

# Waverley Borough Council

**Report to:** Executive

**Date:** 6 June 2023

**Ward affected:** Cranleigh

**Report of:** Strategic Director - Place

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**Report Status:** Open

## Cranleigh Business Improvement District (BID) Ballot

### 1. Executive Summary

- 1.1 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.
- 1.2 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.
- 1.3 The Cranleigh BID is the most well developed having produced the final five-year Business Plan (Appendix 1). This will be published in the month prior to the ballot opening in June, 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.

1.4 Key projects in the business plan are:

- Marketing the Village
- Digital High Street
- Security and Wayfinding
- Business Support

This Executive report provides a background on the responsibilities and the financial implications of BIDs for the Council, and it recommends that the Council support the first Waverley BID ballot taking place in Cranleigh in June.

## **2. Recommendation to Executive**

The Executive is recommended:

- 2.1. To vote in support of the Cranleigh BID with the Council's two votes as a levy payer.
- 2.2. To delegate responsibility to cast the vote in the ballot for the Cranleigh BID to the Leader of the Council.
- 2.3. To note the annual cost to the Council of its levy contributions set out at 10.1, the cost of which have been included in the Medium Term Financial Plan (MTFP).
- 2.4. To agree to absorb the cost of the up-front capital cost of the BID levy collection software up to £43,000. This cost will be met by earmarked reserves and useable capital receipts.

### **3. Reasons for Recommendation:**

- 3.1. Supporting BIDs forms part of the Council's existing and emerging Economic Development Strategy to support the high streets and a vibrant business economy in the borough.
- 3.2. The Council has invested in the BID development process since 2018, having commissioned a feasibility study and provided grant funding to each BID area.
- 3.3. The Council has a statutory responsibility to work with the BIDs and an opportunity to build a partnership with these stakeholders.

### **4. Exemption from publication**

This report has no exempt content.

### **5. Purpose of Report**

- 5.1. To provide background to the development of BIDs in the borough; to explain the implications and responsibilities of the Council and provide the information for the Executive in order for them to recommend that the Council vote in favour of the Cranleigh BID.

### **6. Strategic Priorities**

- 6.1. The Council's support of the BIDs development relates 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.
- 6.2. 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.

## **7. Background**

- 7.1. 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.
- 7.2. 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. 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. A 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 which the BID promoter will have consulted on.
- 7.3. 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 turnout 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.
- 7.4. 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).

7.5. 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.

7.6. 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 around £500,000 per annum.

7.7. 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.

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

- Being familiar with the BID Regulations
- Rating List Holder

- Service Provider - for provision of statement of existing baseline services
- Collection of the BID Levy
- Ballot Holder - for provision of Ballot Services. (Outsourced to Civica).
- Notification of Ballot Outcome
- Declaring a Ballot Void
- Termination Procedure

## **8. Progress of the three BIDS in Waverley**

- 8.1 The four Chambers of Commerce requested the Council'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.
- 8.2 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.
- 8.3 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.
- 8.4 The Council 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 [10.1]. 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 [11.1] of the report.

- 8.5 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.
- 8.6 The Cranleigh BID is the most well developed having produced the final five-year Business Plan (Appendix 1) published in the month prior to the ballot opening in June, 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.

Key projects in the business plan are:

- Marketing the Village
- Digital High Street
- Security and Wayfinding
- Business Support

- 8.7 The Farnham and Godalming BIDs may have slightly different local priorities to their proposals on the general themes of destination marketing, clean, business support and safety.

## **9. Consultations**

- 9.1 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.
- 9.2 The BID working groups are undertaking extensive consultation with the businesses within the BID areas. One to ones, workshops, and surveys.

9.3 Executive has received verbal updates bi-monthly for the last eight months at briefing sessions.

9.4 Overview and Scrutiny received a presentation from the Economic Development service and Cranleigh BID, March 2023

## 10. Key Risks

10.1 If the Council was not to vote in favour of the three proposed BIDs it would be counter to the Council's corporate priorities. There may also be an expectation that the Council would pick up several of the initiatives outlined in the business plans, above and beyond existing service provision, which the Council does not have the resources to do so. The Council will support within its own budget affordability.

10.2 The Council has invested £15,000 into the Feasibility Study for all four areas and allocated £40,000 ARG grants monies to support BID development in three areas.

## 11. Financial Implications

11.1 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:

| <b>BID area</b> | <b>Number of commercial units owned by WBC</b> | <b>Annual levy payable</b> |
|-----------------|--|----------------------------|
| Cranleigh       | 2  | £2,160                     |
| Farnham         | 9  | £14,000                    |
| Godalming       | 6  | £16,770                    |
| <b>TOTAL</b>    | <b>18</b>                                      | <b><u>£32,930</u></b>      |

As of May 2023, any additional units will incur additional liabilities.



Budget provision for these additional levy costs has been provided for in the 2023/24 Budget and Medium-Term Financial Plan approved by Council in February 2023.

- 11.2 The Council is responsible by law for the ballot and levy collection. These costs can be recharged to the BID and every effort has been made to keep the cost to a minimum. However, the Council will require additional staff resource in Finance to administer the collection of the levy. This will incur an estimated additional cost of £20,200 per annum which is rechargeable to the BID's. In addition to this there will be recovery of system support and maintenance costs (£7,500) and print and postage costs (£1,400).
- 11.3 Discussion with the Executive proposed to apply a cap on recharge of administration costs at 6%. This would lead to the Council subsidising less than £100 per annum.
- 11.4 Therefore, the full cost to the council will be circa £33,000 of revenue impact through levy payments for 5 years and an upfront capital contribution of up to £43,000.

## **12. Legal Implications**

Drafted by: Ian Hunt, Interim Deputy Borough Solicitor.

- 12.1 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).
- 12.2 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.
- 12.3 The Council in considering its intention to vote in relation to a BID proposal has to have regard to its financial and wider interests in considering its position. Whilst the Council has supported the development of the BID and given funding to support their development is it not obligated to vote in favour although of course it

may if it considers that this is in the best interests of the Council and the District.

### **13. Human Resource Implications**

- 13.1 Financial services will need to recruit an officer (0.4 FTE) to manage the levy collection. [11.2]

### **14. Equality and Diversity Implications**

- 14.1 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.
- 14.2 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.

### **15. Climate Change/Sustainability Implications**

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

### **16. Overview & Scrutiny 20 March**

- 16.1 Dawn Hudd and Catherine Knight presented the BID report. It was noted that the levy is different to business rates and can be from 1 to 2%. Waverley is responsible for collecting this levy and the Baseline Agreement is indicated in the report including the postal ballot

system. It was also explained that the total additional investment value between 2023-2028 for the three BID areas would total around £3,065,000.

- 16.2 Concern raised regarding the potential 6-10% levy collection costs due to the high Civica software purchase price.
- 16.3 The Committee resolved to agree to the recommendations in the report.

## **17. Summary of Options**

- 17.1 That the Council casts its votes in favour of the ballot.  
RECOMMENDED
- 17.2 That the Council vote no in the ballot, however the Council would still have to pay the levy if the ballot vote is successful and would still have to collect the levy.

## **18. Conclusion**

- 18.1 The Economic Development service would recommend the Council votes for the Cranleigh BID. Delegating casting the votes to the Leader of the Council.

## **19. Background Papers**

None.

## **20. Appendices**

- 20.1. Appendix 1 - Cranleigh BID business plan.