

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**  
**EXECUTIVE MANAGEMENT TEAM'S REPORT TO CABINET**

**Date 10th June 2015**

<b><u>HEADING</u></b>	<b>Assessment of the Newcastle Town Centre Business Improvement District (BID) Business Plan</b>
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<b><u>Portfolio:</u></b>	<b>Town Centres Business and Assets</b>
<b><u>Ward(s) affected:</u></b>	<b>Newcastle Town</b>

**Purpose of the Report**

To consider the business case for the establishment of a Newcastle Business Improvement District (BID) for the town centre.

**Recommendations**

**That Cabinet considers the full assessment of the business case and cost to the Council as a rate payer and authorises the Executive Director Regeneration and Development in-consultation with the Portfolio Holder for Town Centres Business and Assets nominated as the Council's representative to vote in favour of the Business Improvement District.**

**That it be agreed for the Council to become a member of the Newcastle Business Improvement District Company with the Portfolio Holder for Town Centres Business and Assets nominated as the Council's representative.**

**Reasons**

In September 2014 Cabinet agreed to the principle of the Business Improvement District with the Portfolio Holder authorised to work with partners within the Town Centre Partnership to progress the proposal to a formal ballot. The Town Centre Partnership has formulated a Business Plan which sets out what the BID intends to achieve within the defined boundary for the set levy. It is appropriate that the Council considers the full financial implications in its capacity as a rate payer responsible for several key buildings within the area and to consider the full business case.

**1. Background**

- 1.1 Earlier reports have identified that a Business Improvement District (BID) would provide Newcastle town centre with a longer term funding model to sustain activities and improvements in the town centre that local businesses want (to enhance the fortunes of the town centre economy).
- 1.2 A BID is a defined area within which companies paying Business Rates (National-Non Domestic Rates) decide on new improvements to help transform their area and fund them via a levy. 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 whether 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. This funding is ring-fenced to deliver the outcomes and actions set out in the Business Plan that businesses have voted for.

- 1.3 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 dwell-time. 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.
- 1.4 Due to the likely positive contribution that a Town Centre BID would have on the economic fortunes of the area and residents satisfaction with the town centre, the Council has remained supportive of the proposal as a matter of principle.
- 1.5 In February 2015 the TCP notified the Secretary of State and the Council as billing authority that it intended to hold a ballot commencing in June 2015. In line with the legislation the Council will operate a ballot from 17th June to 5pm, on 16th July. As a rate payer the Council is eligible to vote for each property for which it pays business rates. The exact list of affected Council properties can vary due to the number of vacant commercial units that it owns in the town centre at the time. Further information is outlined in the Financial and Resources Implications section below.
- 1.6 The BID Company has to focus on the delivery of the Business Plan for which the local businesses have voted upon. This means that it will focus on the direct delivery of service improvements and will hold operational discussions with partner agencies. The BID Company will not discuss strategic issues or wider issues such as provision of student accommodation; this will remain the objective of the Newcastle Town Centre Partnership, who are able to have a much wider remit and membership including businesses outside of the BID boundary such as the University and New Vic Theatre.

## 2. Issues

- 2.1 On 19th May 2015 the TCP launched the BID Business Plan which sets out the key objectives, activities and results to be delivered with the levy funding. The full Business Plan is available on request but is summarised below.

The 3 strategic objectives, funding and projects are:

- 1) Promote Newcastle-under-Lyme

To develop and promote the strengths and characteristics of Newcastle-under-Lyme as a vibrant, university, market town and build awareness of its retail, leisure and professional service sectors and its College, locally and regionally.

The Business Plan allocates £396,000 over 5 years which will deliver projects on brand development, marketing, media campaigns, campaigns to co-ordinate key retail periods and trading opportunities, a loyalty scheme, professional services support, cultural and leisure opportunities, and greater association with colleges and University.

- 2) Develop the distinctive Newcastle Experience

To develop the distinctive, safe, attractive and appealing experience for visitors, students, residents and workers in Newcastle-under-Lyme to enjoy.

£676,700 is allocated over 5 years in the business Plan to deliver uniformed rangers to improve visitor support and business communication, develop a safe evening economy with

the Police, work with car park operators to deliver services to meet business needs, improve pedestrian flow, develop specialist markets and events, support initiatives which improve the public realm.

3) Growth, Development and Investment

To build on the strengths of the businesses and organisations of Newcastle-under-Lyme, to support growth, development investment and a sense of business community.

The Business Plan allocates £128,500 over 5 years which will support businesses to work together to reduce costs, develop skills to improve performance, encourage investment and co-operate to build on the town's strengths and brand.

2.2 To assess the business case for the Council as a rate payer it is important to consider both the benefits to the Council as a commercial business operator and the wider regeneration benefits to our residents and local businesses. A number of key considerations are set out below.

- Property management

The Council manages a number of properties in the town centre (including the Street Market) and, like all landlords, needs to attract tenants which, in turn, will attract customers in sufficient volume and type to operate financially viable businesses. The Council has very limited resources to invest in marketing and media campaigns to promote the town to potential tenants and customers. It is also recognised that when companies come together they can often procure marketing more favourably. The BID marketing proposals to promote Newcastle town ensures that all businesses, including the Council, are able to benefit.

- Leisure and culture

The Council delivers key leisure and cultural services in the town including J2 and the Museum / Art Gallery. Promotion of these facilities and increasing customer usage will support the delivery of these services. Similarly the Council has the newly refurbished market which operates 6 days a week, which has the potential to be enhanced through the development of specialist markets assisted by the BID.

- Skills development

The BID identifies activities to develop a range of skills to improve business performance which in turn will improve customer service within town centre businesses and enhance their viability / sustainability. This should be welcomed by the Council and other businesses.

- Increasing the customer base

Viable and thriving town centres need a varied offer that can attract and keep a range of loyal customers. It is recognised through the market's customer research that we have an ageing loyal customer base and, whilst it is important to retain these, the Council needs to be actively seeking to attract new customers, particularly to support other economic development objectives such as attracting international students to live within the town centre. The BID seeks to engage with the colleges and Universities and to develop a broader offer to attract young customers to the town centre.

- Events

From a wider regeneration assessment it is worth comparing what has been achieved through the Town Centre Partnership and how the BID company could make events and marketing sustainable for the next 5 years. A significant part of the TCP funding has been allocated to delivering events; a wide range of activities have been provided from the Lymelight Festival through to the Christmas Spectacular. The scale and nature of these

events could not be provided by the Council and importantly are valued by our residents as they enhance the town centre offer.

- **Marketing**

Development of a brand and the range of promotional activities which the BID company could deliver will increase footfall from a more diverse customer base. The Council would not be able to deliver anything approaching this level of activity given its limited marketing resources.

- **Professional Services**

In the past, ST5 had one of the highest concentrations of professional service companies in the West Midlands outside of Birmingham and many small, but successful companies still operate on the edge of the town centre. These are important to the economic well-being of the Borough and the support offered through the BID levy will encourage future inward investment and job creation.

- **Safety**

The Council has proactively worked with partners to develop a safe environment, including the achievement of Purple Flag status but it needs to continue to build on this work. The BID company plans to work with partner agencies including the Police to support a safe evening economy and to support investment that builds on the strengths of the town. The Council seeks to maintain the public realm to ensure the town centre feels welcoming however it is acknowledged that the limited resources available make it difficult to invest in new facilities and environmental improvements. Voting for and payment of the levy will therefore deliver improvements that would otherwise not occur, including the potential of the BID company to bid for funding not available to the Council.

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

- 3.1 The September Cabinet report agreed that the Executive Director (Regeneration and Development) would be authorised to vote in consultation with the Portfolio Holder for Town Centres Business and Assets. Taking into account the positive improvements that the Business Plan can deliver against the costs to the Council as rate payer it is recommended that the Council votes in favour of the BID. It is considered that a 'no' vote puts the town centre economy at risk of decline at a critically important time when there is evidence of improved overall performance and investment being made into other competing town centres in our wider catchment.

### **4. Expected Outcomes and Timescales**

- 4.1 The BID votes will be counted from 17th July with the results announced as soon as practically possible. Subject to a positive vote a BID company will be established to commence for 1st October 2015. It is best practice that the Council would become a member of this company and work alongside the BID to continue delivering services to support the town centre. It is therefore recommended that the Portfolio Holder for Town Centres Business and Assets is nominated as the Council's representative to sit on the BID Company.

### **5. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

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

6. **Legal and Statutory Implications**

6.1 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.

7. **Financial and Resource Implications**

7.1 The TCP has sought to balance the ambitions of businesses in the BID plan against the affordability of the levy and the requirement to ensure that the BID is able to deliver best value. The levy has been set to take into account the size of the businesses and to take account of whether they are inside or outside of the ring road.

7.2

Rateable value of Business	Levy Charge for Businesses inside the ring road	Levy Charge for Businesses within the BID area but outside of the ring road
£10,000 or more	1.5%,	1.0%
Between £2,999 and £10,000	£150	£100
Less than £3,000	Will not be charged but will be encouraged by the TCP to enter into a voluntary arrangement direct with the BID company so that they can benefit from the full range of services provided by the BID	

The liable person is the ratepayer liable for the occupied or empty properties.

7.3 The BID financial year will start on 1st April and the levy is to be paid in full in advance, the payment date being the 1<sup>st</sup> October in year one then 1st April in subsequent years. There will be an annual inflationary increase on all levy charges; this will be a minimum of 2% increase year on year or the inflation percentage as determined by the Consumer Price Index, whichever is greater. The Business Plan has been developed to take into account the levy collection rate and procedures have been agreed to confirm the approach to non-payment including reminders and enforcement procedures. The BID Company will be responsible for confirming to the Council debt write off.

7.4 The key buildings in the town centre which the Council pay business rates on are: Jubilee 2, 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. Some of these properties are part of the Council's commercial portfolio and are let to private businesses; where this occurs the private business will be liable for the BID levy, (if the property is empty then the Council is liable). The following financial assessment has been taken as a snapshot for the purpose of this report and there will be minor differences in the overall costs dependent on vacancy rates.

7.5 The cost to the Council as ratepayer based on current occupancy of the premises will be approx. £25,000 per annum and this requirement will need to be factored into the next MTFs and future revenue budgets.

8. **Major Risks**

- 8.1 Clearly it is important that the Council is able to vote in support of the BID Business Plan and budget for the BID levy as the delivery of the Business Improvement District provides a sustainable model for the continuation of the investment in the town centre. There is a risk that businesses will not vote for the BID, the TCP will then have to review the Business Plan to assess if whether a further ballot should be undertaken. There is a significant risk that not establishing a BID would damage the medium to long term economic fortunes of the town centre.
- 8.2 The delivery of the Business Plan will be the responsibility of the BID Company, employment of staff to deliver activities identified in the Business Plan will be undertaken by the BID Company.

9. **Earlier Cabinet/Committee Resolutions**

- 9.1 September 2014 – Cabinet agreed to support the principle of the BID and the approach to the ballot process.

10. **Background Papers**

- 10.1 The Business Improvement District Business Plan (available online at [www.visitnewcastleunderlyme.co.uk](http://www.visitnewcastleunderlyme.co.uk) or on request from the Regeneration and Economic Development Team)