

Report to: **Hub Committee**

Date: **7 June 2016**

Title: **Tavistock Business Improvement District (BID)**

Portfolio Area: **Economy – Cllr R Oxborough**

Wards Affected: **Tavistock**

Relevant Scrutiny Committee: **External Overview & Scrutiny Committee**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Lisa Buckle** Role: **Finance Community of Practice Lead**

Contact: **Tel. 01803 861413 Email: lisa.buckle@swdevon.gov.uk**

Recommendations:

It is recommended that authority is delegated to the Group Manager (Business Development), in consultation with the Leader and the Hub Committee Lead Member:-

- i) To vote on behalf of the Council at the BID ballot (as the owner and operator of business rated properties within the BID area), based on the merits of the BID business plan.

1. Executive summary

- 1.1 The Tavistock BID is at the end of the five year term. Following consultation, a business plan is being drafted in preparation for a ballot of affected businesses on 14 July 2016 for the next five year period.

2. WHAT IS A BUSINESS IMPROVEMENT DISTRICT (BID)

2.1 The aim of a BID is to enable the implementation of a multi year programme to improve trading conditions within an area through the payment of a small levy by all businesses within a scheme area. The detail of the legislation empowering the creation of a BID is contained within Statutory Instrument 2443 (2004). The key points are as follows;

- The BID can be all businesses or just some business, by type (shops, offices, factories etc.), within a specified geographical area.
- The period must be specified in the BID and can be up to five years.
- The BID proposal must set out, including existing baseline services, what new services are to be provided and who will benefit. It must also demonstrate what consultation has taken place.
- To approve the BID, a vote of all affected businesses must be held.

3. BACKGROUND ON HOW A BID WORKS

3.1 Ballot

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. The ballot is run by the local authority or outsourced by the local authority to a third party (eg Electoral Reform Society).

3.2 All businesses eligible to pay the levy are balloted. In the UK, 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. There is no minimum turnout threshold.

3.3 BID documents

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.

3.4 An Operating Agreement is entered into between a BID and the local authority governing how the BID levy monies are collected, administered and passed over to the BID. This agreement is in place for the Tavistock BID.

3.5 Where a BID proposes to use its levy to supplement existing services, BIDs enter into baseline agreements with the local authority and other service providers to ensure that any services the BID provides are truly additional.

3.6 **BID levy and funding**

A BID is funded through the BID levy, which is a small percentage of a businesses' rateable value.

3.7 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).

3.8 The BID levy is collected by the local authority into a ring-fenced account and passed to the BID Company for use on the projects and services set out in the BID proposal.

3.9 The BID levy is on business occupiers rather than property owners. This is in line with the business rates system in the UK.

3.10 **Benefits to Businesses**

The benefits of BIDs 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
- Increased footfall
- Increased staff retention
- Business cost reduction (shrinkage, crime, joint procurement)
- Area promotion
- Facilitated networking opportunities with neighbouring businesses

3.11 **Renewal**

BIDs operate for a maximum of five years.

4. TAVISTOCK BUSINESS IMPROVEMENT DISTRICT (BID)

- 4.1 The Tavistock BID is at the end of its first term of five years and must go through a renewal ballot process to secure another BID term of up to five years.
- 4.2 The Tavistock BID website address is:
<http://www.tavistockbid.co.uk/index.cfm>
- 4.3 The BID's business plan proposes a levy based on 1.5% of rateable value (RV). The total levy value is annually uplifted by inflation (say 2%) cumulatively over the five year period.
- 4.4 So in Year 1 a business with a RV of 1,000 would pay £15 in a BID levy. In Year 2 the inflationary 2% would be added to the total value of the Levy (the £15), so in Year 2 a business would pay £15.30. In Year 3 a business would pay £15.61 to the BID etc.
- 4.5 The objectives of the BID business plan are as follows:
- Review Dickensian Evening
 - Better promotion of events
 - Subsidise advertising
 - Develop the town map
 - Update the Visit Tavistock website and social media
 - Increase coach parking and gain Coach Friendly status
 - Increase the amount of lit Christmas trees
 - Support a Tavistock in Bloom entry
 - Keeping Tavistock clean
 - To see if the Pannier Market could open on a Monday
 - CCTV
 - Parking
 - Business support and lobbying

5. PRACTICAL IMPLICATIONS FOR THE COUNCIL

- 5.1 The legislation requires the Council to carry out certain tasks in developing and implementing the BID proposal.
- 5.2 Formal consideration of the BID business plan:-
The Council must consider the plan to ensure that it meets the requirements of the BID legislation. It can only veto the proposal on two grounds:
- i) That it materially conflicts with a policy of the authority
 - ii) That it places a significantly disproportionate financial burden on any person or class of persons through manipulation of the geographic boundary or being inequitable.

5.3 The Council has instructed the Electoral Reform Society, to conduct the ballot. A postal vote is taken, with two outcomes to be determined: first there must be a simple majority of those entitled to vote and secondly those voting in favour must represent a majority (by rateable value) of the rateable properties that are eligible to vote.

6. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	<p>The ability to set up a BID is set out in Statutory Instrument 2004 No 2443, The Business Improvement Districts (England) Regulations 2004.</p> <p>It is required that the local authority formally considers the BID proposal to ensure that it meets the requirements of the Regulations. The local authority can veto the proposal on two grounds only:</p> <ul style="list-style-type: none"> i) That it materially conflicts with a policy of the authority ii) That it places a significantly disproportionate financial burden on any person or class of persons through manipulation of the geographic boundary or being inequitable.
Financial	Y	<p>A BID levy of £2,775 will be due on the Council's properties within the BID area, uplifted annually for inflation, as explained in Section 4. (This is for all of the Council's properties within the BID area). These are mainly car parks, public conveniences, the bus station and some offices on Plymouth Road.</p> <p>It is hoped this levy will be offset by additional car parking revenue generated by the BID proposals to bring additional visitors to Tavistock.</p>

Implications	Relevant to proposals Y/N	Details and proposed measures to address
		<p>If the BID vote is successful, there are financial implications for the Council:</p> <p>Maintenance of the BID collection will require on-going resources from Revenue & Benefits and Finance. The BID pays an annual sum of £4,000 to the Council for administration costs.</p>
Risk	Y	<p>It is possible that some businesses may not be able to afford the BID levy and there is a risk that a business may cease trading, potentially leading to a temporary loss of business rate income to the Council.</p> <p>However, the levy is being kept at the same percentage as for the previous term and the BID area covers the same area as before.</p> <p>The BID aims to improve the economic environment in which it operates and the proposed ballot of affected businesses will determine whether the affected businesses support the BID in its work and are willing to financially contribute to its work.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A