

# **Cherwell District Council**

## **Executive**

**2 October 2017**

<p><b>Formal notification of Banbury Business Improvement District (BID) Business Plan and related decisions</b></p>
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### **Report of Head of Strategic Planning and the Economy**

This report is public

#### **Purpose of report**

- A) To provide an update on progress to establish the creation of Banbury Business Improvement District (BID).
- B) To seek the endorsement of the Executive for a recommendation to Council to approve:
  - a. The casting of a positive vote in favour of creating a BID for Banbury in the ballot in relation to the Council's eligible property (hereditaments);
- C) To seek the endorsement of the Executive for a recommendation to Council to approve, subject to a positive ballot, the Council:
  - a. To subsidise part of the annual costs of collecting the Levy on behalf of the BID within a budget ceiling for a maximum five year period and for the Chief Financial Officer to make the appropriate arrangements;
  - b. To provide a bridging loan to the BID to support its establishment and for repayment within a three year period and for the Chief Financial Officer to make the appropriate arrangements.
  - c. To meet the costs of creating the BID Levy collection system and for the Chief Financial Officer to make the appropriate arrangements.

#### **1.0 Recommendations**

The Executive is recommended to propose to Council that a number of decisions are taken to prepare for the creation of the Banbury Business Improvement District (BID), subject to a positive 'yes' ballot of businesses. It is recommended:

- 1) To delegate authority for the Director – Strategy & Commissioning to vote in favour of the BID at the Ballot on behalf of all Council-owned hereditaments.
- 2) To delegate authority to the Chief Finance Officer in consultation with the relevant Lead Member to meet the actual one-off capital cost, estimated to be £20,000 to create the necessary collection system.
- 3) To delegate authority to the Chief Finance Officer in consultation with the relevant Lead Member to subsidise a proportion of the annual revenue costs to collect the BID levy for a maximum period of five years of £9,000 a year.
- 4) To delegate authority to the Chief Finance Officer in consultation with the relevant Lead Member to provide a bridging loan of up to £50,000 to the Banbury BID to cover the set-up, operational and project costs in its start up phase to be entirely repaid to the Council within three years. The loan would be subject to an appropriate legal agreement being entered into to govern the drawdown loan facility and all financial requirements being satisfied.

## **2.0 Introduction**

- 2.1 The Council was approached in 2015 by businesses in Banbury to support the establishment of a Business Improvement District (BID) in Banbury town centre.
- 2.2 In 2016, the Council agreed to fund the initial phase of work to prepare a BID for Banbury at a cost of £6,840 whereby a feasibility study established the level of business support. Of the 115 businesses responding, 74% were in favour of the BID concept being tested in a ballot, 19% were undecided and 6% were against.
- 2.3 Based upon the expressed business support, the Council agreed to commission Phases 2 and 3: the development of a detailed business plan and guiding the campaign through to ballot.
- 2.4 The Council has 15 properties, including car parks and bus station, or 'hereditaments' through which it is eligible to use some or all of its votes for or against the creation of a BID for Banbury.
- 2.5 The Council has been represented at each shadow BID Board meeting and open business forum by the Portfolio Holder for Estates and the Economy and/or officers. The Terms of Reference are being developed by the Shadow BID Board and once agreed by the shadow BID Board a further report will be made for the Council to formalise the Council's representation on the Board.

## **3.0 Business Plan**

- 3.1 National regulations apply to the formation of a BID including the necessity for a detailed Business Plan to be produced. A draft business plan has been prepared and was launched at an open business forum on 6<sup>th</sup> September 2017 and proposes five principle aims for a BID for Banbury to be:

- Better Promoted
- More Vibrant

- Better for Visitors
- Better for Businesses
- Working for your Business

3.2 The draft business plan is attached and is also available along with associated documents and information sheets at: <https://banburybid.com/information-bulletins/>

3.3 The draft business plan will also be sent to all eligible voters along with their ballot paper on 17<sup>th</sup> October 2017.

## 4.0 Timescale and budget

4.1 The timescale for developing the BID is summarised below:

<u>Phase 2</u> Nov 2016 Jan 2017-on May 2017  Sept 2017	Decision to proceed with BID and creation of shadow BID Board. Business liaison and consultation on proposed Business Plan Notification to Secretary of State and Billing Authority (CDC) of intention to hold a ballot. Notification to Billing Authority of Business Plan.
<u>Phase 3</u> Sept 2017 Sept 2017 17 Oct 2017 14 Nov 2017	Launch of Business Plan. Notice of ballot. Ballot papers issued. Ballot Day.
<u>Phase 4</u> Nov 2017 to April 2018	Formation of Board of Directors, appointment of staff and BID begins operation.

4.2 The budget for developing the BID is summarised below:

The Executive approved a budget of up to £60,000 (from existing economic growth funds) to support the development of the Banbury BID. This has funded the following:

- £29,925 to employ a consultant - Heartflood Ltd for the BID 'development' work.
- £7,500 as an operational budget to pay for the BID ballot, newsletters, website, social media, etc.

If the ballot in Autumn 2017 is successful, Phase 4 (to make the BID operational) will involve:

- £8,550 to employ Heartflood to complete the 'bridging' work prior to the BID becoming operational.

The balance of the approved budget would then be £14,025.

## 5.0 Levy Collection

- 5.1 Whilst the Council has provided assistance and guidance to shadow Board to support the creation of a BID for Banbury it must be led by businesses. The Council will be an active partner and will provide an agency role for the BID in the collection of the Levy from all appropriate businesses.
- 5.2 Following a successful ballot, the Levy will be collected annually by the Council from around 530 businesses (hereditaments), as a separate bill to the business rates.
- 5.3 The Council can choose to recover all, some or none of the costs of collecting the levy from the BID company. The Council propose to charge the BID Company the full cost of collection, but the Council is recommended to subsidise the Company's collection costs for a five year period.
- 5.4 The initial capital cost and annual revenue costs (for 5 years) of collecting the Levy on behalf of the BID company has been estimated by Cherwell District Council as follows:

<p><b>CDC estimated costs for collecting the BID Levy</b></p> <p><u>A) Capital (one-off)</u>          £10,000 - Capita BID module plus consultancy *  <i>* This assumes the existing CDC sundry debtors system cannot be used</i></p> <p><u>B) Revenue (annually for 5 years)</u>          £24,000 p.a. - 1 FTE Revenues and Recovery Officer, Printing of NDR demand notices, Printing of reminders, Envelopes, Paper &amp; Inserts.</p>
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- 5.5 The estimated annual revenue cost of £24,000 means that Cherwell District Council estimates it will cost £44 on average to bill, collect and enforce the levy from each of the 545 hereditaments within the BID boundary.
- 5.6 The British Retail Consortium (BRC), a significant representative group containing members such as M&S, Debenhams, Boots, Poundland etc, suggest to their members that a maximum of £35 per hereditament should normally be charged.
- 5.7 Given experience in other Districts, it is proposed to subsidise the BID Company via a grant payment up to maximum level for a fixed period to meet the difference. The reason for that grant subsidy is to reduce the risk of a 'no vote' by business and to assist a successful 'yes' vote.
- 5.8 It is proposed to pay a grant subsidy of £9,000 annually for 5 years to meet part of the levy costs.
- 5.9 The proposed subsidy to the BID company is based on the estimated costs and estimated revenue from the levy. The effect of this proposal ensures that the BID company will have to absorb any differences in the estimated cost of collection of the levy to the actual costs. Cherwell District Council does not bear any risks associated with this above the level of the subsidy.

- 5.10 If the BID is created, it will be for a five year term and this agreement reflects the challenge to the prospective BID Company in establishing itself during that first five year term. After the first year of operation, and in subsequent years, the BID would be reviewed with an expectation that the level of subsidy would reduce with the BID Company aiming to fully fund its own collection costs.
- 5.11 This proposal seeks to balance the Council's financial support needed for the BID to be approved by businesses, with scope to annually review and hopefully to reduce the cost to the Council of subsidising the collection. In proposing this financial support Cherwell District Council recognises that a successful BID operating in Banbury will bring significant wider economic and community benefits to the town from having an enhanced town centre.

## **6.0 Bridging Loan**

- 6.1 The current BID timetable anticipates that the result of the Banbury BID ballot will be known on 15th November 2017. If a positive 'yes' vote, this would provide the mandate for the BID company to be formed and be prepared for full operation from April 2018.
- 6.2 The BID levy would become a statutory debt upon businesses and carry a similar legal status to those relating to the payment of Business Rates. It is therefore proposed that the Council should provide a loan to the BID Company (if it becomes mandated by the ballot) to support the establishment of the BID company to support its initial establishment.
- 6.3 It is proposed that the bridging loan would be to a maximum of £50,000 and for it to operate on a 'drawdown basis'. This would ensure that the BID Company will only borrow funds that it actually requires (thereby minimising the debt which is loaded onto the company). The BID Company would be liable to make its own arrangements if it required any additional funds over the £50,000 which the Council makes available. It is considered that this would present a low risk, given that the BID Company's annual income is estimated to be over £200,000 from the BID levy.
- 6.4 The bridging loan would support the cost of set-up, operational and project costs of the BID from its establishment in November 2017 to the first tranche of BID levy income when BID levy bills are issued on the 1st April 2018. It is proposed that the loan agreement would contain a condition which provided that the repayments be deducted at source by the Council's Business Rates section from BID levy income.

## **7.0 Conclusion and Reasons for Recommendations**

- 7.1 The BID proposal for Banbury has progressed to timetable and has published its five year business plan as a basis for a ballot to be held on 14 November 2017.
- 7.2 Subject to a positive 'yes' vote, the BID will become operational from April 2018. Following the recommendations set out in this report, the Council will prepare its systems to collect the Levy and work with the BID to establish itself to contribute to the mutual objective of adding economic 'vitality' to central Banbury.

7.3 The recommendations of this report concern the amount of financial support to provide in the forms of a loan and annual subsidy. The recommendations also seek delegation of decisions within previously approved budgets and approval for officers to cast a positive 'yes' vote on behalf of the Council to support the establishment of the Banbury BID for each of its hereditaments with the BID area.

## **8.0 Consultation**

8.1 Extensive consultation has occurred including:

- A business survey, carried out over 6 weeks in August & September 2016, which gained 115 responses.
- The creation of a Banbury BID website – at [www.banburybid.com](http://www.banburybid.com) from May 2017.
- The production and distribution – both in electronic and hard copy format - of 5 detailed BID information newsletters from August 2016 to this point.
- A total of 4 open business meetings to this point.
- The creation of Banbury BID Facebook and Twitter channels from April 2017.
- Direct visits to many businesses from August 2016, which will continue over the coming weeks.
- Contact with the Head Offices and Regional Managers of national businesses.
- The creation of a Shadow Board and a wider network of businesses to actively champion the creation of Banbury BID.

## **9.0 Alternative Options and Reasons for Rejection**

9.1 Alternative Options:

- To reduce or remove financial support in providing the bridging loan and/or subsidising the levy collection.
- To vote against the creation of a BID in the ballot via the Council's 15 eligible hereditaments

9.2 The above options are not recommended because:

- The development of the Banbury BID and its draft business plan reflect the support and guidance provided by Cherwell District Council to date.
- The establishment of the Banbury BID and the implementation of the business plan have been designed to strengthen the 'economic vitality' of the town centre.
- The draft business plan is sensitive to the costs of levy collection and aims to be set at the level set in other BIDs to reduce the risk of a 'no' vote.
- Without the proposed bridging loan the BID would be delayed in its creation and therefore in its delivery of action to strengthen the 'economic vitality' of the town centre.

- It would forgo the opportunity to support a project that has been led by the businesses of Banbury which has the potential to draw additional resources to actions to promote the town to the benefit of the town and its business community..

## 10.0 Implications

### Financial and Resource Implications

The successful introduction of a BID for Banbury stands to generate significant resources for the promotion of the retail heart of Banbury from local businesses, both directly through the Levy and also indirectly through the businesses contributing additional expertise, energy and other added value. This would all be in addition to the services provided by Cherwell District Council and its investment in, for example, the Castle Quay Two development.

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### Legal Implications

The steps taken to introduce the Banbury BID follow the BID legislation and associated regulations.

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## 8.0 Decision Information

Key Decision -	No
Financial Threshold Met -	No
Community Impact Threshold Met -	Yes

### Wards Affected

Banbury

### Links to Corporate Plan and Policy Framework

This report directly links to all four of the corporate priorities and objectives set out in the Cherwell District Council Business Plan 2016-17 as follows:

- A district of opportunity
- Safe, green, clean
- A thriving community

- Sound budgets and customer focused council

### Lead Councillor

Councillor Lynn Pratt - Lead Member for Estates and the Economy

### Document Information

Appendix No	Title
1	Business Plan 2018-2023: Banbury Business Improvement District
<b>Background Papers</b>	
BID Business Plan, associated documents and information sheets are available to download from: <a href="https://banburybid.com/information-bulletins/">https://banburybid.com/information-bulletins/</a>	
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