

ITEM 9 Andover Town Centre Business Improvement District Ballot

Report of the Economic Development and Tourism Portfolio Holder

Recommended:

- 1. That the Chief Executive (as Ballot Holder) be instructed to hold the BID Ballot as set out in 3.2 of the report.**
- 2. That the Council will not seek reimbursement of the cost of holding the Ballot from the Proposer as set out in 3.4 of the report.**
- 3. That the statement of existing baseline services contained in the draft BID Proposals (Annex 1) produced by the BID Proposer be noted as set out in 3.6 of the report.**
- 4. That Cabinet agree that the draft BID Proposals neither conflict with an existing policy nor proposes a disproportionate burden on particular businesses by an unfair levy charge on a certain class of business, as set in paragraph 3.11 of the report.**
- 5. That delegated authority be given to the Chief Executive in consultation with the Portfolio Holder for Economic Development and Tourism to review the final BID Proposals and decide whether the Council's powers under Regulation 12 of the Business Improvement Districts (England) be exercised as set out in 3.11 of the report.**
- 6. That delegated authority be given to the Acting Head of Revenues (Local Taxation) in consultation with the Portfolio Holder for Finance and the Head of Legal and Democratic Services, to agree the terms of the Operating Agreement in the event that the BID Proposals proceed as set out in 4.2 of the report.**
- 7. That the BID Proposer be charged £35 per hereditament or 3% of the annual levy income, whichever is lower towards the Council's costs of collecting the BID levy as set out in 4.4 of the report.**
- 8. That the levy charging process be on the basis of a single annual chargeable day (1 April) in each year as set out in 4.7 of the report.**
- 9. That delegated authority be given to the Chief Executive in consultation with the Leader of the Council to cast the Council's votes in the BID ballot as set out in 5.2 of the report.**

- 10. That up to £18,000 is drawn from the Special Projects Reserve to finance the cost of holding the ballot and for other non-recoverable costs associated with the implementation of the levy, as set out in 6.1 of the report.**

SUMMARY:

- A Business Improvement District (BID) is a business-led and business-funded company formed to support and enhance a defined commercial area. In respect of the Andover BID this area relates to the town centre. Proposals for developing new BIDs are led by a BID Steering Group which is also referred to as the BID Proposer.
- This report provides information to enable Cabinet to consider a request from the Andover BID Proposer to set in place arrangements for a BID Ballot to take place this autumn.
- The report also outlines the key financial and resource considerations for the Council in regards to the implementation of a BID levy based on the draft BID business plan.

1 Introduction

- 1.1 The purpose of this report is to consider a formal request from the Andover BID Proposer for the Council to hold a BID Ballot this autumn.
- 1.2 The report also sets out a series of recommendations for Cabinet to consider which will enable the Council to prepare for the implementation of a BID levy.

2 Background

- 2.1 A BID is a business-led and business-funded company formed to support and enhance a defined commercial area. There are about 300 BIDs in the UK. In respect of the Andover BID this area relates to the town centre.
- 2.2 Proposals for new BIDs are led by local businesses through a BID Steering Group, also referred to as the BID Proposer. The BID Steering Group will prepare formal BID Proposals, which include a business plan setting out what projects and services it anticipates offering within the BID area. If the BID Proposals are approved by a formal ballot a company is usually formed by the Steering Group to deliver the BID Proposals. The Andover draft BID Proposals are set out in Annex 1.
- 2.3 The implementation of BID Proposals are funded by a BID levy, a statutory levy which is charged on non-domestic rate payers and collected separately from the non-domestic rates bill to ensure the two are seen as separate charges. BIDs are increasingly prevalent in successful town centres and all of Andover's neighbouring town centres (Salisbury, Newbury, Basingstoke, Winchester and Southampton) have BIDs.

2.4 BID Proposals (and the imposition of a BID levy) can only proceed if the proposals are approved through a formal ballot. Proposals are only approved if the BID ballot succeeds on two counts:

- i) A straight majority of business rate payers eligible to vote within the defined boundary; and
- ii) Majority by rateable value.

This ensures that the interests of large and small businesses are protected.

2.5 British BIDs, a UK advisory body, identifies the following benefits of BIDs that are cited by businesses:

- Businesses decide and direct what they want for an area and have a voice on issues affecting the area
- BID levy money is ring-fenced for use only in the BID area – unlike retained business rates which are used to provide wider services
- Increased footfall
- Business cost reduction
- Improved staff retention
- Area promotion
- Facilitated networking with neighbouring businesses
- Assistance in dealing with the Council, Police and other public bodies.

2.6 The government has published a Technical Guide https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/415990/BIDs_Technical_Guidance.pdf

to assist BID Proposers and local authorities deal with the various issues which BID Proposals give rise to. The Council has had regard to the Guide and to the Business Improvement District (England) Regulations 2004 in preparing this Report. A Glossary of Terms is included at Annex 2.

2.7 The proposed BID in Andover stems from the work undertaken over a number of years to meet the challenges resulting from the changing nature of town centres.

2.8 In December 2012 the Council held an “Andover Summit” to bring all parties together to address issues that would contribute to a healthier town centre, including town centre management. This led to the appointment, under a three year contract, of Heartflood Ltd to provide town centre management for the period 2014-17. Under an innovative arrangement, the service was funded jointly by Test Valley Borough Council, Andover Town Council and Hampshire County Council.

- 2.9 To ensure the longer-term sustainability of Town Centre Management arrangements the Council commissioned consultants, the Means, to undertake a BID Feasibility Study and to work up ideas and support an emerging group of town centre businesses. The resultant report, published in June 2016, concluded that a BID was feasible for Andover town centre.
- 2.10 In 2017, to support the emerging BID Steering Group in preparing for a BID ballot, the Council appointed consultants CMS. In addition, the Council in partnership with Andover Town Council, has continued to jointly fund a town centre manager to support business engagement during the period in which a BID proposal is being developed.

3 Preparing for a BID Ballot

- 3.1 The Council has received a formal request from the BID Proposer to hold a BID Ballot in autumn 2018.
- 3.2 The Chief Executive, (as Returning Officer of the Borough Council) will be responsible for holding the BID ballot. However, it is possible to outsource the running of the ballot, although the Ballot Holder remains legally responsible for the process. In the present circumstances, the Electoral Reform Services (ERS), who deal with approximately half of all BID ballots in the UK, have been appointed to manage the ballot on behalf of the Chief Executive.
- 3.3 The Council is required to publish the Notice of Ballot 42 days before the ballot date. Based on the latest timetable, this means the notice must be published by 26 September 2018.
- 3.4 In the event that the proposal for a BID is not approved and the number of persons who have voted in favour is less than 20% of the number of persons entitled to vote, it is proposed that the Council will not seek reimbursement of the cost of holding the ballot from the BID Proposer.
- 3.5 The BID Proposer has also requested that the Council provide a statement of existing baseline services ahead of the ballot covering:
- cleaning and greening;
 - town centre events; and
 - parking.
- 3.6 The purpose of the statement of existing baseline services is to demonstrate to those voting in the ballot that the BID levy will be used to fund additional services rather than pay for services which public bodies already deliver. It should be noted that statements of existing baseline services are not legally binding and, given the uncertainty over future local government finance, they cannot guarantee or commit the Council to continue to fund services at the baseline level for the 5 year term of a BID.

- 3.7 Under Regulation 12 of the BID Regulations, the Council has the power to veto BID Proposals if it considers that the BID Proposals conflict with any existing local authority policy or propose a disproportionate burden on particular businesses by way of an unfair levy charge on a certain “class” of levy payers (e.g. by an inappropriate manipulation of the BID boundary).
- 3.8 The Technical Guide recommends that if this power is to be exercised, any veto is done prior to allowing the BID ballot to take place, so as to minimise the risk of having to veto the proposals following the ballot.
- 3.9 In considering whether the BID conflicts with its policies the Council has had regard to the draft BID business plan which includes: map of BID boundary; list of streets and hereditaments; levy rate and discounts etc. (Annex1).
- 3.10 The Council has been working towards a potential Andover BID as a means of contributing to strengthening Andover town centre for several years. The draft Business Plan proposes a 2.0% levy of rateable value on all hereditaments above the minimum threshold of £10,000 rateable value within the BID boundary, which is within the reasonable range of percentages for a BID levy (the only exception being hereditaments in shopping centres that will pay a levy of 1.5% of rateable value). The boundary of the BID is a logical and reasonable one in that it follows the main roads which define Andover town centre.
- 3.11 It is considered that the draft BID Proposals do not conflict with any of the Council’s policies. The level of the proposed BID Levy and the proposed BID area are both considered reasonable. Assuming that the final BID Proposals are in line with the draft it is therefore proposed that the power of the Borough Council to veto the BID Proposals under Regulation 12 of the BID Regulations is not exercised for the reasons stated above. Under delegated authority the Chief Executive will decide on this point when the final BID Proposals are submitted.

4 Operating Agreement and BID levy charging process *Operating Agreement*

- 4.1 If the ballot approves the BID Proposals, the Council will be responsible for the collection and enforcement of the BID levy. The levy is then passed to the BID company so that it can undertake delivery of the projects and services as set out in the proposals.
- 4.2 Good practice recommends that the BID company and Council enter into a levy collection agreement known as an Operating Agreement. This sets out the technical detail of the levy rate charging and other matters including for example relevant exemptions and any discounts from the BID levy. An initial draft Operating Agreement has been considered by officers. It is proposed however, that delegated authority to agree the terms of the Operating Agreement be given to the Acting Head of Revenues (Local Taxation) in consultation with the Portfolio Holder for Finance and the Head of Legal and Democratic Services.

- 4.3 As the collecting body, the Council can charge the BID company for carrying out this function. The Technical Guide recommends an industry standard of a maximum charge of £35 per hereditament or 3% of annual levy income, whichever is lower.
- 4.4 The draft business plan anticipates a BID levy receipt of about £200,000 p.a. A 3% charge on this would be £6,000 p.a. rechargeable to the BID Company. The draft business plan also refers to about 254 hereditaments within the BID boundary. At £35 per hereditament this would be £8,890 rechargeable to the BID Company. It is proposed therefore that the Council follows the recommended industry standards for charging the BID Company.

Levy charging process

- 4.5 As part of the Operating Agreement the Council also needs to set out the levy charging process that it intends to implement for the collection of the levy. The Technical Guide states there are two charging principles – ‘daily charging’ and ‘chargeable day’.
- 4.5.1 ‘Daily charging’ mirrors the approach in the business rate system of the charge being broken down to each day of the 365 days of the year thereby managing refunds as each change to occupation occurs.
- 4.5.2 ‘Chargeable day’ imposes a full year levy charge on the incumbent on a fixed day of the year (usually 1 April) and then makes no refund within the year as a result of any changes.
- 4.6 The ‘daily charge’ system is a more complex system and therefore requires a greater resource making the annual levy charge higher, whereas the ‘chargeable day’ system tends to be preferred by BIDs because it provides a more predictable cash flow and usually means a lower collection charge.
- 4.7 Based on the advice of the consultants CMS and because it is simpler to administer, it is proposed that the Council adopt the use of the ‘chargeable day’ method for charging the BID levy.

5 Casting the Council's vote

- 5.1 The Council is currently liable for business rates on 13 hereditaments covered by the proposed BID and within the BID boundary which gives the Council 13 votes (see Annex 3). It is proposed that the Chief Executive in consultation with the Leader of the Council cast the Council's votes in the BID ballot provided the Chief Executive is satisfied that the final BID business plan is substantially in accordance with the Draft business plan.
- 5.2 It is therefore recommended to Cabinet that delegated authority be given to the Chief Executive in consultation with the Leader of the Council to cast the Council's votes in the BID ballot.

6 Costs associated with the development of a BID

6.1 It is estimated that the following costs will be incurred by the Council as part of supporting the BID proposal and inception:

One-off costs (£)		
Cost of running the BID ballot	2,000	
Consultant's support to the BID Steering Group	36,975	
Consultant's support to establish a BID Company	9,845	
IT system set-up costs	16,450	
Contingency	2,730	
Total cost to support BID proposal and inception		68,000

At its meeting on 21/6/17, Cabinet approved a draw of £50,000 from the Special Projects Reserve to finance the preparation of a Business Improvement District (BID) Ballot for Andover town centre (Minute 58 refers). If the BID ballot is successful, additional costs will be incurred as set out in the table above. This report therefore recommends a further draw from the Special Projects Reserve of up to £18,000 to fully finance this project.

6.2 The table below sets out the ongoing revenue implications for the Council should a BID be established following a successful ballot.

Ongoing Revenue Implications (£)	
Levy charge to Council for its own properties	£13,745
Estimated levy for vacant units in The Chantry Centre	£3,200
Contribution to Places for People re: Andover Leisure Centre	£5,300
Net ongoing revenue pressure	£22,245

6.3 Based on current information, the annual levy to the Council for its properties in the BID area is estimated to be £13,745 as shown in Annex 3.

- 6.4 In addition to its own properties, the Council will also be liable to pay 40% of the levy charge in respect of vacant units in The Chantry Centre. This reflects the Council's ownership interest in the Centre. The actual cost will vary from year to year depending on changes to vacant units and any new development. Based on current information, it is estimated that this will cost the Council approximately £3,200 per annum.
- 6.5 The final cost the Council will incur will also include the Andover Leisure Centre. Places for People is the liable party; however, it would invoice the Council for the levy on this property as part of the existing management arrangements.
- 6.6 The ongoing revenue implications set out above will be reflected in the 2019/20 Medium Term Financial Strategy when it is presented later in the year.
- 6.7 As explained earlier in the report the Council will charge the BID Company for its services in billing and collecting the levy. A 3% charge on the total levy raised will lead to an estimated annual income of £6,000.
- 6.8 The Council will use this income to contribute towards the costs of billing and collection of the levy. Any additional costs of collection, which are estimated to be relatively small, shall be borne by the Council and managed within existing budgets.

7 Corporate Objectives and Priorities

- 7.1 *“Investing in a great place to work and do business”* is one of the four priorities in the Council's Corporate Plan 2015-2019 and beyond. Within this priority area there is a focus on improving our town centres.
- 7.2 The Council's Economic Development Strategy approved by Council on 24 February 2017, builds on the corporate plan and sets out how the Council will help achieve this objective. The strategy refers to the important role of town centre management, preparation of a BID Feasibility Study for Andover and that the BID Feasibility Steering Group of businesses *“is considering the implications of a BID for Andover town centre once the current contract for town centre management ends in 2017.”*

8 Consultations/Communications

- 8.1 Discussion of a potential BID for Andover town centre has been the subject of extensive discussion and informal consultation among businesses since the BID Feasibility Study was produced in June 2016.

9 Options Appraisal

- 9.1 The starting point is that a BID for Andover fulfils the Council's strategic aims and objectives. In theory, it remains possible for the Council to withdraw its support for the BID; otherwise, the decisions contained in this Report are facilitative of the BID and fall to be made on their merits (or otherwise) as set out in the body of this Report.

10 Resource Implications

10.1 These are set out under the relevant sections above.

11 Legal Implications

11.1 These are set out under the relevant sections above.

11.2 It is important to ensure that the submitted BID proposals comply with all aspects of the Regulations. Officers have reviewed the BID proposals and are satisfied that they are compliant.

12 Other Issues

12.1 Community Safety - None

12.2 Environmental Health Issues - None

12.3 Sustainability and Addressing a Changing Climate – None

12.4 Property Issues – These are set out in the relevant sections above.

12.5 Wards/Communities Affected – Andover Town Centre Wards

13 Conclusion

13.1 The background to Andover Town Centre BID ballot goes back to the Andover Summit in 2012. BIDS are a very widely used means of promoting and managing town centres and are business-led. The proposed Andover BID offers a valuable opportunity for Andover businesses, with the support of the Council, to become fully involved in strengthening the town centre.

Background Papers (Local Government Act 1972 Section 100D)

List of hereditaments covered by Andover BID

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:

3

File Ref:

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Report to:

Cabinet

Date:

12 September 2018