage payments based on the British BIDs 'Five Stages of BID Development'. On successful ballot, the loan would be repayable to the fund, with interest, on a pre-agreed renewal payment. Twenty-four areas have been awarded loans so far. The current call for bids to the loan fund ended in December 2017.

### **BIDs in the United Kingdom**

- 7.10 Some key facts from the National BID survey 2017 are set out below.
- There are 283 BIDs in the UK
  - Since 2012 there have been an average of 25 new BIDs each year
  - 28% of BIDs operate with a levy of 1.5%, 27% with a levy of 1% and 10% with a levy of 2% or greater
  - Half of all BIDs have less than 408 business rate-payers
  - There has been a 36% increase in the number of business rate-payers covered by BIDs
  - The median levy collected is £255,000 per year
  - In total BIDs raise £131m from levies and additional income sources
  - 21% of Councils do not charge for collecting the levy
  - The success rate of ballots is 92.8%
  - Average turnout at ballot is 47% by number and 78% by rateable value
  - 70% of BIDs operate with three or fewer staff
- 7.11 BIDs can fund a range of activities. Typically they relate to marketing, promotional activities and events, additional street-cleaning, security and safety measures and business support. An example of a BID is the one established at Leamington Spa and details of their proposed renewed business plan is set out at - <http://www.bidleamington.com/identity-cms/wp-content/uploads/2018/02/BID-Renewal-Bus-plan-2018-23-FOR-WEB-1.pdf>.

### **The role of the Council**

- 7.12 The Council plays an important role in the development of a Business Improvement District.

- a. Councils have the power of veto over the BID proposals if they feel that it will conflict with their priorities or result in a disproportionate or inequitable burden on people or businesses in the BID area;
  - b. Councils must be satisfied that the proposals are properly made and meet the requirements of the legislation;
  - c. The Council must be notified of the intention by the proposer to hold a ballot;
  - d. The Council is required to provide a copy of the name of each non-domestic ratepayer and the address and rateable value of each hereditament which is occupied, or (if unoccupied) owned, by him in the geographical area of the BID proposals to be developed;
  - e. The Council must provide a statement of the services provided by public authorities in the BID area. The statement will form part of the BID proposals which demonstrate to businesses voting for the BID that the proposed BID services are additional to the baseline services provided by the public authorities;
  - f. The Council is required to manage the collection and enforcement of BID levy charges for which it can charge a reasonable fee to cover the costs of this activity;
  - g. The Council is responsible for conducting the ballot in accordance with the guidelines and statutory procedures.
  - h. The Council is also responsible for terminating the BID if this is required.
- 7.13 In addition the Council is a rate-payer in its own right and has to take a view whether and how to vote and to make the necessary financial provision for the payment of the levy and the costs associated with the development of the BID.
- 7.14 The Council may also be represented on the board of the BID or if it is not represented ensure that there is some form of engagement with the board to coordinate activities and address any areas of dispute (e.g. relating to changes in the statement of services).

Dai Larner  
Executive Director - Place

Background Papers

Contact details  
Dai Larner  
dai.larner@highpeak.gov.uk