



Executive
12th December 2005

**Report from the Director of
Environment and Culture**

For Action

Wards Affected:
ALL

Park Royal 'Business Improvement District'

Forward Plan Ref: E&C-05/06-029

1.0 Summary

- 1.1 Park Royal Partnership (PRP) has commissioned consultants to investigate the feasibility of a Business Improvement District (BID) within its area. A BID is a mechanism whereby businesses within a certain area vote to pay a supplement to their business rates in order to fund improvements and services over and above the existing provision of services to that area.
- 1.2 This report provides a summary of work to date and seeks Council support to progress this initiative over the next six months. A further report on the detailed bid proposal would be presented to the Executive for approval in 2006/7.

2.0 Recommendations

- 2.1 Members of the Executive are recommended to:
- Note the concept and objectives of the new BID legislation
 - Support 'in principle' the proposal to establish a BID for Park Royal
 - Agree that officers continue to work with PRP in relation to undertaking preparatory work and developing a detailed bid proposal for the Park Royal area.

3.0 Detail

- 3.1 BIDs are a North American concept whereby a funding mechanism is established to improve and manage a clearly defined commercial area. It is based on the principle of an additional levy on all defined business ratepayers in that area following a vote in favour of specific proposals for the improvements and services to be provided and the amount of the levy.
- 3.2 The UK Government has enabled the creation of BIDs through the Local Government Act 2003 and the Business Improvement Districts (England) Regulations 2004. This legislation followed from the development of a number of pilot BIDs across the country, including a number in London as part of the LDA 'Circle Initiative'.
- 3.2 A BID can be proposed by a non-domestic ratepayer, the council or a body one of whose purposes is to develop such a proposal. The BID proposer sends its proposal to the Council with an instruction to hold a ballot with:
- A copy of the BID proposals
 - A summary of the consultation it has undertaken with those liable for the BID levy
 - The proposed business plan with estimates of cashflow, revenue and expenditure
 - The financial management arrangements for the BID body and the arrangements for periodically providing information to the Council on the finances of the BID
 - Information to satisfy the Council that the BID body has sufficient funds to meet the costs of the ballot
- 3.3 If the Council is satisfied that the information provided by the BID meets these requirements, then it is required to hold a ballot (outlined in more detail below in paragraph 3.15).
- 3.4 If a vote is then successful (the vote must achieve both a majority in terms of number of ratepayers and the proportion of their rateable value) the levy becomes mandatory on all defined ratepayers and is treated in the same way as the Business Rate, becoming a statutory debt. The funds collected have to be paid into a special revenue account kept by the Council and then go towards the provision of additional services and improvements within that business improvement district area. Under the regulations there is required to be a BID body responsible for the implementation of the arrangements.
- 3.5 A successful BID requires support from all interested parties. This means a starting point should be open and constructive dialogue between the local authority and the business community in creating a solid and committed partnership. Nevertheless, the local authority plays a pivotal role in the BID process in its capacity as the ultimate custodian of the public realm.

- 3.6 There are a wide range of roles that the local authority may adopt in the implementation of BIDs, covering both regulator and service provider. These include:
- Bid initiating/supporting organisation
 - Ballot holding organisation
 - Levy collecting organisation
 - Service providing organisation
 - BID approval organisation
- 3.7 The proposals voted for have a lifespan of 5 years after which further proposals will have to be reaffirmed through another vote.
- 3.8 Park Royal proposals
- 3.9 Until recently the national BID focus has predominantly been on town and city centres, but the legislation is flexible and allows any business location to benefit from the concept. The Park Royal bid, if successful, would be the one of the first BIDs to be created in a largely 'industrial zone'. It would also be the first to cover an area falling within more than one billing authority.
- 3.10 The Park Royal Partnership has commissioned consultants, Partnership Solutions, to help develop the detailed BID proposal and coordinate with the three local authorities that cover the Park Royal area (Brent, Ealing and Hammersmith and Fulham). PRP will be the BID proposer and if successful are likely to take on the role of the BID body (or management thereof).
- 3.11 The need for a BID in Park Royal stems from the opportunity it provides to create a better managed environment across three local authority areas that would be focused on the specific needs of the local businesses.
- 3.12 In developing the detailed BID proposal the following key issues will need to be considered:
- The geographical area covered by the proposal – after considering the BID objectives the proposal could be smaller than the full extent of the Park Royal boundary.
 - The current baseline with regard to service provision in the area – likely to be confirmed through a service level agreement with PRP.
 - The Levy amount (%) to be required from businesses in the area – proposals from elsewhere have varied from 1-2% of Rateable Value.
 - The level and range of Levy payment exemptions allowable – for examples smaller businesses, vacant properties, etc
 - The additional services that a BID could provide in the area – examples from elsewhere have included:
 - Street/business security;
 - Street, alley, and pavement cleaning and graffiti removal;
 - Promotions/ public events/ expanding tourism;
 - Marketing;
 - Business retention and recruitment;
 - Development of parking facilities, pedestrian shelters, public amenities, green space, kiosks, lighting, benches, litter bins, etc.

- The view of the Council(s) with regard to the provider of such additional services in order to maximise operational effectiveness and minimise conflicts with existing services (it may be the Council's view that the BID body commission services directly from the Council on, for example, higher levels of street cleansing).

3.13 An indicative timeline produced by PRP and Partnership Solutions is outlined below. This would necessarily entail a further report to the Executive in 2006/7 to consider the full and final BID proposal document ahead of a ballot shortly thereafter. *(Note: Exact timescales are currently not available following a PRP decision to allow more time for development of baseline information and producing service level agreements).*

Draft BID proposal and consultation Completion of a draft BID proposal that outlines the main principles to be included in the final proposal. Followed by a full consultation with the business community using the draft proposal to ensure awareness and ownership of the concept and the detail and to make amendments where identified during the consultation.	Early 2006
Critical 'go ahead' point A pause point for the board to assess the progress made to date and to consider whether to go ahead to the vote at this point.	2006
Notification of ballot to the Secretary of State and the local authorities (at least 84 days in advance of the notice of ballot).	2006
Final BID proposal Completion of final BID proposal including all technical information and proposed legal agreements.	2006
Formal approval Local authorities approve the final BID proposal and give the go ahead for the notice of ballot to be issued.	2006
BID campaign Commencement of the intensive canvassing phase in advance of and during the ballot period.	2006-7
Notice of ballot Local authorities issue of ballot notice to levypayers together with a statement about the BID arrangements. The final BID proposal with all technical information must be available for viewing from this date (at least 42 days in advance of the ballot day).	2006-7
BID campaign Commencement of the intensive canvassing phase in advance of and during the ballot period.	2006-7
Issue of ballot papers Local authorities issue ballot papers to levypayers together with instructions on the ballot process (minimum 28 day ballot period).	2006-7
BID ballot day (last day of ballot period).	2006-7
Announcement of BID ballot result (by local authorities as soon as practicable after the ballot day).	2006-7
BID goes live (28 day challenge period post announcement plus maximum period of 365 days after announcement date).	2006-7

Table 1 - Indicative BID timeline

3.14 Across the whole Park Royal area there are over 2000 businesses, the majority of which are small to medium-sized enterprises (SME) i.e. companies with less than 250 employees. The above timetable provides for a two month consultation period on draft proposals before a final BID proposal is put to the

ballot. In addition, a BID campaign nearer to the balloting time will seek to highlight the benefits of a successful BID and clarify any final issues.

- 3.15 In the case of Park Royal, one matter to be resolved between the three local authorities will be the operation of the ballot and whether a single ballot will be undertaken (managed by one authority) or if three ballots are performed (administered separately) for each local authority area. The regulations allow for the 'ballot holder' (the local authority returning officer) to delegate this function to a third party.

4.0 Financial Implications

- 4.1 The work programme over the next six months can be delivered within existing staff time and at minimal cost. This will primarily entail helping PRP draw together an accurate picture of the existing baseline provision of local authority services for the area and discussing the options with regard to how a BID proposal can be administered across three local authority boundaries (e.g. balloting, levy collection, etc). As a trading unit, any costs arising from Legal Services support to the Council will need to be allocated to a service area. It is proposed that for the period of BID development this is borne by Environment and Culture and met from within existing budgets.
- 4.2 Initial estimates of the likely costs of holding a ballot for the final BID proposal suggest a cost of around £10 per hereditament. The Regulations state that the Council can recoup the cost of the ballot from the BID body following a successful vote if this was stated in the proposal. If however a vote did not receive majority support the costs would have to be borne by the initiating partners, including the Council. The final BID proposal will clarify this matter but officers will seek to agree with PRP that they, as BID proposer, agree to cover the costs of any ballot and the Council does not incur expenditure.
- 4.3 The regulations also confirm that with a successful BID, the billing authority is able to be reimbursed for the cost of the levy collection from the BID Revenue Account.
- 4.4 At this stage it is very difficult to predict the likely funds that could be raised by a Park Royal BID. Until final clarification on the geographical area, the percentage levy and the exemptions have been made any calculations can vary wildly. Nevertheless, early indications would suggest that an example 1% levy with the greatest coverage could raise over £1m for added value services, whilst a smaller area targeting fewer business may only provide £300k revenue.
- 4.5 It should be noted that part of the judgement to be made with regard to which businesses to exclude from the levy will be the financial efficiency of levy collection when weighed against the actual levy costs being considered. That is, in some instances it would cost more to collect from a business than would be collected.

4.6 Depending on the exemptions of a final BID proposal it is possible that local authority property could be exempt or non-exempt. This is more of an issue for other councils however as Brent Council does not have any property in the Park Royal area.

5.0 Legal Implications

5.1 The legal powers by which local authorities can progress such BID initiatives are outlined in paragraph 3.2 above. The 2003 Act specifically empowers the Secretary of State to make provision for or in connection with enabling two or more billing authorities to make BID arrangements in respect of a business area which falls partly in each of the authorities. No such regulations have yet been made and this will make implementing arrangements to cover the whole PRP area more difficult than would be the case for an area covered by only one billing authority. It may be necessary to establish three separate but co-ordinated BIDs.

5.2 There are also specific legal and contractual aspects which will need to be considered with regard to any contracting out of a ballot process, the collection and payment of a levy, and the services that a BID area might wish to deliver. This will need to be considered in detail as part of the final BID proposal development over the next six months.

5.3 The Regulations provide the Council with power of veto of BID proposals in limited circumstances. When a BID proposal is submitted the Council is required to inform the BID proposer if the BID proposals conflict with any policy formally adopted and published by the Council as soon as reasonably practical. This enables the BID, where conflicts with policy do exist, to be forewarned that the Council may need to consider its power to veto the proposals depending on the nature and extent of the conflict. The actual power of veto must be exercised within 14 working days from the day of the ballot. The veto may also be exercised where the authority considers that particular financial objections set out in the Regulations apply. There is provision for the veto to be appealed against to the Secretary of State.

5.4 A number of legal agreements will be needed to formalise the relationship between the BID Body and the Council. Template documents have been produced by a firm of solicitors as part of the Circle Initiative and it is likely that agreements for the BID if it proceeds would be based on these. The three main documents are as follows:

- An operating agreement which governs collection and distribution of the BID Levy to the BID Body (in this case PRP);
- A “baseline” agreement which details the services in the BID area that the Council currently provides because it is statutorily required to do so and the additional services (if any) that it chooses to provide. It also sets out benchmark standards for those services. There are provisions for notification and some required actions in the event that the service standards are not met or the Council cannot continue to provide those

services, either due to changes in legislation or due to having insufficient funds. However, the BID body cannot use the agreement to force the Council to continue to provide services;

- A complementary services agreements for any additional services or levels of service that the BID body agrees to commission from the Council over and above the baseline level.

6.0 Diversity Implications

- 6.1 At this stage it is not possible to make an accurate assessment of the BID diversity implications. This will be considered as the detail of the BID proposal is developed and reported as part of the final report to the Executive.

7.0 Staffing/Accommodation Implications

- 7.1 Aside from the staff time required to liaise with PRP and discuss the balloting and levy collection mechanisms, as outlined above, there are no staffing or accommodation issues arising from this report.

Background Papers

GUIDANCE ON THE BID (ENGLAND) REGULATIONS 2004:
www.local.odpm.gov.uk/finance/busrats/busimp.pdf

BIDs: A GOOD PRACTICE GUIDE: www.ukbids.org

Contact Officers

Any person wishing to inspect the above papers, or for more detail on the above initiatives should contact Keith Tallentire, Projects and Policy Unit, 3rd Floor, Brent House, 349-357 High Road, Wembley, Middlesex HA9 6BZ.

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