

WAVERLEY BOROUGH COUNCIL

OVERVIEW & SCRUTINY COMMITTEE – RESOURCES

20 March 2023

Business Improvement Districts – Cranleigh, Farnham and Godalming

Portfolio Holder: Cllr Liz Townsend, Planning and Economic Development

Head of Service: Abi Lewis, Executive Head of Regeneration and Planning Policy

Key decision: Yes

Access: Public

1. Purpose and summary

- 1.1 The business communities in Cranleigh, Farnham and Godalming are progressing with developing Business Improvement Districts (BIDs) in their High Street areas and intend to go to ballot in June (Cranleigh) and October (Farnham and Godalming) 2023.
- 1.2 Waverley Borough Council (WBC) is a business rate payer, and as such will have a number of votes (relating to the number of rateable properties) to cast in the ballot. If the outcome of the ballot is positive, the Council will be required to pay the levy contribution, regardless of how the Council voted in the ballot. The estimated cost to the Council in the event of positive ballots in each town is set out in section [4.13] of the report.
- 1.3 Whilst the BIDs are being developed independently the Council has supported this work as part of its Economic Development Strategy and corporate priorities to help sustain and develop the vitality and vibrancy of the Borough's High Streets.
- 1.4 The Cranleigh BID is the most well developed at this stage and the Cranleigh BID Project Manager will be attending the O&S meeting to present to Members an outline of what is proposed for the Cranleigh BID and can take questions on the advantages of a BID for the settlement. The final Business Case for each BID will be published in the month prior to the ballot opening so that affected business rate payers are able to make a judgement on whether they wish to cast their ballot in support of the BID.
- 1.5 The Farnham and Godalming BIDs will have slightly different local flavours to their proposals on the general themes of destination marketing, clean, business support and safety.

2. **Recommendation**

The Overview & Scrutiny Committee – Resources is invited to:

- Consider and comment on WBC's support for BIDs in Cranleigh, Farnham and Godalming.
- Note the cost to WBC, as a Business Rate Payer, in the event of the BID ballots being successful.

The Committee is invited to make observations and/or recommendations to the Executive on the above matters, and any others including an indication on how Waverley should cast its ballot in each of the forthcoming ballots, with the limited information provided to date.

3. **Reason for the recommendation**

This proposal will support the Council's strategic priority to support a strong, resilient local economy.

4. **Background**

4.1 The British high street is facing significant pressures from the change in customer buying behaviour due to online shopping, falling footfall numbers, high rents and high business rates. The pandemic compounded issues for the physical high street when consumers moved to online shopping. This trend has continued post pandemic. In Waverley, retail offers 6,000 jobs, second to the education sector with 8,000 jobs.

4.2 Across the country, BIDs have been developed to try and address this trend, seeking to generate additional investment for focused activities to support retail and other businesses in high streets. Legislation enabling the formation of BIDs was passed under the Local Government Act 2003, specifically the BIDs (England) Regulations 2004.

4.3 A BID is a not for profit company formed within a defined geographical area and delivers a programme of agreed actions set out in an approved business plan. There are currently over 330 BIDs in the UK. The BID is formed following a vote of all eligible businesses liable for business rates within the BID area and will generate sufficient funding to implement the business plan.

A successful vote is one that has a simple majority both in votes cast and in rateable value of votes cast. Each business entitled to vote in a BID ballot is allowed one vote in respect of each property occupied or (if unoccupied) owned by them in the geographical area of the BID. There is not a minimum turn out required, but validity could be questioned with a low turnout (15%), for example if the ballot is during the summer holiday period or without sufficient consultation.

Activities that might be funded by a BID include town centre management, marketing, community safety initiatives and improvements to the physical environment (e.g. Christmas lights and wayfinding).

4.4 In formulating the scope of the business plan and the thresholds for inclusion in the BID, once approved through a ballot, all business rate payers will contribute

within the defined area. The BID will run for five years after which another ballot must be held if the BID is to continue.

- 4.5 Once BIDs have been voted in by a ballot, they generally continue past their first term. For example, the 'Experience Guildford' BID was initially set up with a 5-year lifespan, but due to its strong performance it has now successfully been extended into a third 5-year term. This BID raises £500,000 per annum.

"Experience Guildford" successes to be continued during 2023-28 include:

- Employ five town rangers – who make over 450 business visits per year.
- Annual Customer Service Awards.
- 2,000 employees provided training.
- Guildford Business Crime Reduction Partnership (BCRP) - 236 members including Guildford Borough Council, Surrey Police and homeless outreach/support agencies.
- In the Business Crime Reduction Partnership (BCRP) exclusion scheme, 230 warning letters have been handed out since Oct 2020 with 90% of recipients not re-offending.
- Provide taxi marshals three nights a week and late-night bus security twice a week. Reduced alcohol-related incidents by 85% in their first year.
- Welfare Champions trained and in place in the late-night venues

- 4.6 The main benefits of a BID to the business community of an area are:

- An open and accountable partnership between the private and public stakeholders.
- An ability to plan long-term as the funding lasts for five years.
- An equitable share of the BID costs amongst all eligible businesses.
- A distinction between the Borough Council, County Council and Police base line services and enhanced services to encourage economic prosperity for the three settlements concerned.
- Increased scope for sustainable economic development through inward investment.
- Enhanced infrastructure investment.
- Support local employment by enabling the settlements to compete favourably with competitor destinations and online services.
- The ability to bring in additional funding, in kind funding, grant funding, event sponsorship.

The responsibilities for a local authority in enabling the establishment and successful operation of a BID are:

1. Being familiar with the BID Regulations
2. Rating List Holder
3. Service Provider - for provision of statement of existing baseline services
4. Collection of the BID Levy
5. Ballot Holder - for provision of Ballot Services. (This can be outsourced).
6. Notification of Ballot Outcome
7. Declaring a Ballot Void
8. Termination Procedure

Progress of the three BIDS in Waverley

- 4.7 The four Chambers of Commerce requested WBC's support in 2017 to fund a feasibility study into a BID for the borough. In 2019 following a procurement process, Mosaic Partnership, who have supported over 100 BIDs, undertook a feasibility study funded by WBC. The study indicated that the implementing BIDs in the four main settlements could achieve additional investment of approximately £4,121,095 over the five-year BID term.
- 4.8 Post pandemic, three Chambers of Commerce (Cranleigh, Farnham and Godalming) have been progressing with business engagement, forming working groups and raising awareness of the process and benefits of BIDs for their High Streets.
- 4.9 In 2021 WBC allocated £40,000 of the Additional Restrictions Grant to support this process, which enabled the employment of Mosaic Partnership to develop the BIDs ready to go to ballot with a BID business plan for each settlement in June or September 2023. The Secretary of State has been informed of these dates.
- 4.10 Haslemere Chamber of Trade and Commerce decided not to progress with the BID process in the town following the pandemic. The reasons for this being the projects they had first identified, such as sourcing employee parking and plans for public toilets in Weyhill, have been resolved during the pandemic.

Financial implications of the BIDs

- 4.11 A BID is a defined area in which a levy is charged on all business rate payers in addition to the business rates bill (1 to 2%). The boundary of a BID and the levy payable is decided by the BID proposer (business steering group).
- 4.12 The following outlines the number of businesses within each proposed BID area, the likely levy to be charged and the potential income generated. The levy rate, boundary and therefore full liabilities will be confirmed in each BID's business plan, usually this is completed and distributed to all voting businesses one month prior to the month long ballot:

Cranleigh	181 businesses 2% levy suggested £94,000 income p.a.
Farnham	464 businesses 1.5 - 2% levy tbc £340,000 income p.a. (at 2%)
Godalming	286 businesses 1.5%- 2% levy tbc £179,000 income p.a. (2%)

- 4.13 The Council owns a number of properties within each of the proposed BID areas. The likely associated financial liability for the Council should the BIDs ballot processes be successful is as follows:

BID area	Number of commercial units owned by WBC	Annual levy payable
Cranleigh	2	£2,920
Farnham	9	£14,000
Godalming	7	£19,090
TOTAL	18	£36,010

For full details of the units included see appendix 1.

4.14 The above liabilities assume a 2% levy across the BID areas. These anticipated costs have been included in the Council's budget setting for 2023/24 financial year.

5. Relationship to the Corporate Strategy and Service Plan

5.1 The Council's support of the BIDs development relate to the following Corporate objectives and priorities:

- Local, open, participative government.
- Supporting a strong, resilient local economy.
- Taking action on Climate Emergency and protecting the environment.
- Improving the health and wellbeing of our residents and communities.

5.2 In addition, the recommendations link to the delivery of the Regeneration and Planning Policy Service Plan, notably "support[ing] healthy town centres by developing Business Improvement Districts and other initiatives.

6. Implications of decision

6.1 Resource (Finance, procurement, staffing, IT)

Drafted by: Rosie Plaistowe-Melham, Financial Services Manager

The forecast levy costs for the Council have been provided for in the Council's Medium Term Financial Plan and Budget for 2023/24.

The Council will have a statutory responsibility to collect the BID levy should the proposed BID's be successful. This additional work will be resourced by the Revenues team. The additional estimated cost of this is £20,200 per annum. However, the Council is permitted to charge a reasonable fee for this service to recover these costs.

The Council will also need to purchase additional software to enable the collection of the BID levy should the BID's be successful. The funding of this software can be recovered from the BID's.

WBC is currently in negotiations with the levy bill software provider Civica to try and reduce these costs which could prove prohibitive for Cranleigh BID as the smallest BID to proceed first. We are also considering alternate collection methods.

6.2 Risk management

If the Council was not to vote in favour of the three proposed BIDs it would be counter to the Council's corporate priorities. It is likely that the Council would be viewed as not supportive of local business and economic development. There may also be an expectation that WBC picks up a number of the initiatives outlined in the business plans, above and beyond existing service provision, for which the Council does not have the resources to do so.

6.3 Legal

Drafted by: Ian Hunt, Interim Deputy Borough Solicitor

The development and management of BID areas is not directly a matter for the Council, although we have powers to assist and support. The Council has formal duties to administer and manage the ballot process in line with legislation (it may use contractors to support this process).

The Council is also responsible for the administration of the National Non Domestic Rates process, accordingly it will collect and administer the payment of the BID levy.

Whilst the Council is a key stakeholder in town centres (and may have a vote dependant on land holdings), it does not control the BID company, although it may have a representative on the company Board.

6.4 Equality, diversity and inclusion

The Council has a statutory duty under section 149 of the Equality Act 2010 which provides that a public authority must, in exercise of its functions, have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

This duty has been considered in the context of this report and it has been concluded that there are no equality, diversity or inclusion implications arising from this report.

6.4 Climate emergency declaration

6.4.1 There are no direct climate change implications associated with this report.

7. Consultation and engagement

7.1 The Council has undertaken regular consultation with the local Chambers of Commerce and town/ parish councils and the newly formed BID working groups throughout this process. Officers have attended the monthly BID working party meetings in each settlement.

7.2 The BID working groups are undertaking extensive consultation with the businesses within the BID areas.

7.3 Executive have received verbal updates bi-monthly for the last six months at briefing sessions.

8. Other options considered

8.1 The Council could decide not to support the BIDs. However, this would be indicating a lack of support for greater investment in the three high street business communities and would be contrary to the Council's strategic priority of "Supporting a strong, resilient local economy".

9. Governance journey

9.1 The proposed governance route for WBC scrutiny of BIDs in the borough as follows:

Meeting	Date
Executive Briefing	28 February 2023
Resources Overview & Scrutiny	20 March 2023
Executive Briefing (if required)	23 May 2023
Executive	6 June 2023

9.2 The first BID to present their draft business plan will be Cranleigh – the outline business plan and indicative spend detail will be presented to Overview and Scrutiny before then being considered at Executive. Vote casting to be delegated to the Leader of the Council.

9.3 The decision to vote in favour of the BIDs can only be done once BIDs have been scrutinised by O&S in March and WBC have received their business plans with details of the levy and projects proposed.

9.4 It should be noted that if the three BIDs are successful at ballot, the Council could be provided with a Board position for each. The Council will need to decide the representatives to be appointed to the Boards in due course.

Background Papers

There are / are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

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Agreed and signed off by:

Head of Service:

Legal Services: Ian Hunt, Interim Deputy Borough Solicitor, 21/2/23

Head of Finance: Rosie Plaistowe, Financial Services Manager, 23/2/23

Strategic Director: Dawn Hudd, 9/3/23

Portfolio Holder: