

<b>NAME OF COMMITTEE</b>	<b>Council</b>
<b>DATE</b>	<b>21<sup>st</sup> May 2013</b>
<b>REPORT TITLE</b>	<b>Okehampton Business Improvement District (BID) proposal</b>
<b>Joint Report of</b>	<b>Head of Finance and the Economy Manager</b>
<b>WARDS AFFECTED</b>	<b>Okehampton Wards</b>

**Summary of report:**

This report summarises progress made by the Okehampton Business Improvement District (BID) Association in taking forward the proposal to establish a BID in Okehampton town centre. It outlines the support required from the Borough Council and implications in the lead up to the ballot and thereafter, if successful. It also asks if Members are willing to offer a loan facility to the group over the next 3 years.

**Financial implications:**

The set up costs will be minimal as the procedures are already in place for the Tavistock BID. The ballot will cost approximately £1,500 and there will be on-going revenue costs of £2,200 which may be recharged to the BID company. The revenue costs for the first year of the Tavistock BID were met by the Council and were funded from the balance of the Local Authorities Business Growth Incentive Earmarked (LAGBI) Reserve. The Council may wish to consider providing the first year of support to the Okehampton BID at a cost of £2,200, to the Council. The remainder of LAGBI funds are now committed and therefore any contribution to the Okehampton BID will need to be met from unearmarked reserves.

An annual BID levy of £500 will be due in respect of the Council's properties within the BID area. It is hope that some of this additional cost will be offset by additional car parking revenue generated by the BID proposals to bring additional visitors to Okehampton.

A loan of £8,000 from the Borough Council has been requested, repayable over a three year period.

**RECOMMENDATIONS:**

It is recommended that:

1. Members express their support for the establishment of a Business Improvement District (BID) in Okehampton, by agreeing to fund the BID ballot and year one of the support costs at a total cost of £3,700 from unearmarked reserves;

2. the Chief Executive be authorised, in consultation with the Chairman and Vice Chairman of the Resources Committee, to formally consider the BID Business Plan and vote in support of the proposal, if appropriate in the BID Ballot; and.
3. Members agree to the loan request of £8,000 to Okehampton Business Improvement District (BID) Association repayable over three years (subject to an interest rate of 1% above the Base Rate, currently 1.5% for that period).

**Officer contacts:**

Carolyn Haynes Chief Revenue Accountant, 01822 813643 or on [chaynes@westdevon.gov.uk](mailto:chaynes@westdevon.gov.uk)

Robert Plumb, Economic Development Officer, 01822 813620 or on [rplumb@westdevon.gov.uk](mailto:rplumb@westdevon.gov.uk)

---

**1. BACKGROUND**

- 1.1 The aim of a Business Improvement District (BID) is to implement a 5 year programme to improve trading conditions within a defined area (usually a town centre) through the payment of an additional levy based on a percentage of the business rates for the premises within that area or district.
- 1.2 A BID Association was established 2 years ago and since then they have consulted with local businesses in and around the town centre, both on which area to target the BID on and what they wanted in terms of improvements and projects to be included in the Business Plan. A Draft Plan has been produced and the group now wish to move towards a ballot in June/July this year. A copy of what they aim to achieve over the next 5 years is outlined at Annex A.
- 1.3 A similar scheme was established in Tavistock in 2011 and at the time the Borough Council supported and helped facilitate the establishment of the scheme. As with the Tavistock BID, the Borough Council has provided funds of up to £8,000 from the Economic Grant scheme to assist the development of the BID proposal. Further funds have been provided through the Devon County Council member's Locality Budget, from the Lottery, GD LEAF and from the Okehampton Town Council and Chamber of Trade.
- 1.4 The BID process was outlined in the report to the Strategies and Resources Committee in March 2011 including the responsibilities of the local authority to supervise the ballot and ensure the business rates are collected in the event of a successful ballot result. The further implications in this case are outlined below for Members' consideration.
- 1.5 In addition the Association has requested a loan facility of up to £8,000 to cover cash flow requirements caused by the payment in arrears of grant funding secured towards the cost of the development phase (up to the stage of holding a ballot in June/July this year).

## **2. ISSUES FOR CONSIDERATION**

2.1 The legislation requires the Council to carry out certain tasks in the development and implementation of a BID proposal.

- Formal consideration of the Business Plan to ensure it complies with the BID legislation, ensuring it does not conflict with any Council policies and that it does not place any significantly disproportionate financial burden on any person or classes of persons through manipulation of geographic boundary or being inequitable.
- Once the Business Plan has been approved by the Council it can issue a formal notification of the BID ballot.
- The Council's returning officer, or an appropriate organisation (such as the Electoral Reform Society) must conduct the ballot.
- The Council must also set up the necessary systems to enable collection and enforcement of the BID levy and the establishment of a BID revenue account for the collection, which is then passed to the BID Association to implement the proposals in line with its Business Plan.
- The Council also owns various properties within the proposed BID area. It is therefore a potential BID levy payer and therefore eligible to vote in the ballot. As such the BID proposal should accord with the Council's economic development and any other relevant policies.
- Many local authorities also waive the initial and annual costs of administering the collection of the levy as a further way of supporting businesses in their local area. This also enables a greater proportion of the BID levy to be spent on implementing projects within the scheme. The Council waived the first £4,000 of these costs for the Tavistock BID and the costs were met from the LABGI reserve.

2.2 A number of the funders who have offered their support during the development phase only provide funding in arrears. Therefore, to progress the scheme to a ballot later this year, the BID Association requires a cash-flow provision set against the funding offers they have received, which are as follows:

WDBC (ED Grant)	£8,000
DCC (Locality Budget)	£4,000
Lottery	£9,500
Okehampton Town Council	£500
Okehampton Chamber	£500
GD LEAF	£21,000
<b>TOTAL</b>	<b>£43,500</b>

2.3 The Borough Council has already paid its contribution through the ED Grant scheme in full. Any decision by the Borough Council regarding this loan request is without prejudice to the other matters outlined above.

## **3. LEGAL IMPLICATIONS**

3.1 The ability to set up a BID is set out in Statutory Instrument 2004 No. 2443 of the Business Improvement Districts (England) Regulations 2004.

- 3.2 The regulations require that a formal notice of ballot is issued at least 42 days before the ballot date. In addition it is required that the local authority formally considers the BID proposal to ensure that it meets the requirements of the Regulations prior to issuing the notice of ballot. They can only veto the proposal if
- It materially conflicts with a policy of the authority
  - It places a significantly disproportionate financial burden on any person or classes of person through manipulation of the geographic boundary or being inequitable
- 3.3 It is requested that, subject to full consideration of the final Business Plan and delegation of approval to the Chief Executive, in consultation with the Chairman and Vice Chairman of the Resources Committee, the Council votes in support of the BID proposal at the ballot.
- 3.4 It should be noted that should the ballot result in a yes vote, the Business Plan will become the legally binding framework within which the BID operates.
- 3.5 Under Section 1 of the Localism Act 2011 the Council has a general power of competence to do anything an individual can do subject to any statutory restrictions.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 If the BID succeeds there are financial implications for the Council as follows:-
- The ballot: The Council can only recover the costs of a ballot if less than 20% vote in favour of the proposal and the Secretary of State declares the ballot void. These are estimated at £1,500 in this case.
  - There are minimal set up costs as the procedures are already in place for the Tavistock BID. The actual costs were far less than originally estimated and amounted to officer time spent on implementation through an existing system.
  - Maintenance of the BID collection will require on-going resources from Revenue and Benefits and Finance services. The ongoing revenue costs are in the region of £2,200, but it is proposed that these costs will be recharged to the BID Association from year two onwards. This figure includes the support costs, postage and an estimate to cover staff costs. The first year of the Tavistock BID support costs were funded from the LABGI reserve at a cost to the Council of £4,000. Members may wish to consider offering similar support to the Okehampton BID for the first year of operation. Unfortunately there are no more funds available in the LABGI budget and therefore the costs (up to £3,700) will need to be met from unearmarked reserves.
- 4.2 In terms of the loan facility the Okehampton BID Association has confirmed that details of two guarantors can be provided for the full amount of the loan and that these will be subject to confirmation by Borough Council Finance officers.

4.3 Therefore in summary there are on-going costs of £500 and a one-off cost of £3,700 for the first year's support costs and the cost of the BID ballot. Future years will be recharged to the BID Association.

## 5. RISK MANAGEMENT

5.1 The risk management implications are outlined in Annex B below:-

<b>Corporate priorities engaged:</b>	Economy
<b>Statutory powers:</b>	Statutory Instrument 2004 No, 2443 of the BID Regulations 2004; and  Section 1 of the Localism Act 2011
<b>Considerations of equality and human rights:</b>	N/A
<b>Biodiversity considerations:</b>	N/A
<b>Sustainability considerations:</b>	This will form one of the criteria for assessment of the Business Plan.
<b>Crime and disorder implications:</b>	This will form part of the consideration of the Business Plan
<b>Background papers:</b>	<i>Report of Head of Finance to Strategy and Resources Committee "Tavistock Business Improvement District" March 2011</i>
<b>Appendices attached:</b>	<i>Annex A ; Okehampton BID aims Annex B; Strategic Risk Assessment</i>

## **Okehampton BID**

Overall aim:

To improve the vitality and viability of the Okehampton BID

### **Supporting BID businesses**

We want to make sure that contributing to the BID represents a good investment for the businesses. The BID company will work to provide discounts on goods and services for BID businesses, giving an immediate return on the BID levy. Increasing trading between businesses in the BID will be encouraged.

Aims:

- reduce costs for BID businesses by negotiating discounts on a range of goods and services
- increase the amount of business to business trading in the BID area

### **Marketing and Promotion**

The results from the survey of BID ideas and our discussions with businesses have shown that marketing and promotion must be a central part of the BID business plan. In January 2013 Okehampton Chamber of Trade appointed a Town Events Manager to work with businesses to bring in additional trade by supporting existing events and developing new ones. The Chamber has funds to pay for this work up to December 2013, after which its future is uncertain. BID funding will be used to ensure that this excellent initiative continues for 5 years. The work of the Town Events Manager is at the core of the marketing and promotion projects. Proposals for the first two years are set out – we will review activity each year to inform the development of plans for subsequent years.

Aims:

- increase the number of people from the catchment area visiting the town regularly
- increase awareness of the goods and services provided by Okehampton businesses
- Increase the spend in Okehampton from day visitors and those staying in the area

### **Parking and traffic**

Car parking and traffic issues were the most frequently raised during our discussions with businesses. Improvements can only be achieved by influencing and working with the local authorities. A BID company with over 150 members will be able to speak with a strong voice and will have some funds available to encourage the trial of new ideas.

Aims:

- trial periods of subsidised car parking charges to encourage additional footfall and dwell time in support of BID businesses
- ensure that the views of BID businesses are sought and listened to as ideas affecting parking and traffic are developed