

Meeting:	Harrow Town Centre Forum
Date:	1 st May 2007
Subject:	The Future of Town Centre Management in Harrow - Harrow Business Improvement District
Key Decision: (Executive-side only)	No
Responsible Officer:	Graham Jones
Portfolio Holder:	Councillor Marilyn Ashton Planning, Development and Enterprise
Exempt:	No
Enclosures:	Nil

SECTION 1 – SUMMARY AND RECOMMENDATIONS

This report summarises progress and sets out a timetable and issues related to the establishment of a Business Improvement District covering Harrow Town Centre.

RECOMMENDATIONS:

The Town Centre Forum is requested to:
- note the proposed approach set out in the report

SECTION 2 - REPORT

Background

Following the meeting of the Town Centre Forum in October 2006, the Chairman and Council officers have been looking at alternative approaches to maintaining and developing a town centre management function within the council.

This group has focussed on the feasibility of establishing a Business Improvement District (BID), learning from recent BID experience and applying it to Harrow Town Centre.

This report therefore sets out an approach to establish a BID in Harrow Town Centre, focussing on:

1. What is a BID?
2. BID Preparation
Including a timetable for the process, funding required to establish a BID, Council support and support from core funders
3. BID Proposal
 - the extent of the BID area
 - the BID levy and amount of funding
4. BID Company
5. Implications for Harrow Town Centre

Issues

1. What is a BID

A **Business Improvement District (BID)** is a partnership arrangement through which the local business community, the local authority and other statutory service providers can implement plans that directly benefit their area. It is a precisely defined geographical area within which the businesses have voted to invest collectively to have a level of service which goes beyond the baseline services offered by the local authority. The improvements must be in addition to services already provided by the local authority.

The Bid proposals must be agreed upon by a majority of the non-domestic ratepayers in the BID area before they can be implemented.

The cost of the proposal is met by a supplementary levy (BID levy) on the rate bills of the businesses within the BID area along with other voluntary contributions. This is usually set at between 1% and 2% of the Rateable Value of the property.

All businesses that are eligible to pay the BID levy are entitled to a vote in a ballot conducted by the local authority (the billing authority) to determine if the BID proposal should go ahead. If the BID ballot is successful, the BID levy will be collected by the billing authority, and held in a separate account to be called the BID Revenue Account for the exclusive use of the BID.

Usually, a company is established to administer and spend money in the BID Revenue Account, although this is not a requirement of the Government's BID regulations.

2. BID Preparation

To establish a BID within the town centre, a large amount of background research, promotion and marketing of the BID proposal is required to:

- (a) develop the business plan,
- (b) gain support from businesses,
- (c) and put in place the administrative arrangements for the BID vote and the BID company prior to the BID vote.

The table below sets out the stages required in establishing a BID and identifies an overall timetable of approximately 18 months.

BID KEY STAGES AND TIMETABLE	
A Establishing the BID Partnership	
Step One: Begin to form a partnership: meet with key stakeholders in the local area i.e. the local authority, local businesses, property owners, residents and the voluntary sector and ongoing discussions on possible areas of improvements	March 07 – November 07
Step Two: Stakeholders interested in forming a BID come together and discuss the issues detailed in Appendix 1 of this report. This should give an idea of whether a BID would be feasible in the area.	June 07
Step Three: Discuss the outcome of Step Two in the wider proposed BID area to measure the level of initial support.	April October 07
Step Four: Forming the BID board: Once it is clear that the initial work of stakeholders will be developed into a BID proposal, a BID board must be formed which will produce the BID business plan/ proposal to be voted on.	November – December 07
B The BID campaign and ballot	
Step Five: Drawing up the BID proposal: This is the most important part of the BID preparation and depending on the size of a BID could take many months of detailed work.	December 07 – April 08
Step Six: Consultation on the BID proposal and securing support from key businesses in the area.	January - April 08
Step Seven: Put the BID proposal to a vote.	May – June 08
Step Eight: Should the BID ballot be successful, the BID arrangements can commence from the date stated in the BID proposal.	July – September 08 Start of BID October 08

3. BID Proposals

A BID Business Plan/Proposal document setting out a program of new and additional services that will be funded through the levy must be produced. It will also detail the extent of the BID area, the level of the BID levy, and the overall amount of funding required to implement the BID proposal.

Regulation 4 and Schedule 1 of the Business Improvement Districts (England)

Regulations 2004 set out the matters that should be included in a BID proposal. These include:

- the works or services to be provided, the name of the provider and the type of body it is;
- the existing baseline services;
- the geographical area to be covered by the BID arrangements;
- the non-domestic ratepayers to be liable for the BID levy (i.e. whether all business or specified classes of business), how the levy will be calculated;
- whether costs incurred in developing the BID proposals, holding the ballot, or implementing the BID are to be recovered through the levy;
- the duration of the BID arrangements and when they will start.

This Business Plan/Proposal document will be used to consult with local businesses, the local council and statutory authorities and other key stakeholders to determine whether they will support a BID and if so, what the BID should set out to achieve.

In drawing up this BID proposal, consultation with businesses and other interested parties within the town centre is required.

4. BID Company and Board

Although not a legal requirement, a BID company is usually set up with a Board and Chair to lead the BID development process. This can be an informal partnership initially but eventually the partnership should be formalised into a legal company with its memorandum and articles of association and appropriate corporate governance procedures so as to be capable of proceeding to a BID campaign.

Experience so far has shown that the BID should have a mixture of businesses represented on the board with businesses in the majority and taking the Chair and additional representation from relevant stakeholders including the police, Transport for London, local authority members and officers.

5. Implications for Harrow Town Centre

BID Development

As mentioned above, the creation of a BID requires a significant amount of preparation including consultation with businesses and other stakeholders, the development of the BID proposal and coordination of any ballot.

It is estimated that the total BID development cost (not including staff costs) will be in the region of £45,000 to £60,000. This covers costs relating to

- the establishment of the BID company including corporate identity and web site development;

- production, promotion and publishing of relevant material in the run up to the ballot;
- levy collection software and management and organisation in relation to the ballot.

Some of these costs such as ballot and software costs are likely to be borne by the Council as the billing authority.

In addition, it is proposed that a significant amount of work is undertaken by a partnership of Council officers from Strategic Planning and private sector partners. By using existing officer time, a significant cost saving can be made in the development stage of the BID.

Core funding from the private sector would then be used directly to pay for, for example, corporate identity, stationery and marketing materials and costs related to the establishment of the BID Company. These are estimated at £15,000 - £18,000.

The Council and its partners will continue to look for opportunities for additional BID development funding from both the private and public sectors. For example, the London Development Agency is looking at the possibility of a loan development fund. However, this is unlikely to be in place until the end of the calendar year.

In addition, the Council will continue to fund improvements to the public realm (£3 million from 2008/9 – 2009/10), and work with developers and landowners to promote development of key sites within the town centre including Harrow College (replacement college facility plus residential), Harrow on the Hill station (new station and mixed use), Gayton Road (replacement library and performance/exhibition facility, residential development and replacement public car park).

Geographical Area

At this stage, no decision on the geographical coverage of the BID area has been taken. However an initial feasibility exercise looked at the core shopping streets of St Ann's Road, Station Road and College Road, with an alternative option to widen the BID area to include the office premises in Lyon Road and the Tesco premises. These options are shown in appendix 2.

Based on this analysis, these two options produce a rateable value of between approximately £20,000,000 and £26,000,000.

The BID Company and Board

It is proposed that initially the existing Town Centre Forum forms the informal BID partnership. A BID company will eventually be incorporated over the period of the development of the BID.

Cost of the Levy

The actual level of the BID levy will be decided through consultation over the development period set out above. However, given current experience, the BID levy will be set at a level of between 1% and 2% of the rateable value of the property.

Based on a levy of 1.5%, an income of between £200,000 and £390,000 could be generated depending on the exact size of the BID area.

Example levy rates are as follows:

Shop and Address	Rateable Value of Property	BID levy @1%	BID levy @1.5%
Debenhams	870000	8700	13050
Next 48-54 St Anns Rd	347500	3475	5212.50
Adams 303-305 Station Rd	106000	1060	1590
Body Shop 11-15 St. Anns Rd	76000	760	1140
Robert Dyas 318 Station Rd	57000	570	855
Mcdonalds 361–363 Station Rd	52000	520	780
Sony Centre 26-28 College Rd	44000	440	660

It is usual for businesses that are located within a shopping mall, facing onto a closed shopping mall and who pay a service charge to the mall owner to be entitled to a discount on the BID levy. This is yet to be discussed but will be agreed over the development period. Should this be the case, it is usual for the property owner to make a voluntary contribution towards the BID.

The Business Plan/BID Proposal

The BID proposal will set out how the BID levy will be spent over a given period. The additional services that can be funded through the BID generally focus on the following areas:

- cleanliness
- safety and security
- promotion and marketing

However, other services can be supported and these will be identified through the BID development process.

Cleanliness: An improved cleaning regime which will be additional to the Council service could be developed.

Safety and Security: This is a key element of any BID proposal and is identified in the corporate policy documents of Boots the Chemist and the Inter Bank Rating Forum - which represents all the major banks and building societies - who consider that an effective Retail Crime Partnership is likely to be a central component of all BID prospectuses.

For this reason, it is likely that the Harrow Business Against Crime initiative, which is currently funded through voluntary contributions and town centre income, will be

funded through the BID. This is to avoid the risk of businesses effectively having to pay twice for these services

Promotion and Marketing: The BID could support the promotion, marketing and branding of the town centre. This may include markets, cultural events eg music and the coordination and promotion of late night opening.

However, as stated above, this Business Plan is subject to consultation and will be developed to include projects and services as seen fit by the business community.

Options considered

There are two main options that were considered in deciding on the above approach.

1. Do nothing: The Harrow Town Centre Forum could continue to meet on an ad hoc basis to coordinate opening times/events and identify issues facing the town centre. However, there would be no significant funding available to undertake new projects. Costs: costs would be limited to officer time.

Risks: The Harrow Town Centre Forum would cease to meet over a period of time as there would be no funds available to implement new projects. The existing business core funders are unlikely to maintain their contributions in the longer term.

2. Voluntary Membership Scheme: Businesses in the town centre would sign up to a voluntary membership scheme where, for a fixed fee; they would be entitled to additional town centre benefits. Over time this could develop into a BID.

Costs: Would be limited to officer time. Any income achieved through the membership scheme would have to be spent on projects.

Risks: Although it is less formal than the BID development process, there would still be much work involved in promoting the scheme to businesses and no guarantee of a significant income stream at the end.

Option recommended and reasons for recommendation

The recommended option of progressing the development of a BID for the town centre will if successful ensure a constant funding stream for town centre management for up to 5 years. A BID will give a business led voice for the town centre and will help the town centre maintain its competitiveness with other town centres over the period.

Resources, costs and risks associated with recommendation

Officers may work on the development of BID but which is unsuccessful at the BID ballot stage.

Legal Comments

Part 4 of the Local Government Act 2003 (the Act) gives power to local authorities to make arrangements for a business improvement district (BID). The Act also empowers local authorities to make financial contributions or take action for the purpose of enabling the projects specified in BID arrangements to be carried out.

The Business Improvement Districts (England) Regulations 2004 (the 2004 Regulations) set out the procedural requirements for setting up and managing a BID. As part of the procedural requirements a BID proposal once established must be put to a ballot. Regulation 6 of the 2004 Regulations provides that the local authority returning officer shall be the "ballot holder" for the purposes of holding and conducting a BID ballot.

In order to be successful, the results of the BID ballot must adhere to two conditions:

- (a) more than 50% of business balloted must support the BID proposal
- (b) more than 50% of total business rates for that area must be paid for by businesses supporting the BID

A billing authority may veto a BID proposal if it considers the arrangements are likely to:

- conflict to a material extent with any of its published policies; or
- place a disproportionate and inequitable financial burden on any person or group of persons through manipulation of the BID geographical area or the structure of the BID levy.

A BID is usually established for a minimum period of one year and a maximum of five years as specified in the BID proposal. At the expiration of the relevant period, the BID may be renewed for one or more periods each of which must not exceed five years provided the renewal of the BID is approved by a ballot of the non-domestic ratepayers in the BID who are liable for the BID levy.

Financial Comments

Community Safety (s17 Crime & Disorder Act 1998)

SECTION 3 - CONTACT DETAILS AND BACKGROUND PAPERS

Contact: David Sklair, Regeneration Project Manager, 020 8736 6084

Background Papers: nil

APPENDIX 1: PRACTICAL STEPS (based on ODPM Guidance)

There are several essential steps that must be undertaken while partnerships in a local area are being formed, to ensure that the BID will work in practice.

Is a BID feasible?

1. **Geographical area.** The geographical area in which a BID will operate must be defined at an early stage, as this will determine the scale and focus of the BID. It may be that as a result of initial discussions within the business community, a natural BID area emerges. However, as all businesses in the area will be paying an additional tax for an additional service, it is vital for budgeting and for fairness that the area in which the BID will operate is carefully defined.

2. **Identifying the projects/improvements.** It is essential that the project plan is developed thoroughly and considers the needs and visions of all stakeholders. The BID proposers should seek to consult as many groups as possible, not only the businesses and Local Authorities but also community and voluntary groups. To carry out this level of consultation, it is possible to draw on studies and templates which have previously been prepared.

3. **Baselining.** Baseline services that the local authority and other public bodies are providing in the BID area, must be defined. An agreement to keep existing levels of service the same or better is a pre-requisite for any BID. This can be done by liaising with the local authority and other public service providers and also finding out more about the local area through collating information on the kind of service that the local authority already provides. Without this agreement, businesses are unlikely to agree to invest in a BID as they could receive no benefit for their additional expenditure.. For example, if a BID is focussing on improving security in its area by introducing security guards or CCTV, the partnership must be assured that current policing levels will be kept at the same level or better. Similarly, if they are aiming to increase the cleanliness of an area then they must be convinced that the local authority will maintain or enhance the cleansing services they are currently providing.

4. **Sector.** Once the partnerships have identified the improvement that businesses wish to make, the business sector participating in the BID must be defined. It may be that the improvement will benefit all businesses in the area. However, in some cases, the objective may be limited to one type of business e.g. retailers. Where this is the case, those businesses that will be liable for the levy should be defined so the BID can focus on the core needs to that group.

5. **Cost.** Once potential contributing businesses have been identified, an initial costing of the BID programme should be made. By finding out the rateable values of the businesses in the BID area, the potential yield from an additional levy can be calculated. The BID proposers will then consider how the levy should be set in order to provide for these costs. For the purposes of the BID ballot it is important to identify those businesses with the largest rateable values that will need to be in favour of the BID if it is to be a success. It will also ensure that the potential BID is based on a realistic idea of what can be achieved with the levy and at what level the additional levy should be set.

6. Funding a BID The funding for a BID may not just be confined to the money that can be raised through the additional levy on the business rate. Most importantly, landlords could be a significant source of voluntary financial contributions to the BID. The BID is most likely to be based on a "cocktail of funding" i.e. a mixture of voluntary contributions from the private and voluntary sector as well as the levy raised on ratepayers and other grants that may be available for specific projects. Specific contributions from the local authority may also help to meet the BID's needs. All these different areas should be considered at an early stage in forming the BID proposal so that projects can be assessed for their feasibility.

The partnership should encourage contractual arrangements that could be secured prior to seeking a mandate from the ratepayers. The partnership can also investigate UK and European grant funding. These activities will ensure full economic and 'leverage' potential of BIDs, demonstrating their capacity to influence change, build competitive locations and address strategic as well as service-based targets. The business plan must clearly define any additional funding in order to demonstrate how the BID concept can help to build a significant cocktail of funding to deliver services that businesses value.

Clearly, developing a BID proposal will have costs implications for the BID proposers. The BID proposers will bear the initial costs of making the BID arrangements and developing the BID proposal. However, the initial costs incurred by the BID proposers can be taken into account and paid out of the BID levy once it has been collected.

The BID proposal should set out clearly what these costs are and what deductions will be made from the BID levy.

7. The Board When initial links with partners in a local area have been made, it is important to consider how the BID proposal will be drawn together. Both American BIDs and voluntary schemes in the UK suggest that it is a good idea to form a board to develop and approve the proposal and business plan for how the BID will be implemented following a successful BID ballot.

The BID board must also comprise individuals with the requisite skills to put together a successful BID proposal. With a group of stakeholders with necessarily differing views and priorities on the board, the chair or manager of the BID proposal will need to be a strong leader who is able to focus on the objective and make progress towards a solution. The board must be an effective driving force for the BID and must comprise people with the requisite skills to ensure success.

Ideally, the board would also comprise representatives of each of the key groups in the local area, and include with a track record in working in partnership and with established links in the community.

This board would be responsible for working on the BID proposal, and building support for the BID until the vote is taken. It is likely that this board (or one with a very similar membership) will then go on to implement the BID proposals when a ballot has been successful.

8. The BID proposal or business plan This is the most essential part of the work that the BID board will do, prior to the BID ballot. The BID proposal, or business plan is a blueprint for a BID to which all businesses and other stakeholders can refer. It is the document upon which businesses will vote when they decide to accept or reject the BID in the ballot. The proposal or business plan will be referred to and adapted as the BID proposal is developed prior to the vote and will be a key tool and asset for all those working towards the successful implementation of a BID. Each BID proposal and business plan will be unique to the BID concerned.

9. Consultation Before a ballot on the BID proposal is conducted, the board should feel confident that their proposal will receive support. It is important that the proposal is consulted on widely within the local community to ensure that it addresses a recognised need. The board must therefore be aware of the full range of the potential concerns and interests of business, the local authority, other service providers and the local community.

10. Administration and Management While the business plan for the BID is being drawn up, it is important to consider who will be running and managing the BID if the vote is successful.

It may be decided that a board, very similar to the board that drew up the proposal, will be responsible for running the BID. However, additional and in some cases different skills and management techniques will be needed for the implementation of the BID to those used to draw up the proposals. There may be a case for involving some interests which may not have supported the original proposal but whose participation will help to achieve the successful implementation of the BID.

. The BID board also need to decide whether a company limited by guarantee is required to implement the BID proposal after a successful ballot.

There are several advantages to having a company limited by guarantee notably:

- _ It provides a framework already familiar to business ratepayers with established procedures for public scrutiny.
- _ It ensures that any profits are directed towards the company's objectives, rather than paid to shareholders.
- _ Companies limited by guarantee have already been shown as effective delivery vehicles for many area-based initiatives in the UK.
- _ Incorporation in this form limits the liability of the company members to a specified amount that each has agreed to contribute, if it is wound up. This is usually a nominal sum such as £1 thereby avoiding the problem of board members being liable if the BID dissolves.
- _ Some private sector companies and sources of funding may make their contributions conditional upon incorporation.

To find out more about how to form a company limited by guarantee please refer to the ATCM guide '*A Firm Basis - Town Centre Management Companies Limited by Guarantee.*' See www.atcm.org

For smaller BIDs, forming a company limited by guarantee may be inappropriate. It is perfectly possible that the means by which a BID will be administered will simply be set out in the BID proposals and approved by businesses in the ballot. There is no legal requirement to set up a company.

Whichever option is decided on, it must be clear before businesses vote, how the BID will be administered.

11. The Ballot The billing authority, in which the proposed Business Improvement District will take place, is responsible for conducting a ballot to approve the BID proposals.

The person the local authority has appointed as the Returning Officer for elections in that authority should also act as the "Ballot Holder" for the BID ballot. Where a BID spans two or more local authorities, the existing Returning Officer for the lead authority will act as Ballot Holder for the BID ballot.

The Ballot Holder will be responsible for compiling a list of those who are eligible to vote in the ballot. The BID proposers will have indicated those properties which will become liable for the levy, should the BID ballot be successful. Those properties may be defined by geographical area and sector. The Ballot Holder should compile a list of these properties by referring to the defined boundaries of the BID set out in the BID proposal, and by cross-referencing this with local authority records of different properties and their uses, where necessary.

It is particularly important that all businesses in the defined BID area that would pay the levy are included in the ballot. The potential controversy from a local business being overlooked has the potential to be greater, because their vote could have proportionately greater weight than that of an individual voter in an ordinary election. Some businesses may be 'hard to reach'. Those identifying eligible voters will need to take care to appear scrupulously inclusive.

Once the Ballot Holder has a list of the businesses falling within the BID area, he or she must seek to define the individual who has the right to vote on behalf of each business. It is vital that the individual who exercises the vote in the BID ballot represents the wishes of the business that they represent.

There will only be one vote for each rateable property included in the BID area. The Ballot Holder should have a list of these individuals so that the ballot cannot be contested.

In some cases, the individual who casts the vote in the ballot will be easy to define. Where the occupier of a business property within the BID area is an individual, that individual will have the right to vote in the BID ballot. In many cases, the occupiers of the properties in the BID area will be limited companies. Where limited companies have a vote in the BID ballot, the Company Secretary, or a person nominated by the Company Secretary should cast the vote. The Company Secretary should seek the views of the relevant board prior to the ballot and vote accordingly.

In the same way, charities and voluntary organisations will need to select someone to cast the vote on their behalf. In most cases this would be the individual who is named in

local authority records as the rateable occupier of the premises, or it could be someone nominated by the rateable occupier.

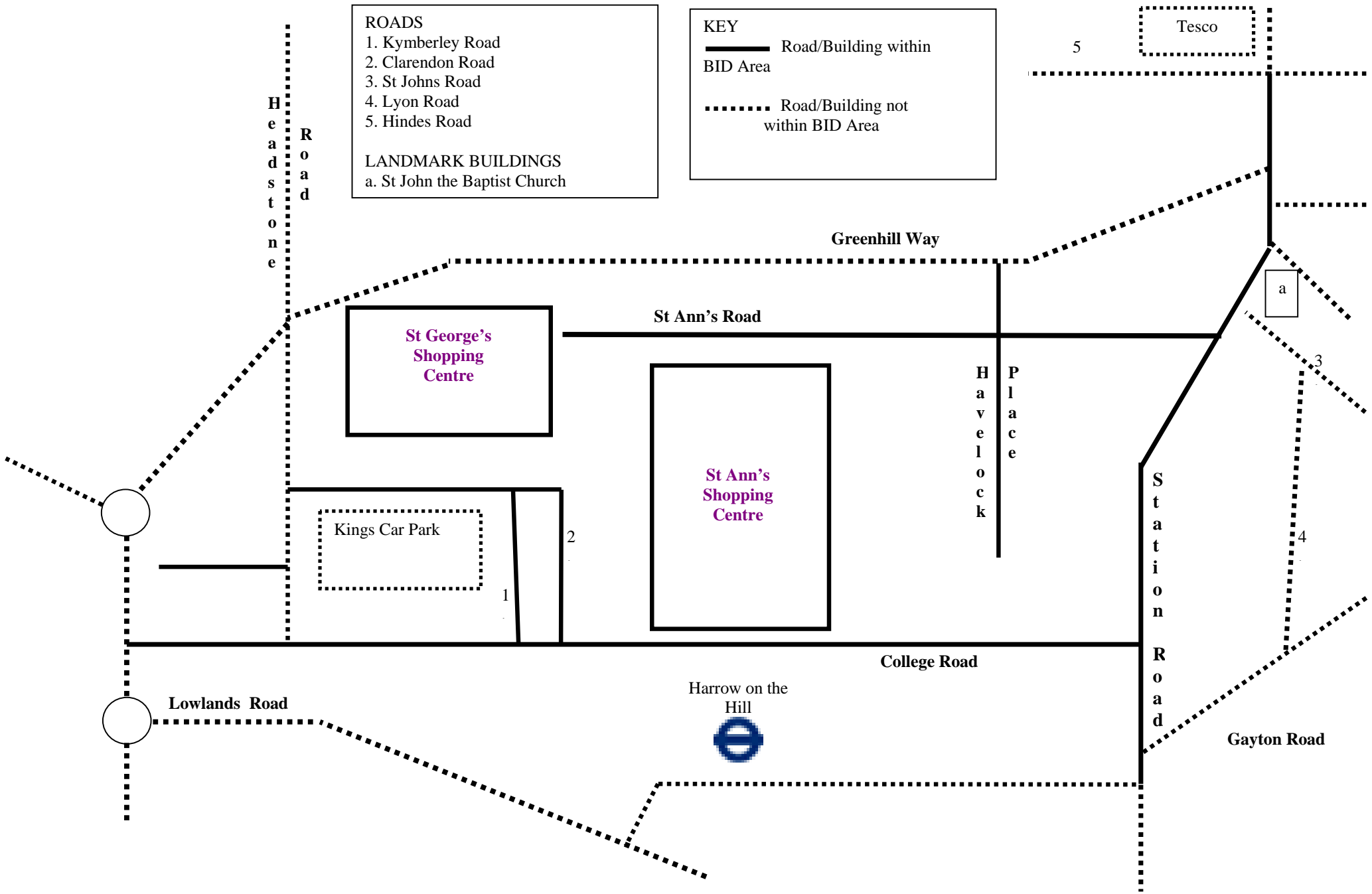
Where either the Company Secretary or the rateable occupier decides to nominate a different individual to vote on their behalf, they must inform the Ballot Holder prior to the ballot.

Where there is a partnership occupying a property in the BID area the partnership must nominate an individual to cast the vote in the BID ballot on their behalf. It is not possible to apportion a single vote to several individuals.

Unincorporated associations such as sports clubs will again have to appoint an individual to vote who has been approved by their membership. In many cases this may be a Chairman or Secretary of a society or association. In all these instances, the name of the individual who will cast the vote in the ballot should be forwarded to the returning officer prior to the opening of voting.

The Ballot Holder will therefore send out a notice, prior to the beginning of the formal balloting period, asking each business in the BID area to nominate their representative in the ballot. Detailed procedural requirements for the BID ballot are set out in the 2004 Regulations.

APPENDIX 2: OPTION 1 – SMALLER BID AREA



- ROADS**
- 1. Kymberley Road
 - 2. Clarendon Road
 - 3. St Johns Road
 - 4. Lyon Road
 - 5. Hindes Road
- LANDMARK BUILDINGS**
- a. St John the Baptist Church

KEY

- Road/Building within BID Area
- Road/Building not within BID Area

Headstone Road

Greenhill Way

St Ann's Road

St George's Shopping Centre

St Ann's Shopping Centre

Kings Car Park

Havlock Place

Station Road

College Road



Lowlands Road

Gayton Road

Tesco

a

1

2

3



4

5

OPTION 2 – LARGER BID AREA

- ROADS**
1. Kymberley Road
 2. Clarendon Road
 3. St Johns Road
 4. Lyon Road
 5. Hindes Road
- LANDMARK BUILDINGS**
- a. St John the Baptist Church

KEY

-  Road/Building within BID Area
-  Road/Building not within BID Area

