

Committee: Cabinet

Date: 8th December 2008

Agenda item: 6

Wards: Borough-wide

Subject: Business Improvement Districts

Lead officer: Sarah Tanburn, Interim Head of Sustainable Communities

Lead member: Diane Neil Mills, Cabinet Portfolio Holder for Regeneration

Key decision reference number: 686

Recommendation:

1. That the BID proposal for Willow Lane is welcomed.
 2. That if formal BID proposals are received for Willow Lane Estate, South Wimbledon Business Area (Morden Industrial Area) and Wimbledon Town Centre these are supported for a formal ballot process on the following financial basis:
 - a) Provision of the business rate listing in a potential BID area free of charge.
 - b) Recovery of costs if the BID vote is unsuccessful (if it is successful the council is obliged to pay the cost of the ballot) – estimated at £2,000 for each BID area to be contained within Regeneration Partnerships resources.
 - c) Full cost recovery for collecting the BID levy (estimated at £3,000 for each BID area).
 - d) Provision of ongoing in-kind support for a successful BID to be contained within Regeneration Partnerships resources.
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1 Purpose of the report

- 1.1 This report explains the rationale for Business Improvement Districts (BIDs) and the procedures for their establishment. It also identifies the possible implications and costs for the council of facilitating the establishment of BIDs in the South Wimbledon Business Area (Morden Industrial Area), Willow Lane Industrial Area, and Wimbledon Town Centre should it decide to support these initiatives in principle.

2 Details

The concept of a Business Improvement District

- 2.1 A Business Improvement District (BID) is an area within which businesses have agreed to set up and pay for a programme of initiatives, services and improvements additional to those provided by their landlords and the council, in order to enhance their own operating conditions. Most existing BIDs are in town centres and areas where the profitability of businesses depends heavily on a local environment which is attractive to their customers.

- 2.2 A successful ballot to set up a BID obliges all businesses within the relevant area to contribute financially to the improvement programme. It is the ratepayers in an area (not the landowners or landlords) who decide to form a BID – although landlords/landowners can contribute on a voluntary basis. BID formation has to be formally agreed by both a majority of the ratepayers and a majority of the rateable value – to prevent either a large number of small tenants or a few large businesses dominating the decision. Guidance suggests that support of 5 – 10% of the affected businesses should be secured informally at an early stage in order to minimise the risk of abortive costs in preparatory work and conducting a formal ballot.
- 2.3 The BID Levy is compulsory for all business ratepayers in the area/sector once a majority in the area/sector have voted to set up the BID. This has an advantage over previous arrangements which were voluntary only, and left it open to “freeloaders” to realise the benefits of improvements without contributing their share of the costs. BIDs must have a formal constitution in line with the Government’s published guidance. They may be established for limited periods but they cannot operate for more than 5 years without being subject to a fresh vote.
- 2.4 The levy is likely to be based on rateable values and it is generally recommended that this should not exceed 1% of the total rateable value of the premises within the BID area.

Implications of a BID proposal

- 2.5 In the event that a valid BID proposal is submitted, the council is obliged to manage and fund the BID ballot, although the costs can be recouped if the BID is unsuccessful (to ensure that only serious proposals come forward). Costs in the areas identified so far could be contained within existing budgets.
- 2.6 If the ballot were to support the establishment of a BID the council would be responsible for billing the participating businesses, collecting the annual levy and sending the product of the levy to the respective BID Boards although the costs can be recouped from the BID Board (reducing what is available to spend on local improvements).
- 2.7 The services provided by a BID are meant to be additional to a baseline agreed with statutory agencies such as the local authority (eg waste, street cleaning, parking enforcement) or the police (patrols etc). This is to ensure that there is no duplication or replacement of existing services. If a BID proposal is formally submitted the council will therefore have to enter into a “baseline services agreement” with the BID company which will define the council’s future commitments to service provision within the BID area. For complex town centres this can be the most onerous part of the council’s responsibilities in preparing a BID.
- 2.8 Some businesses in two of the Borough’s industrial estates have expressed interest in pursuing BIDs. They are the South Wimbledon Business Area (also known as Morden Industrial Area) and the Willow Lane Industrial Estate. The Wimbledon Town Centre Executive Board has also expressed interest in a BID for the town centre area. These three possible BIDs are assessed below.

Willow Industrial Estate

- 2.9 Willow Lane Industrial Area, in Cricket Green Ward, has 130-140 businesses. Estate businesses formed the Willow Action Group (WAG) in 2003 as part of a Single Regeneration Budget (SRB) scheme operating across South London managed by Merton Council for which the Society of London Manufacturers (SOLOMAN) was the sub-contractor. WAG collected voluntary subscriptions from a significant proportion of the businesses and this has funded the employment of a part time co-ordinator until the present time.
- 2.10 WAG has worked with the council to arrange for the estate entrance road to be resurfaced. New signage was installed together with a new post box by the estate exit. A cleaning schedule for estate roads was introduced and trees were pruned and waste bins installed. Following a match-funded grant from the SRB project and a capital grant from Merton Council, CCTV was installed and this is managed by the co-ordinator. CCTV covers some 60 per cent of the main roads around the estate.
- 2.11 Continuing business surveys conducted by the co-ordinator reveal consistent concerns about crime, fly tipping, poor signage, traffic congestion and parking. The bridge over the Tram Link line was declared unsafe and has been closed since 2004 due to disputes over the responsibility for repairs. Closure has left the estate with only one entrance which has increased the traffic congestion.
- 2.12 WAG is now looking at the possibility of making a BID proposal as part of the current LDA funded SOLOMAN project. BID status would provide a secure income for the next five years whereas income from voluntary subscriptions is proving difficult to sustain. The secure income would allow WAG to increase the current 10 CCTV cameras to 16 and maintain the part-time co-ordinator. WAG is preparing a BID proposal to discuss with the businesses and is aiming for the ballot to be conducted in May 2009 to start from July 2009, requiring preparatory work by the council to start immediately.
- 2.13 It is possible that some larger businesses may choose not to support the BID because they will already have to face the additional cost of a Supplementary Business Rate (SBR) to contribute to the cost of Crossrail, although SOLOMAN are advising that their experience with other estates in South London indicates that businesses affected by the SBR proposals see the two issues as entirely separate and recognise commercial benefits at the local level from the BID proposals.
- 2.14 A 1% levy would raise approximately £83,000 per annum for the BID.
- 2.15 From the preparatory work that has been undertaken SOLOMAN advise that the BID ballot is likely to be successful, although the number of businesses on the estate is relatively small. Agreement has been reached to pursue a timetable which will involve a ballot in May 2009 and a possible start-date on 1st July 2009.

South Wimbledon Business Area (SWBA) – Morden Industrial Area

- 2.16 The South Wimbledon Business Area (SWBA) is situated within Abbey Ward and has over 200 businesses employing 2-3000 people. Leading businesses have established SWBA Ltd to provide a business forum and pursue activities that support local business operations.

- 2.17 Consultations about developing a BID proposal began in 2003. Groundwork Merton received funding from the London Development Agency (LDA) to employ an officer for two years and prepare the ground for a BID vote. The Merton Groundwork officer raised awareness of the problems facing the estate among both businesses and Council officers.
- 2.18 In 2005, a trial vote was held to ascertain whether or not businesses might support a BID proposal. The SWBA BID Steering Group has carried out a “pilot” ballot among businesses located within the Morden Industrial Area, which although it did not strictly follow the voting procedures set out by the BID Regulations, showed some support for a BID (34 in favour, 19 against) but there was a low turnout (53 of 244 voting papers returned). It was decided to put the issue on hold until more intensive work could be done. SWBA Limited has now asked SOLOMAN if it will resume work on a BID proposal as part of a project funded by the LDA.
- 2.19 A 1% levy under a BID arrangement would raise around £86,000 a year for five years.
- 2.20 SOLOMAN has completed initial discussions with most of the businesses about their principal concerns. A number are concerned about the security of their staff, especially during the hours of darkness, due to poor street lighting and the absence of CCTV. They are also worried about car theft, parking, litter and the cost of waste disposal.
- 2.21 SWBA Ltd has decided that consultations on a BID should be pursued again to raise funds for the installation of CCTV cameras, environmental projects and an estate worker. However, SOLOMAN are not at this stage convinced that there is sufficient support on the estate and plan to recommend to SWBA Ltd that further work should be done to canvass views prior to submitting a BID proposal. Nevertheless there is a possibility that SWBA Ltd may decide to submit a formal BID proposal and there is a proposal to pursue a timetable for a process which could lead to a ballot in June 2009 and a start-date on 1st August 2009.
- 2.22 In addition the number of businesses on the estate is relatively small and some larger businesses may choose not to support the BID as explained above although SOLOMAN advise, from experience elsewhere, that this is unlikely to be the case.

Wimbledon Town Centre

- 2.23 Early in 2006 the LDA funded Partnership Solutions (who worked on the successful Kingston BID) to provide limited support to potential BID Partnerships. A workshop was held in April 2006 which considered the steps needed to establish a BID in Wimbledon Town Centre. The workshop participants generally concluded that a Wimbledon BID was the best approach, and confirmed in the 2007 Competitiveness Study. The funding would be used for a range of initiatives including marketing of the town centre.
- 2.24 Whilst the Wimbledon Board has kept the idea of a BID on the agenda it is only since the Competitiveness Study that some businesses have started to show interest. So far Centre Court and Friends Provident have committed to providing funding totalling £15k subject to the council contributing a similar amount.
- 2.25 There are concerns in relation to a potential BID in Wimbledon:

- Promotion of a Business Improvement District may detract from the need to carry out improvements in Wimbledon Town Centre for 2012. Indeed, focussing on the Olympics collectively may demonstrate the value of collaboration to businesses and pave the way to progress a BID as an Olympic legacy – involving less effort and expense than progressing it now.
 - Those larger businesses with a rateable values over £50k would be subject to the SBR and may decline to support a local BID although SOLOMAN has advised that this is not the case on industrial estates.
 - The potential viability of the BID will depend on the geographical area selected to define the BID area.
- 2.26 Discussions have therefore been held with Merton Chamber of Commerce with a view to providing S106 funding (subject to this being matched by the private sector and to suitable governance arrangements) to support the Wimbledon Going for Gold Initiative (linked to the Olympics). Initially £40,000 is being allocated under officers' delegated powers with a view to allocating a further £120,000 over the following 3 years to 2012, subject to satisfactory performance of the initiative and Cabinet approval to the further allocations. This would mean that no BID would be pursued in Wimbledon Town Centre until 2012 at the earliest.

Role of the Local Authority in BIDs

2.27 The role of the local authority is outlined below:

- **Any BID proposals from the three potential areas will require formal approval from the council before a ballot can commence.** Formal approval should be given provided that the BID does not conflict with any of the council's priorities and the BID proposal meets the obligations placed on the council by the Regulations. The council may make a reasonable charge for supplying the ratings list information to the BID, but may also give this for free as a contribution to the BID.
- **The council must manage and pay for all aspects of the ballot.** The ballot may be conducted by the Borough's Returning Officer or by an organisation like the Electoral Reform Society. If the BID is not successful in winning the ballot, the council may pass the ballot costs on to the BID proposer.
- **When a BID proposal is declared, the council must provide the data for the baseline agreement in advance of the ballot.** The legislation requires that the proposed programme of BIDS initiatives and services should not over-lap with, or substitute for existing council services to the businesses within the BID area. Where this is the case a baseline agreement must be drawn up setting out the authority's responsibilities for each service. This exercise could involve significant input from council officers but the costs cannot be reclaimed from the proposers .
- **A complementary services agreement secures the provision of any additional services to be provided by the local authority.** When a BID proposal is declared, the council must provide the data for the services agreement in advance of the ballot. Again the costs cannot be reclaimed from the proposers .
- **An operating agreement sets out the relationship between the BID and the council in terms of collecting and enforcing payment of the BID levy.** The council may recover its collection costs but some authorities encourage BIDs by providing a free service. This cost is not considered to be significant.

- **Good practice prescribes that BID proposals should be developed in close co-operation with the local authority.** The proponents of the potential BIDs in the three areas enjoy good relations with Merton Council and its officers. The BID will also require council officer liaison and support on an on-going basis, possibly including membership of the BID Board. Based on the experience of other BIDs it is anticipated that this could absorb up to a quarter of one officer's time within the Regeneration Partnerships Team if both BIDS on the Industrial estates were to proceed and would add to the workload of officers working on town centre management issues in the case of Wimbledon Town Centre.

3 Alternative options

- 3.1 The council could decide that the potential benefits of the proposed BIDs are not sufficiently great to justify the input of officer time and other financial resources to help establish whether the businesses of the area wish to form a BID and to help run the BID programme if the ballot were to be successful. This approach would effectively reduce the likelihood of a BID proposal coming forward and is likely to generate some resentment on the part of some businesses towards the council.
- 3.2 As set out above an alternative to a formal BID proposal has been suggested on an interim basis for Wimbledon Town Centre.

4 Consultation undertaken or proposed

- 4.1 The report above describes the consultation which has been undertaken in the three areas.

5 Timetable

- 5.1 Discussions are already underway on both estates and within the Wimbledon Town Centre, although considerable work to recruit support remains necessary in the town centre and possibly on SWBA.
- 5.2 For Willow Lane Industrial Estate the businesses are hoping to hold the ballot in May 2009. Whilst there is a case for the collection of the levy to be at the same time as business rates are collected SOLOMAN advise that the experience of other councils is that separate collection can be undertaken by a manual system given that relatively few businesses are involved at marginal additional cost.
- 5.3 SWBA is planning for a ballot in June with a possible start-date on 1st August 2009.
- 5.4 Preparatory work by the council on the ballot arrangements and the agreements needs to start immediately to achieve these timetables.

6 Financial, resource and property implications

- 6.1 The costs are estimated at c£15,000 for the costs of running the BIDs in the three areas and setting up systems to collect the BID levies. The council could recoup the costs of setting up systems (c£9,000) but would only be able to recover the costs of running the ballots (c£6,000) if those ballots are unsuccessful in securing a majority in favour of a BID.
- 6.2 The costs for the Willow Lane and SWBA BIDs are summarised below:

7	BID	8	Ballot Costs	9	Rebate if ballot fails	10	Collection of Levy (Year1 inc. setting up of systems) can be recouped	11	Collection of Levy (subsequent years)
12	Willow Lane Industrial Area	13	2,000	14	2,000	15	3,000	16	1,000
17	South Wimbledon Business Area	18	2,000	19	2,000	20	3,000	21	1,000
22	Total	23	£4,000	24	- £4,000	25	£6,000	26	£2,000

6.3 The maximum cost to the council is therefore £4,000 if the ballots are successful and the costs of collection are recouped. If the ballot fails there will be zero cost to the council. The cost of £4,000, which would fall in 2009/10 can be met within Environment and Regeneration Department's Revenue Budget for business support activities. For future years the costs of collection would be recouped.

6.4 Wimbledon Town Centre Executive Board has requested a contribution of £15k towards the cost of preparing a BID proposal. Instead, as outlined above, it is proposed to provide financial support to the Wimbledon Going for Gold (Olympic) initiative at this stage, using S106 funds and not contribute this specific £15k.

6.5 The Council owns property on the Willow Lane Industrial Estate but not on the SWBA. Depending on the area selected for any Wimbledon Town Centre BID the council may own and possibly occupy property within the BID. Tenants of property owned by the Council would be eligible to vote in a ballot and would be liable for the levy. The Council as landowner could make a voluntary financial contribution to the BID,

7 Legal and statutory implications

7.1 The legislative framework for the establishment of Business Improvement Districts is provided by the Local Government Act 2003.

7.2 The Regulations governing the BID development process are the Business Improvement Districts (England) Regulations 2004 i.e. Statutory Instrument 2004 No. 2443.

8 Human rights, equalities and community cohesion implications

8.1 There are no direct implications of the prospective BID proposals for human rights, equalities or community cohesion.

9 Risk management and health and safety implications

9.1 The basic services provided by the council should address statutory health and safety issues for which the council is responsible.

9.2 The financial provision made by the prospective BIDs areas will compensate the council for the costs of running the BID if the ballot is unsuccessful, but provision will need to be made to cover the costs of running a successful ballot.

10 Crime and Disorder

10.1 The additional funding available through a BID has the potential to address crime issues in the areas.

11 Appendices – the following documents are to be published with this report and form part of the report:

11.1 Appendix 1 : Outline BID Timetable for Willow Lane Industrial Area

11.2 Appendix 2: Outline Bid Timetable for South Wimbledon Business Area

12 Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report

12.1 Estates Excellence Programme Terms of Reference

13 Contacts

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14 Useful links

Merton Council's Web site: <http://www.merton.gov.uk>

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<http://www.merton.gov.uk/legal.htm>

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APPENDIX 1

**WILLOW INDUSTRIAL ESTATE
OUTLINE BID TIMETABLE**

Month	Activity	Legal Requirement
June 2008	Identify BID priorities; build up information for BID proposal; and undertake soundings with estate businesses. Obtain initial list of rateable values from Merton Council.	
July- Oct	Check Valuation List with businesses on the ground and undertake detailed consultation about BID proposals	
November	<p>Chase outstanding consultation responses</p> <p>Willow Action Group reviews progress and decides whether to give notice to Sec of State</p> <p>Meeting with Council Officers to discuss the Valuation List; Baseline Services, Operating, and Complementary Services Agreements; and Ballot Arrangements with the Council.</p> <p>Draft legal agreements sent to Council solicitors</p> <p>Agree geographic area of BID</p>	
December	<p>Inform Sec of State and Council of intention to hold a BID ballot – latest date 19 Dec</p> <p>Council members consider BIDs in principle</p> <p>Draft BID Proposal and BID Levy Rules</p> <p>Draft the BID Brochure</p> <p>Commence arrangements to turn WAG into a BID provider limited company</p>	At least 84 days before Notice of ballot
January 2009	<p>Finalise legal agreements with Council</p> <p>Finalise BID Proposal and BID Brochure</p> <ol style="list-style-type: none"> 1. Draft BID proposal & BID Levy Rules 2. Proposed Operating and other agreements 3. Summary of consultation processes 	

	<p>4. Notice requesting Council to instruct a ballot holder to conduct the ballot</p> <p>Commence arrangements to turn WAG into a BID provider limited company</p>	
February	<p>Council Officers approve BID proposal</p> <p>Council advises the Ballot timetable.</p> <p>BID Brochure sent to printer</p> <p>WAG puts BID Proposal and Brochure on own and/or SOLOMAN web sites</p> <p>Council issues latest list of non-domestic ratepayers – becomes final list of voters for Ballot provider by (Council to advise the date required)</p> <p>BID Brochure distributed to voters</p>	
March	<p>Notice of Ballot published – 15 March</p>	<p>At least 42 days before Ballot Day</p>
April	<p>Ballot papers sent to voters – 1 April</p> <p>Work encouraging businesses to vote</p> <p>Deadline for applications of proxy – 24 April</p> <p>Deadline for cancellation of proxy – 29 April</p>	<p>At least 28 days before Ballot Day</p> <p>No later than 5pm on 10th day before ballot</p> <p>No later than 5pm on 5th day before ballot</p>
May	<p>Deadline for return of spoilt ballot papers – 1 May</p> <p>Ballot Closes – 4 May - result announced on the following day</p>	<p>No later than 5pm on 3rd day before ballot</p> <p>Must be a working day no later than 90 days after publishing Notice of Ballot</p>
June	<p>Latest date for ballot complaints to reach the Secretary of State – 2 June</p> <p>Preparation for issue of BID Levy bills</p>	<p>28 days after ballot announcement</p>
July 2009	<p>BID Starts – 1 July</p>	

APPENDIX 2

SOUTH WIMBLEDON BUSINESS AREA

OUTLINE BID TIMETABLE

Month	Activity	Legal Requirement
June 2008	Identify BID priorities; build up information for BID proposal; and undertake soundings with estate businesses. Obtain initial list of rateable values from Merton Council.	
July- Oct	Detailed CCTV costing work	
November	<p>Consultation with estate businesses about BID proposals.</p> <p>Discuss Valuation List; Baseline Services, Operating, and Complementary Services Agreements; and Ballot Arrangements with the Council. Draft legal agreements for Council solicitors to consider</p>	
December	<p>Council members consider BIDs in principle</p> <p>Complete consultations with estate businesses on BID proposals. Draft BID Proposal, BID Levy Rules and BID Brochure</p>	
January 2009	<p>Decision by SWBA Ltd on whether to proceed with BID – 22 January</p> <p>Agree geographic area of BID</p> <p>Finalise legal agreements with Council</p> <p>Check suitability of SWBA Mem & Arts for BID provider status</p>	
February	<p>Inform Sec of State and Council of intention to hold a BID ballot – latest date 2 February</p> <p>SWBA sends to the Council:-</p> <ol style="list-style-type: none"> 1. Draft BID proposal & BID Levy Rules 2. Proposed Operating and other agreements 3. Summary of consultation processes 4. Notice requesting Council to instruct a 	<p>At least 84 days before Notice of ballot</p>

	ballot holder to conduct the ballot Finalise BID Proposal and BID Brochure	
March	Council Officers approve BID Council prepares Ballot timetable. BID Brochure sent to printer SWBA puts BID Proposal and Brochure on its web site	
April	Council issues latest list of non-domestic ratepayers – becomes final list of voters for Ballot provider by (date) BID Brochure distributed to voters Notice of Ballot published – 27 April	At least 42 days before Ballot Day
May	Ballot papers sent to voters – 4 May Work encouraging businesses to vote	At least 28 days before Ballot Day
June	Work encouraging businesses to vote Deadline for applications of proxy – 1 June Deadline for cancellation of proxy – 6 June Deadline for return of spoilt ballot papers – 8 June Ballot Closes – 11 June - Ballot result announced the following day	No later than 5pm on 10 th day before ballot No later than 5pm on 5 th day before ballot No later than 5pm on 3rd day before ballot Must be a working day no later than 90 days after publishing Notice of Ballot
July	Latest date for Ballot complaint to reach the Secretary of State – 10 July Preparation for issue of BID Levy bills	Complaints to be lodged within 28 days of ballot result
August 2009	BID Starts – 1 August	