

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S REPORT TO CABINET**

**Date 10<sup>th</sup> Sept 2014**

**REPORT TITLE:** Plans for a Business Improvement District for Newcastle Town Centre

**Submitted by:** Joanne Halliday

**Portfolio:** Economic Development, Planning & Town Centres  
Finance and Resources

**Ward(s) affected:** Newcastle Town

**Purpose of the Report**

To update Members on the Newcastle Town Centre Partnership's plans to establish a Business Improvement District (BID) for the town centre in order to assist in the provision of a sustainable future for the area.

**Recommendations**

**That Cabinet notes the requirements of the Council to provide NNDR information for the purposes of a Business Improvement District and to operate the ballot (and collection of levy if vote is successful) in line with the regulations covering BID ballots.**

**To support the Newcastle Town Centre Partnership's plans to consult local businesses on the introduction of a Business Improvement District.**

**That the Portfolio Holder for Economic Development, Planning & Town Centres is authorised to vote at the Partnership Board to progress the Business Improvement District proposal to a ballot.**

**That Cabinet receives a further report after the Town Centre Partnership sets the levy so that the full financial implications can be calculated, enabling a full assessment of the business case and cost to the Council as a rate payer, prior to the ballot taking place.**

**Reasons**

Economic development of the town centres has been a Council priority for several years leading to the establishment of the Town Centre Partnerships with officer and member support provided to them. Newcastle Town Centre Partnership (NTCP) has considered its medium to long term future and is seeking the support of the local businesses to develop a sustainable funding model to deliver the priorities of local businesses. It is appropriate that Members are aware of the plans to establish a Business Improvement District and the processes involved.

**1. Background**

1.1 The Council Plan identifies that 'the town centres within the borough play a vital role in providing employment, local services and entertainment for residents and visitors. The challenge is to ensure each centre remains sustainable and safe despite any economic downturn. For economic growth there is a need to work with other agencies and partnerships to keep the town centres as safe as possible and that crime is kept at a low level'. One of the key delivery mechanisms are the Town Centre Partnerships.

- 1.2 Over the past year the NTCP has delivered a whole range of successful events including the Lymelight Festival, Jazz and Blues Festival, Bottle Cap Film Festival, Global Groove Dance Festival and Christmas Lights switch on. They have also managed a range of activities to support local businesses and town centre users; late night shopping on the Christmas lead-up, 'Enterprize' business start-up contest, free business support/training provision, 'Just the Ticket' Parking reimbursement scheme and the vacant unit window-dressing schemes.
- 1.3 Support has continued to be provided to the Newcastle Town Centre Partnership which became a formal Community Interest Company in January 2013. It is essential that the company develops long term funding models to sustain their activities and importantly ensures that the activities are those wanted by local businesses. The NTCP identified this need in their Medium Term Financial Plan and has set its self the priority of securing an appropriate sustainable model, with finance allocated to external specialist support. The primary sustainable model being considered is that of a BID.
- 1.4 A BID is a defined area within which rate-paying businesses decide on new improvements to help transform their area and fund them via a levy. A series of surveys will be carried out to determine what improvements businesses in the area would like to make, as well as to discover why people visit the area, what would encourage them to visit more and stay longer.
- 1.5 Improvements are made using the funding from the levy if the majority of ratepayers in a designated area approve them through a vote. This enables businesses to have a direct role in deciding what improvements should be made in their local area. The vote is open to business rate payers within the defined area - if a majority of those who vote, both by number and by rateable value, approve the proposal, the levy becomes mandatory on all defined ratepayers and is treated as a statutory debt. The BID can consider if to exclude businesses whose rateable value falls below a certain threshold. Businesses will also influence how much money they want to pay towards the BID. On average this levy is usually between 1 and 2% of the rateable value. A 1% levy in the area could possibly generate around £100,000 per annum which will be ring-fenced to make and manage the improvements that businesses have voted for.
- 1.6 The BID will deliver the changes and improvements that businesses in the area identify, these might include a wide range of activities and events which help to drive customer visits and encourage longer stays. However it is important to remember that the BID will not replace the existing services provided by the Borough Council. After five years, the businesses will re-vote on whether they want the BID to continue and what they want to improve over the next five years.
- 1.7 Due to the positive contribution that a Town Centre BID would have on the economic development of the area and residents satisfaction with the town centre the Council is overall supportive of the proposal.

## 2. **Issues**

- 2.1 The Council clearly has a part to play in supporting this as an economic development priority; however there are also some key responsibilities for the local authority to facilitate the processes within the regulations:
  - The provision of the business rates data to calculate the BID levy  
In line with the regulations the Council is obliged to give the TCP information on the business rates within the proposed town centre area in order that the TCP can form a suitable boundary and levy proposal. This information is required by autumn 2014 to enable the Borough Council's Democratic Services Team to organise the balloting.

- The organisation of the formal BID ballot  
Once the TCP confirms the proposed BID area there is a requirement to finalise which businesses are eligible to vote and to establish a ballot in line with the regulations. The NTCP propose to complete the ballot for billing in March 2015.
- The preparation and commitment to the baseline service agreements  
The Council is required to state the level of services provided within the proposed BID area in order that businesses can see what additional services may be provided for the additional levy.
- The collection and enforcement of the BID levy (which is then passed straight to the BID company).  
Subject to the ballot being successful an operating agreement will be established with the TCP to set out how the BID levy will be collected, enforcement procedures and payment processes. This will need to specify the Council charges for this service.

### 3. **Proposal and Reasons for Preferred Solution**

- 3.1 It is proposed that the Council supports these processes and through officer involvement at the NTCP BID sub group and NTCP Board that progress is effectively managed to achieve the ambition to establish a BID. As a NTCP Board member the Portfolio Holder for Economic Development, Planning and Town Centres will be in a position to raise any issues on the process or as the Council's business rate payer representative.
- 3.2 It is proposed that the Council provides the business rates data in order that the TCP can calculate the BID levy and so that the BID proposer is able to issue notice to the Secretary of State that there is an intention to hold a ballot. Within the TCP timetable this it is anticipated that this will take place the second week of October. Officers therefore recommend that the ICT modules are implemented in order to collate this information and that the Portfolio Holder is authorised to discuss the costs of this with the TCP.
- 3.3 To enable the Council to commence the ballot process in early 2015 it is recommended that officers commence discussions with the TCP on the format and requirements.
- 3.4 To confirm the level of service provided to local businesses by the Council it is proposed that officers commence discussions with the TCP at the earliest opportunity so that the baseline service agreements can be agreed.
- 3.5 Commencement of operating agreements and memorandum of understanding between the Council and the NTCP is recommended at the earliest opportunity in order that the expectations are understood and the risks are minimised.
- 3.6 As part of the formalisation of the levy collection processes the Council will need to confirm the charges for this service. It is proposed that officers calculate these costs on a full cost recovery basis and that they are agreed with the Portfolio Holder for Finance and Resources.
- 3.7 The Portfolio Holder for Economic Development, Planning & Town Centres is a Board Member of the Town Centre Partnership. This role includes the review of progress with the BID proposals and it is envisaged that over the forthcoming meetings there will be a vote at the Board to decide if to progress to a ballot. It is therefore appropriate at this stage that the Council considers the opportunities and potential implications of the proposed BID and

agrees to give in-principle support. The Portfolio Holder for Economic Development, Planning & Town Centres with the support of the Executive Director of Regeneration and Development will then be able to participate in the Board vote.

- 3.8 Once the Town Centre Partnership sets the levy the Council can calculate the full financial implications for the council as a rate payer. A detailed report will be prepared with the advice of the Executive Director of Resources and Support Services and Executive Director of Regeneration and Development. The report will be made to Cabinet containing an evaluation of the business case for the BID and if found to be sound would recommend giving the Executive Director of Regeneration and Development in consultation with the Portfolio Holder for Economic Development, Planning & Town Centres the delegated authority to cast a vote for the BID on behalf of the Council as a business rate payer.

#### 4. **Outcomes linked to Corporate Priorities**

- 4.1 The Council Plan identifies the Economic Development Strategy as one of the three main local strategies to delivery of the Council priorities. Supporting the economic development of the town centres is a corporate priority and as such it is appropriate that the Council allocates officer and member support.

#### 5. **Legal and Statutory Implications**

- 5.1 The establishment of a Business Improvement District must be undertaken in line with the regulations; Part 4 of the Local Government Act 2003 and Statutory Instrument 2004 No. 2443 - Business Improvement Districts Regulations.

#### 6. **Equality Impact Assessment**

- 6.1 There are no direct implications for equality.

#### 7. **Financial and Resource Implications**

- 7.1 In July 2012 the Council allocated £30,000 to the TCP to recognise that the new partnership and the delivery model need to be supported to establish itself and that it would be appropriate to allocate funding for at least a further two years. As the TCP was established in December 2012 the Council allocated £10,000 for 2012/13, £30,000 was given in 2013/14 and £30,000 in 2014/15. The TCP's Medium Term Financial Plan supported by the Portfolio Holder is budgeting for £22,500 in 2015/16. By this date the Council will have provided a total of £92,500 to the TCP, with additional in-kind support such as office accommodation. To confirm there is no funding budgeted for 2016/17 or beyond.
- 7.2 Newcastle TCP was established as a separate company and as such it is essential that the company is able to secure long term funding to deliver its objectives. The company need to secure a sustainable funding model and it is anticipated that they will achieve this for 2015/16. The company's primarily model for securing this sustainable future is through the BID. The Council's support would therefore continue in the form of payments based on the rateable value of the Council's premises in the town centre, in line with other public and private companies operating in the BID area. Officer and member support to the Board and where appropriate theme groups will continue in line with the Council's adopted Economic Development Strategy.
- 7.3 The BID area and levy has not yet been set by the TCP, however officers have calculated that the cost to the Council based on current business rates and property occupancy will range between £7,900 for a 1% levy and £15,800 at 2% levy. The key buildings in the town centre which the Council pay rates on are J2, the Civic Offices, Guildhall, the Depot,

Lancaster Buildings, properties on Merrial Street and Fogg Street, the bus station, town centre car parks and market stalls. Whilst the outcome of the BID ballot won't be known until March it would be appropriate for the Council to consider this as part of the annual budget setting process. The TCP will be completing budget setting workshops in the autumn and the outcome of these will be able to inform the inclusion of more accurate financial costs into the Council's Medium Term Financial Plan, at this stage however it would be appropriate to allocate the additional £15,800 for 5 years commencing in 2015/16.

- 7.4 The proposals to launch a BID will require the TCP to fully review their business plan and financial budgets in order that an appropriate levy can be proposed. The TCP has appointed specialist consultants to support them in developing the plans, BID area and levy. As part of this work there will be specific budget workshops where all plans and costs will be considered. As part of these discussions it would be helpful if the Council could confirm their ongoing support in order that the TCP can take into account the necessary costs. It is therefore proposed that the Council confirms that support will continue from the economic development team in the form of one officer one day per week, to deliver activities that support the Economic Development Strategy. All other in-kind support will then cease, this includes the provision of office accommodation, phone, ICT and printing. Should the TCP then wish to continue to use the facilities then these can be purchased from the Borough Council in line with other agencies sharing our office accommodation.
- 7.5 In line with the BID regulations the Council can charge for the additional administration caused by the collation of funds on behalf of the BID. The details of this need to be considered alongside the NTCP setting their levy policy to ensure that the administrative costs are included. It is therefore recommended that this issue is addressed through a service agreement.
- 7.6 An additional module is required to be activated on the revenues IT system, this requires 7 consultancy days which need to be purchased at the cost of approx. £7000. This cannot be met from the existing budget and will have to be recharged. It is therefore proposed that the TCP is notified of this cost in order that they can account for this in their budget setting and levy establishment.
- 7.7 It is anticipated that officer support will be required to complete the business rates information and this will take approximately 5 days. The ballot will require approximately 5 days of officer time and £500 for stationary / postage. In addition economic development officer time will be used to support the overall process. These officer resources will be prioritised within existing resources.

## 8. **Major Risks**

- 8.1 The major risk is the resource implications on the Council should the Town Centre Partnership not continue with the timetable for the ballot. The development of the plans, consultation, ballot and any subsequent billing has been timetabled to complete in March 2015. Should there be any delay to this then it will potentially overlap with the normal elections work required to be completed by Democratic Services. Since 2015 will be a general election year, any slippage in the timetable will be of particular significance. The mitigating factor will therefore be to review progress through the Newcastle Town Centre Partnership Board and if necessary ensure that the timetable is adjusted accordingly.

## 9. **Key Decision Information**

- 9.1 This is not a key decision.

10. **Earlier Cabinet/Committee Resolutions**

- 10.1 Mar 2012 - Cabinet agree to Newcastle under Lyme B.C. becoming a director of the Newcastle town centre partnership company and authorises officers to take the necessary steps to facilitate the same.
- 10.2 July 2012 – Cabinet agreed to the formalisation of the Town Centre Partnership and financial support for the TCP to appoint a Town Centres Manager
- 10.3 Dec 2012 – Economic Development and Enterprise Scrutiny Committee considered progress in formalising the Town Centre Partnership and the recruitment of the Town Centre Manager.
- 10.4 March 13 - Economic Development and Enterprise Scrutiny Committee considered the draft 2013 Business Plan.
- 10.5 July 14 - Economic Development and Enterprise Committee considered the 2014 Business Plan.

11. **Background Papers**

- 12.1 None.