

**For General Release**

<b>REPORT TO:</b>	<b>CABINET 11 July 2016</b>
<b>AGENDA ITEM:</b>	<b>10</b>
<b>SUBJECT:</b>	<b>The Council’s financial position in relation to Business Improvement Districts (BIDs) and recommendation on new BID applications and BID renewal processes.</b>
<b>LEAD OFFICER:</b>	<b>Jo Negrini, Acting Chief Executive Stephen Tate, Director of District Centres &amp; Regeneration</b>
<b>CABINET MEMBER:</b>	<b>Cllr Mark Watson Cabinet Member for Economy and Jobs</b>
<b>WARDS:</b>	<b>All</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:</b></p> <p>This report expands on economic development and regeneration aspects of the adopted Growth Plan; The Croydon Promise in its delivery of:</p> <ul style="list-style-type: none"> <li>• The best location in London to start and grow a business</li> <li>• Giving back to the community</li> </ul> <p>It also supports the Corporate Plan 2015 – 2018 and Community Strategy specifically the objectives to compete as a place:</p> <ul style="list-style-type: none"> <li>• A place where people choose to live, work, play and invest</li> <li>• A place with a competitive local economy and labour market</li> <li>• A place where town centres flourish</li> </ul> <p><b>Background:</b></p> <p>The Council has key ambitions to grow Town and District Centres pursuing jobs and housing growth. Business Improvement Districts (BIDs) support a number of priorities for the borough namely in jobs and the economy that help deliver these ambitions across the centres.</p> <p><b>JOBS &amp; THE ECONOMY:</b></p> <ul style="list-style-type: none"> <li>• We will work to improve development opportunities and investment in Croydon</li> <li>• We will encourage businesses to invest in our district centres and to employ local people and we will use business rates to help achieve this</li> <li>• We will take steps to encourage owners of empty offices to bring the buildings back into productive use</li> <li>• We will support and encourage co-operative solutions to the Croydon economy</li> </ul> <p>As well as forming part of the local community strategy; BIDs are supported by the Mayor of London as part of the GLA’s <i>Economic Development Strategy (2012)</i>. They are strongly championed as part of the current work to revive the UK’s high streets</p>	
<p><b>FINANCIAL IMPACT</b></p> <p>There are a number of financial implications associated from the creation and operation of Business Improvement Districts (BIDs). These are funded from the Council’s Revenue Budget.</p>	

## **FORWARD PLAN KEY DECISION REFERENCE NO.: 21.16.CAB**

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the 5th working day after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below:

### **1. RECOMMENDATIONS**

#### **The Cabinet is recommended to:**

Agree that, during the period July 2016 - May 2018, and on receipt of a Business Improvement District (BID) proposal, whether for renewal of an existing BID or a new BID, the Cabinet Member for Economy and Jobs in consultation with the Executive Director for Place be given delegated authority to:

1.1 Consider on behalf of the Council as billing authority, whether the proposal conflicts with any formally adopted policy of the Council, and, if it does, give notice of this in accordance with the BID regulations;

1.2 Determine whether the Council should support the BID proposal and if so, to vote yes on its behalf in the BID ballot. If a 'no' vote is proposed, this will be referred to Cabinet for further consideration;

1.3 Formally manage the ballot process in accordance with the BID regulations;

1.4 That subject to a 'yes' vote at ballot by the relevant business community for the BID in question, the Council as relevant local billing authority will manage the billing and collection of the additional levy, and its transfer to the BID company. In the event of a 'no' vote, that the costs of the ballot be recovered from the BID Company as per the BID regulations.

1.5 Enter into key operating agreements with the BID company regarding the operation of the Bid and delivery of Council requirements and baselines.

### **2. EXECUTIVE SUMMARY**

2.1. Croydon is on an exciting journey towards substantial growth, regeneration and reinvestment. Over the next five years' in excess of £5bn will be invested within our metropolitan area, which will feed and sustain further growth within our district centres. Part of this growth will be achieved through private led initiatives and one means to enable this is through supporting the facilitation of business groups and Business Improvement Districts in town and district centres.

This report identifies economic opportunity created by the Council supporting the establishment or renewal of BIDs during the period between July 2016 and May 2018. Specifically, this paper sets out the Council's approach to the renewal ballots for Croydon Town Centre BID (autumn 2016) and New Addington BID (autumn 2017). It also supports the formation of new BIDs within the District Centres over the same time period.

### **3.0 DETAIL**

### **3.1 Background – Business Improvement Districts**

- 3.1.1. Part 4 of the Local Government Act 2003 and the Business Improvement Districts (England) Regulations 2004 permits local business communities to set up a BID as part of the borough community strategy. A BID is a geographical area where businesses are invited to decide how to improve their trading environment, although the regulations don't specify how that geographical area is formed. A local mechanism is used to progress the BID where non-domestic ratepayers occupying local business premises (known as hereditaments) pay an extra levy on top of the annual business rates for a fixed period. This additional funding is ring-fenced and spent at the discretion of the BID Board on a business plan of services and improvements within the BID area.
- 3.1.2. The BID regulations allow any local business community to set up a Business Improvement District (BID), provided that 51% or more of voting business ratepayers in the proposed area (in terms of both absolute numbers and rateable value) vote in favour. The vote for a BID is carried out by secret postal ballot, which is organised by the local authority. Eligibility to vote is based on one vote per each eligible business premise (hereditament) situated in the defined BID area.
- 3.1.3. The regulations require the BID business plan ('the BID proposal') to include the range of new or expanded services and works over and above those provided by the local authority. The local authority is in turn required to demonstrate its intention to maintain its existing services to businesses within the geographical area of the BID for the duration of the BID through baseline agreements. The core focus is a programme of additionality, complementing those services provided within the area by the local authority and other statutory services. A BID has the potential to bring significant extra regeneration impact to a town or district centre.

### **3.2 Business Improvement Districts - Implications for the Council**

- 3.2.1. Under the regulations, the Council has a duty to consider whether or not the proposals conflict with any formally adopted and published policy of the council, and if it does, give formal notice to the proposer explaining the nature of that conflict. By giving its approval the local authority is satisfying itself that the proposal conforms to the regulations. It also needs to satisfy itself that the BID proposal has sufficiently demonstrated:
- The business consultation undertaken;
  - The financial management arrangements for the BID body;
  - The proposed business plan;
  - That a contract is in place between the BID company and the local authority; and
  - That all necessary steps have been taken to ensure the proposal is robust.
- 3.2.2. The Council has voting rights on the ballot for the BID, if we have Council owned hereditament in a proposed BID area. However, in reality, if a BID is successfully voted in the financial implications for the Council would be the same.

### **3.3. Business Improvement Districts - The benefits to the Council and Local Economy**

- 3.3.1. The key priority for the Council is to ensure that Croydon residents benefit from economic growth in the borough, and to ensure they have the opportunities to develop new or to expand existing local businesses, as well as, skills and qualifications to access decently paid jobs. To maximise this opportunity, we are working with businesses and residents in district centres to create high streets that serve their local

community, including community facilities, that are safe, with high quality public realm that are easy to navigate. Some of these district centres have existing business groups and others are intending on forming business or traders groups to support their town centres. Others, including Croydon Town Centre, Purley and New Addington District Centres have been identified as growth areas and a focus for place-based development and regeneration and each has a Business Improvement District (BID).

3.3.2. The benefits to the Council of Business Improvement Districts are as follows:

- Contribute towards our key priority for the Council to ensure that Croydon residents benefit from economic growth in the borough, and to ensure they have the opportunities to develop new or to expand existing local businesses, as well as, skills and qualifications to access decently paid jobs.
- Long term savings of a dedicated resource to act as a link to the district centre.
- A focus on economic regeneration within the district.
- Deliver additionality against the Council's priorities of crime and disorder & environmental improvements and sustainability.
- Better community cohesion from the events schedule planned by the BID to encourage footfall.

### 3.4. Business Improvement Districts in London Borough of Croydon

3.4.1. Croydon Town Centre, Purley and New Addington District Centres have been identified as a focus for place-based development and regeneration and each has a Business Improvement District with different inception and renewal periods which are set out in the table below. During the period that this report refers to the Croydon Town Centre BID and the New Addington BID will hold ballots, whereas Purley BID falls outside the scope of this report:

<b>BID DISTRICT</b>	<b>INITIAL VOTE</b>	<b>ESTABLISHED</b>	<b>RE-BALLOT DUE</b>
Croydon Town Centre BID (one of the largest BIDs in the UK)	2006	2007	Autumn 2016
New Addington BID (the smallest BID in the UK)	2012	2013	Autumn 2017
Purley BID (achieved a successful inception ballot in autumn 2015)	2015	2016	Autumn 2020 <i>(For information only)</i>

3.4.2. Other district centres have expressed an interest in pursuing a BID, such as Coulson and Thornton Heath, though these are likely to take some time to come forward and may decide to form alternative mechanisms to drive growth in their district centres.

3.4.3. The Council has supported the above three BIDs and their renewals since 2006 and they have created successful outcomes in the areas that they serve. Given that there are two future renewals required in 2016-18 and the potential for new BID ballots in other district centres, it is recommended that the Cabinet approve delegated authority be given to the Cabinet Member for Economy and Jobs in consultation with the Executive Director for Place in accordance with the recommendations to this report.

3.4.4. In addition, in light of current financial pressures the Council will not be in a position to contribute an annual voluntary contribution to supplement the compulsory levy that they would be subject to annually (subject to a 'yes' vote).

### **3.5. Croydon Town Centre BID**

- 3.5.1. The Croydon Town Centre Business Improvement District was established in 2007 and renewed for a further 5 years as a result of a successful 'yes' vote in November 2011. The Council is expecting to receive a BID proposal from Croydon Town Centre BID by end of August 2016 which will then be evaluated in accordance with the regulations. They have indicated that if the proposal is authorised as in line with the regulations that the third 5 year period will be the subject of a vote at ballot between 3<sup>rd</sup> October and 3<sup>rd</sup> November 2016, with the outcome on 4<sup>th</sup> November and subject to a further 'yes' vote the BID will continue from 1 April 2017. The Head of Elections and Civic Services has agreed a proposed draft timeline on this basis.
- 3.5.2. The terms of the agreement with Croydon Town Centre BID will come to an end once this current 5 year term has ceased and, subject to a renewal of the BID at ballot in November, the Council will renegotiate the terms of the agreement with Croydon Town Centre BID to ensure that these are in line with other BIDs across the Borough.
- 3.5.3. Over the last few months, the Council has been collaborating with the Croydon Town Centre BID, regarding their ballot in November 2016 on whether to renew the BID. A successful 'yes' vote at ballot has the potential to unlock further levy income of around £980,000 in 2017-2018 (assuming all 100% of monies owed is collected), although it is likely that future years will see variation in income raised as a result of the changes within the number of vacant units in the town centre as a result of redevelopment, to support interventions supported by levy payers. As a key partner and levy payer, the Council will vote in the establishment ballot and can influence those interventions.
- 3.5.4. The priorities for the Croydon Town Centre BID over the last five years have been to:
- Ensure that visitors, customers and employees feel safer and business premises are more secure;
  - Improve the perception and image of Croydon as an area in which to invest, work and live;
  - Make the working environment cleaner and more attractive for visitors, whether they are shoppers, employees or office clients;
  - Improve accessibility by promoting awareness of good transport access to the BID area and making the area easier to navigate;
  - Establish one 'port of call', which would act as a facilitator and a collective voice to identify issues and solutions for businesses and to represent them to Croydon Council and other organisations;
  - To coordinate a number of well organised and high profile festivals and events, to establish Croydon as a cultural centre in the South East.
- 3.5.5. The draft priorities for the Croydon Town Centre BID for the next five years are proposed as follows and will be confirmed after consultation and formal submission of the proposals to the Council:
- Pledge 1 – Investing in your safety
  - Pledge 2 – Creating a great impression
  - Pledge 3 – Delivering brighter streets
  - Pledge 4 – Helping you in and around
  - Pledge 5 - Bringing businesses together
- 3.5.6. The Croydon Town Centre BID area (detailed in Appendix 2 of this report), is focused around the Metropolitan Centre and as at June 2016, has approximately 580 hereditaments (properties eligible to pay business rates). As part of the modelling exercise, the levy has been set at 1% of the business rate per annum (by rateable value), estimated at c. £980,000 per annum if all is collected and at c. £850,000 per

annum if 92% of all fees are collected. A threshold level has also been suggested, so that individual hereditaments below £40,000 per annum will not have to pay the levy. This threshold is expected to preclude certain listings such as ATM's, places of worship and schools.

- 3.5.7. It is the Croydon Town Centre BID's intention that, subject to a yes vote at ballot; the BID will commence 1 April 2017 and that its third term will run for 5 years (2017 – 2022) with a re-ballot in autumn 2021 expected.
- 3.5.8. The proposed timeline from ballot to start of the BID, if successful is therefore as follows.

Publication Notice of Ballot	22 September
Voting starts	03 October 2016
Voting closes	03 November 2016
The results are announced	04 November 2016
If a Yes vote Croydon Town Centre BID would start	01 April 2017

#### **4. CONSULTATION**

- 4.1. Consultations and discussions regarding the content of the report have been discussed with internal colleagues across different teams including Legal, Finance, Elections and Civic Services, resources department and other teams. In addition, we have discussed the implications with the different Business Improvement Districts regarding the review of levy collection charges and the likely implications.
- 4.2. The Croydon Town Centre BID has been engaging and consulting with businesses within the BID area and initial feedback from hereditaments has been favourable. Consultation on the key proposed BID themes and activities continued through to the production of the formal BID proposal document that is now being used for canvassing throughout the ballot period up to November 2016. In order to research the business needs the following steps have being undertaken:
- Formal consultation with all 580 hereditaments via online survey with c. 130 responses received to date;
  - Three formal workshops with 87 hereditaments booked to attend;
  - One to One meetings with high value levy hereditaments to secure their yes vote.

#### **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

##### **1 Revenue and Capital consequences of report recommendations**

- 1.1. There are financial implications for the Council in association with the creation of Business Improvement Districts (BIDs).
- 1.2. These include funding the ballot process which takes place every five years to establish a BID. These costs range from between £3k and £6k depending on the size of the ballot and are carried out by Council electoral services and funded from existing revenue budgets.
- 1.3. If a BID is established the Council is responsible for the administration, billing and collecting the Levy from the businesses within the geographical area of the BID. There

is however no financial impact to the Council's revenue fund from this responsibility as these costs are recharged to the members within the BID.

1.4. Where a BID is established and the Council owns properties within the BID it would be responsible for paying the annual levy associated with these properties. This will vary for each BID depending on size and property portfolio. For example, Croydon Town Centre BID currently costs the Council £34,000 per annum in this current (2012 – 2017) 5 year lifespan of the BID.

## **2. The effect of the decision**

- Receipt of revenue per annum to help in the regeneration of the area (s);
- Continuity of business relationships built up in the area (s) through various ongoing and past initiatives;
- Continued engagement of local businesses to work in partnership with each other and with the Council for the betterment of the area resulting in dissolution of the Croydon Town Centre BID;
- Continued development of initiatives that attract footfall to the area and community engagement.

## **3. Risks**

The BID process is seen by the government as an innovative process of enabling business communities to contribute significantly to the future economic development of their local area and regenerate high streets.

The risk of an area not embracing this potential is that investment needed to retain businesses, increased footfall and attract inward investment in a local district centre may not be forthcoming, compared with neighbouring areas where this opportunity is being exploited. At a time of austerity, Croydon, a significant commercial centre in South London, cannot risk losing the opportunity to regenerate its local business communities.

## **4. Options**

There are no perceived alternative options for the Council. If the business community chooses to pursue the legislative BID route and vote 'yes', then the Council is obliged to play its part in the process. It is also obliged to fund the ballot process unless the ballot is unsuccessful.

## **5. Future savings/efficiencies**

As a private sector initiative, the BID has no impact on the future savings or efficiencies of the Council. Any reduction of ownership of property in the BID area will have a direct impact on the levy payment due. The BID when operational, will add value to the wider economy of the Town Centre or District Centres.

**(Approved by: Lisa Taylor – Assistant Director of Finance and Deputy S151 Officer)**

## **6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 6.1. The Acting Council Solicitor comments that Part 4 of the Local Government Act 2003 and the Business Improvement Districts (England) Regulations 2004 (BID Regulations) provides for the establishment of a Business Improvement District within a specified geographical area in the Borough to carry out specified projects for the benefit of the business improvement district or those who live, work or carry on any activity in the district, and to finance those projects through a local levy. The processes and procedures which the Council is required to follow are set out in the BID regulations and are detailed within the body of the report. Beyond compliance with the statutory provisions, there are no other direct legal implications arising from the recommendations within the report.

**(Approved for and on behalf of Gabriel Macgregor, Head of Corporate Law, Acting Council Solicitor and Acting Monitoring Officer)**

## **7. HUMAN RESOURCES IMPACT**

- 7.1. As the BID is being led by a private organisation, the management and operations of the BID Company will not be the responsibility of the Council and will have no additional human resources impact. The impact of the ballot and billing / collection / transfer of the BID levy need to be factored into the Council's current human resources within Electoral Services and Finance and Resources for the year of ballot.

**(Approved by Adrian Prescod, HR Business Partner, for and on behalf of Interim Director of Human Resources, Chief Executive Department)**

## **8. EQUALITIES IMPACT**

- 8.1. The BID is a separate entity to the Council and provides services that are over and above those undertaken by the Council.
- 8.2. A Stage 1 equality analysis was undertaken to assess whether BIDs are likely to have any adverse impact on residents and businesses groups that share a "protected characteristic". The analysis concluded that the proposed change is likely to help the Council in advancing equality of opportunity and fairness and that will maximise opportunity for all Croydon residents to benefit from economic growth in BID area(s).
- 8.2. The Stage 1 equality analysis recommends that the Council works with each BID Board to encourage that they continue to monitor and regularly review the impact of proposals to ensure the benefits are delivered to all residents and businesses. If appropriate, the BID Board will be encouraged to consider mitigating action to ensure that those equality groups that currently face economic inequality are provided targeted support.
- 8.3. The proposal to develop a BID will support the Council in delivering on the economic development and regeneration aspects of the adopted Growth Plan and the Council's Equality and Inclusion objective to work in partnership to lift people out of poverty by increasing employment opportunities across the borough and ensuring local people to have a pathway into employment, education and training.
- 8.4. The need or otherwise for a full Equality Analysis for Croydon Town Centre BID is dependent on the feedback from engagement and consultation which is ongoing at present. Section 4 of this Cabinet report states that engagement and consultation is currently ongoing with businesses. The feedback from this process should be analysed and used to update the Equality Analysis with any social inclusion and/or



equalities issues. If no negative equalities implications are identified it is not necessary to undertake a full equality analysis.

## **9. ENVIRONMENTAL IMPACT**

- 9.1. The Council will ensure that all environmental considerations are given appropriate assessment at all levels of the delivery of projects which deliver more employment opportunities for the borough's residents.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1. A key focus of the BID proposal will be additional local safety and security initiatives to add to the Council's ongoing commitment. In this way, a BID will play a part in orchestrating business led solutions to criminal and anti-social behaviour.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 11.1. There are no perceived alternative options for the Council. If the business community chooses to pursue the legislative Business Improvement District route and vote 'yes', then the Council is obliged to play its part in the process. It is also obliged to fund the ballot process unless the ballot is unsuccessful.

## **12. OPTIONS CONSIDERED AND REJECTED**

- 12.1. The following options were considered:
- A. Bring all BIDs before full Cabinet at each stage
  - B. Delegate authority as per the recommendations for the reasons set out in the report - recommended

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**CONTACT OFFICER:** Stephen Tate Director of District Centres & Regeneration x 47446; Lisa Sharp Senior Regeneration Manager (Economic Delivery) x 63580

**BACKGROUND DOCUMENTS:** Initial Equalities Impact Assessment

**APPENDICES ATTACHED:**

*Appendix 1:* BID area - Croydon Town Centre BID map

Appendix 1 CROYDON TOWN CENTRE BID AREA

