

Meeting:	Cabinet
Date:	13 th November 2008
Subject:	Council Implications of Establishing a Business Improvement District in Harrow Town Centre
Key Decision:	Yes
Responsible Officer:	Andrew Trehern, Corporate Director - Community & Environment
Portfolio Holder:	Cllr Marilyn Ashton, Planning Development and Enterprise
Exempt:	No
Enclosures:	Appendix 1: Harrow Bid – Summary of Funding Appendix 2: Funding Options Considered Appendix 3 Harrow Town Centre BID Consultation Draft

Section 1 – Summary and Recommendations

This report sets out implications for the Council of the proposals to establish a Business Improvement District (BID) in Harrow Town Centre. The report proposes new revenue and management arrangements for St Ann's Road and sets out future costs and roles for the Council if a positive vote is obtained and the BID goes ahead.

Recommendations:

That Cabinet:

1. ST ANN'S ROAD MANAGEMENT: Agree the proposed arrangements between the Harrow BID Company and Harrow Council in relation to the management of St Ann's Road and the revenue sharing arrangements.
2. LEVY ON COUNCIL PROPERTIES: note the liability to pay the BID Levy on town centre car parks and agree to pay for these contributions in anticipation of a positive vote.
3. HARROW BID PROPOSALS: Note the contents of the Harrow BID Consultation Draft document

4. BID VOTE: note that the Council will be entitled to vote on the BID proposals and the necessary arrangements are made within the Council.

5 BID BOARD: note that the BID Company has asked that the Portfolio holder for Planning Development and Enterprise and a Council officer represents the Council on the BID Board.

6 POLICY CHECK: note that the required policy check on the BID proposals is undertaken at Cabinet in December 2008

Reason: (For recommendation)

To show Council support for the BID proposals both in principle and through the identification of appropriate funding.

2.0 Section 2 – Report

2.1 This report sets out the legal, service delivery and budget implications for Harrow Council of the proposals to establish a Business Improvement District (BID) in Harrow Town Centre.

2.2 Whilst some changes to the town centre are being put on hold because of the down turn in the economy, this project is an opportunity for the Council to demonstrate its commitment to the town centre. It is particularly important to support the town centre whilst it is facing increasing competition such as Westfield's development at White City (opening 30th October 2008) and the Brent Cross/Cricklewood development.

2.3 There are three main projects that the Council is currently progressing to improve Harrow Town Centre. These are

- (i) A Refresh of St Ann's Road
- (ii) The production of a town centre Supplementary Planning Document (SPD) to guide future private investment; and
- (iii) Support for the Harrow College proposals and potential acquisition of the Lowlands Road campus by the Council.

The Council is also providing funding for the town centre police team.

2.4 The establishment of a Business Improvement District is the final project that will help to ensure a sustainable future for the town centre.

2.5 The establishment of a Business Improvement District in Harrow town centre takes forward the Council's corporate priority to redevelop the town centre and is a key project within the Council's economic development strategy 'Enterprising Harrow'.

Background

What is a BID?

2.6 A Business Improvement District is a precisely defined geographical area of a town, city or commercial district where business ratepayers are asked to vote on an additional levy to their rate bill, that if supported will be used to finance projects and services detailed in a business plan. These projects and services are additional to those already delivered by the local authority.

2.7 There are currently 17 BIDs in London including Ealing, Hammersmith and Kingston town centres. The BIDs are all companies limited by guarantee with a mixture of businesses represented on the Board, with businesses in the majority and taking the Chair, and additional representation from relevant agencies and the local authority.

2.8 BIDS operate on the basis of statutory contributions. This means that all eligible businesses in the BID area are obliged to contribute to the scheme if the majority of businesses have supported the BID in a ballot. This means that there is no 'freeloading' – everyone contributes. Developing a BID is a complex yet precise process that is governed by a legislative framework set out in the Business Improvement Regulations 2004.

Current situation

2.9 Work on Harrow's Business Improvement District is reaching a critical phase. The Shadow Harrow BID Board has been working with Council officers and businesses in the town centre to develop its BID Business Plan and proposals. Funding for this development phase has come from contributions from the town centre businesses and in kind Council staff time. In addition the Council has agreed to fund the £20,000 cost of the BID Levy collection software through the Small Schemes Capital Programme. See Appendix 1 for a summary of all BID funding.

2.10 The shadow BID Board published its Consultation Draft Business Plan (See Appendix 3) in September 2008, which was then subject of large scale consultation in September and October 2008. It is proposed to finalise the BID Business Plan in November 2008 with the ballot to be held in March 2009.

2.11 The Business Plan shows that the income from the proposed BID levy will be almost £250,000 per year. However, in developing and consulting on the BID Proposal, it has become apparent that the major retailers and banks expect a financial contribution towards the BID from the local authority in addition to the levy income.

2.12 For example, Boots the Chemist, the Inter Bank Rating Forum (which represents all the major Banks and Building Societies) and the British Retail Consortium (BRC), which represents all the major multiples, state in their published BID guidance that the support of the Local Authority to a BID is fundamental and that the BID Proposal/Business Plan should:

- include a financial commitment from the Council
- details of the Council's capital and revenue expenditure
- confirm the support of senior officers and politicians.

2.13 The BRC recommends that BIDs should achieve 30% of the total budget from sources in addition to the BID Levy over the term of the BID. The owners of St Ann's and St George's [amount to be confirmed] Shopping Centres have agreed a voluntary contribution totalling approximately an additional 10% to the BID Levy income. A similar contribution (equivalent to around £25,000) from the Council would mean that around 20% of the total budget is from additional sources.

MANAGEMENT OF ST ANN'S ROAD AND REVENUE FUNDING

2.14 The BID Company has expressed an interest in taking over the management of the kiosks and activity areas in St Ann's Road as well as having an input into the management of the area in partnership with the Police and Council. This is based on research undertaken by the BID Board which shows that the management of St Ann's Road e.g. in relation to DVD sellers is important to both business and shoppers. The addition of the management of the activity areas would assist the BID Company in addressing these issues.

2.15 From discussions with the Estates Department, it has been decided to recommend that generation of income for the BID is linked to the activity areas in St Ann's Road. Other options considered are listed in Appendix 2. It is not considered appropriate to hand over the management of the kiosks to the BID Company as they are on fixed leases/licences with the Council.

2.16 It is suggested that an agreement to share revenue from the activity areas between the Council and the BID Company is made. This is because, if there was complete control of the activity areas by the BID Company, it would mean that there would be a loss of income to the Council of £62,000 per annum using figures from the 07/08 financial year.

2.17 Therefore, it is proposed that the first £50,000 income from the activity areas would be retained by the Council. This would secure an income stream to the Council. Any additional income would be split 80/20 in favour of the BID Company to minimise the loss of income to the Council.

2.18 This is in recognition that there will be still some costs to the Council in managing the activity areas such as environmental health, trading standards and electricity costs. This income will pay for these costs.

2.19 The BID Company has also requested that further areas in St Ann's are "stopped up" and used for commercial purposes. An obvious area is that in front of St George's Shopping Centre and the Royal Oak Public House. This could provide an additional source of income.

St Ann's Road - Monitoring

2.20 As mentioned above, the BID Company will have a key role in monitoring activity in St Ann's Road in conjunction with the council and the Police. A mechanism needs to be put in place to ensure this works. It is therefore proposed that the management of St Ann's Road will be monitored through regular meetings with the BID Company, the Council and other relevant agencies. It is proposed that these arrangements are reviewed on an annual basis with the potential that the management of the activity areas could be handed over to the BID Company if agreed by the relevant parties.

2.21 Given the proposed works that are proposed to be undertaken in St Ann's Road during 2009/10, it is recommend that the management of the activity areas stays with the Council for the first year of the BID and this is reviewed in January 2010.

OTHER ISSUES

COUNCIL LEVY COSTS

2.22 The BID Company proposes to levy a BID charge on car parks in the Town Centre. This would mean that the Council would be liable to pay a levy on Greenhill Way Car Park and Queens House Car Park in Kymberley Road.

(NB St George's and St. Ann's Shopping Centres would also be liable for a levy on their car parks). The total amount per year for the Council based on a 1% levy would amount to: £1,215.00 plus 3% inflation.

2.23 On the assumption that the BID is established following a yes vote, the Council will be liable to pay this levy on the car parks. These costs would need to be identified in any budget forecasting for next financial year and subsequent years.

BID VOTE

2.24 As a business ratepayer on two properties in the proposed BID Area, the Council will be entitled to vote in the BID ballot. A named person within the Council has to receive the ballot form and vote on behalf of the Council. It is therefore requested that the appropriate arrangements are made within the Council to ensure that this can be done.

BID BOARD

2.25 The BID Company has requested that the Council is represented on the BID Board. Their initial request is for the Portfolio Holder and an officer to be on the Board.

BID POLICY CHECK

2.26 The BID regulations require the Council to act as 'gamekeeper' on both establishment of the BID and its management and monitoring. The Council is legally required to carry out a policy compliance check to ensure that

- The BID business plan does not conflict with any of the Council's policies,
- There is no significant disproportionate financial burden on any business in the BID area and
- The BID proposal and process adheres to all of the rules set out in the Regulations.

2.27 Council governance procedures mean that this will have to be handled at a meeting of full Cabinet. It is proposed that this compliance check will take place at the December Cabinet meeting

Legal comments

2.28 Legal Services are represented on the Harrow Council Project Team and will ensure that any BID arrangements between the Council and the BID Company are underpinned by clear and robust legal agreements. This will include drafting relevant Service Level Agreements such as that required for the management of St Ann's Road and the Operating Agreement for the Levy collection arrangements. A further report on governance issues will be presented to November Cabinet.

Financial Implications

St Ann's Road Management

2.29 The current projected income from the St Ann's Road activity areas is £62,000 per annum. If accepted, the proposals set out in this report would mean that the Council would derive a minimum income of £50,000 per annum, assuming that current income levels are maintained. However, the Council would be entitled to a share of 20% of any additional income.

2.30 Based on 2007/08 figures, the maximum loss of income to the Council with this arrangement is therefore £9,600 per year. There is no current budget to make up the loss of income involved and a growth bid would have to be made in the MTFs. In addition, the BID could levy a charge on Council car parks of £1,215.00 plus 3% inflation per annum over the next five years, which, again, has not been built into the budget.

Performance Issues

2.32 There is no specific information on what Harrow residents think of the town centre. NI 5: Overall/general satisfaction with the area is the closest indicator

The overall aim of the BID is to improve the town centre experience for both shoppers and businesses. The BID Business Plan will identify both quantitative and qualitative monitoring on the town centre.

Performance Check Key Questions	
<p>What is the current performance of this area against national indicators?</p> <p>(Source: Harrow Residents' Survey 2008)</p>	<p>National Indicator: NI 5</p> <p>There is no specific information on what Harrow residents think of the town centre. However, those who live in Central Harrow are the most likely to be dissatisfied with their local area (26%). Similarly, when considering how their part of Harrow compares with other areas, Central Harrow residents are the most critical of Harrow residents with 28% saying it is worse.</p>
<p>What impact will the proposal have on the national indicator?</p> <p>How much will the current performance be improved or effects mitigated?</p>	<p>It is not possible to say exactly how the introduction of the BID will impact on this indicator as the overall level of satisfaction with an area is affected by issues outside the control of the BID.</p> <p>However, the introduction of the BID with its focus on safety and security should improve both Central Harrow and all Harrow residents' satisfaction with the town centre.</p> <p>The BID Company will assess its effect through annual quantitative and qualitative monitoring.</p>
<p>What is the potential impact on the CAA position?</p>	<p>The BID will bring the public agencies and private sector that are responsible for delivering services in the town centre closer together. Through the BID Board and proposed partnership working arrangements, this will have a positive impact on CAA position.</p>

2008/9: Corporate priority: Redevelop the town centre

2009/10: Corporate priority Better streets

2009/10: Building Stronger Communities

Risk Management Implications

Risk included on Directorate risk register? No

Separate risk register in place? No but this will be part of the final BID Business Plan.

The main risk in the recommendations relates to the possible loss of income from the activity areas due to the downturn in the economy and the St Ann's refurbishment works. However, the report recommends that the first £50,000 of income obtained from the activity areas is retained by the Council. This will reduce the risk of a significant loss of income as a result of the proposed arrangements.

Section 3 - Statutory Officer Clearance

Name: Sheela Thakrar	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 23/10/08		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 22/10/08		

Section 4 – Performance Officer Clearance

Name: Tom Whiting	<input checked="" type="checkbox"/>	On behalf of the Director of Strategy and Improvement
Date: 21/10/08		

Section 5 - Contact Details and Background Papers

Contact: David Sklair, Regeneration Project Manager. Tel: 020 8937 6084

Background Papers: None

Appendix 1. Harrow Bid – Summary of Funding

BID Levy Income (100% Collection) plus voluntary contributions from St Georges and St Ann's Shopping Centres	Levy Income: £221,800 Voluntary Contribution: c £25,700 Total income: £247,500	Additional Funding	Voluntary Contributions £14,500 St Ann's Shopping Centre Owner c£11,200 St George's Shopping Centre Owner (Amount to be confirmed) In Kind St Ann's Shopping Centre (Office for BID Manager)
Proposed Spend (based on 95% collection rate) <ul style="list-style-type: none"> • Safe and Secure 35% c£82,250 • Promotion & Marketing 25% c£58,750 • Clean & Green 15% c£35,250 • Admin, Staff etc 25% c£58,750 			
Development Funding			
£20,200 Remainder of Town Centre Forum Business Contributions made in 2004-6 £5,000 LABGI Funding – in the current year £20,000 Council for software purchase (Small Schemes Capital Programme – in the current year) In Kind Officer Time			
Other council contributions to the town centre			
Town Centre Police Team £210,000 for 2009/10 (+ Police Funding)			

Appendix 2. Funding: Options Considered

In identifying a possible income stream from the Council to the BID Company, the following options were considered, but were not recommended to go ahead.

1. Direct Financial Contribution

The Council could commit to a direct annual financial contribution towards the BID Company. A contribution of £25,000 per annum would be equivalent to 10% of the BID Company income. However, a specific budget would need to be identified from where this contribution could be made.

2. Section 106 Contributions

The Council's Planning Department has already negotiated some contributions towards town centre management through section 106 agreements. This money could be passed onto the BID as income (Ealing Council already supports the Ealing Broadway BID in this way). However, the income obtained through this process is not reliable as it depends on applications being approved and developments then being implemented (e.g. Whilst the Gayton Road and Travis Perkins proposals included £25,000 contribution to Town Centre management, neither has come to fruition). Contributions are also subject to other service areas, such as transport, education and health, not having a higher priority.

Appendix 3. Harrow Town Centre BID – Consultation Draft