

# Southend-on-Sea Borough Council

Report of Deputy Chief Executive (Place)

To  
Cabinet  
On  
10<sup>th</sup> January 2016

Agenda  
Item No.

14

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Regeneration and Business Development

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## Re-ballot of Southend Business Improvement District Ltd

Relevant Scrutiny Committee(s)  
Executive Councillor: Councillor Ann Holland  
Part 1

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### 1. Purpose of Report

- 1.1 To update Cabinet on the success of the Southend Business Improvement District (BID) since its launch in April 2013.
- 1.2 To seek agreement from Cabinet to provide the support required, subject to approval of the BID Proposal, for a renewal ballot of Southend town centre and central seafront businesses in regards to another five year term of the Southend BID. To inform the ballot process, the BID must produce a BID Proposal. The Business Improvement Districts (England) Regulations 2004 require that a BID Proposal is submitted to the local authority to ensure that it meets the requirements of the regulations and a ballot can therefore proceed.

### 2. Recommendations

- 2.1 That the progress and impact of the BID in Southend's town centre and central seafront area is noted.
- 2.2 That Cabinet agrees that the Deputy Chief Executive (Place), in consultation with the Executive Councillor for Culture, Tourism and the Economy, be given delegated authority to:-
  - 2.2.1 Consider on behalf of the Council as billing authority, whether the proposal conflicts with any formally adopted policy of the Council, and, if it does, give notice of this in accordance with the BID regulations;

- 2.2.2 Determine whether the Council should support the BID proposal and if so, to vote yes on its behalf in the BID ballot. If a 'no' vote is proposed, this will be referred to Cabinet for further consideration;
- 2.2.3 Formally manage the ballot process in accordance with BID regulations.
- 2.2.4 That subject to a 'yes' vote at ballot by the relevant BID business community, the Council as relevant local billing authority will manage the billing and collection of the additional levy, and its transfer to the BID company. In the event of a 'no' vote, that the costs of the ballot be recovered from the BID Company as per the BID regulations.
- 2.2.5 Review and update the Operating Agreement, as required, that details the billing, collection and enforcement provisions as well as the arrangements for transmitting the BID receipts to the BID in consultation with the Director of Finance and Resources.
- 2.2.6 Enter into a revised service level agreement with the BID company regarding the operation of the BID and delivery of Council requirements and baselines.

### 3. **Background**

- 3.1 On 4<sup>th</sup> September 2012 Cabinet considered and agreed a report regarding the establishment of the BID in Southend town centre and central seafront area (Report DETE12053, Minute 227).
- 3.2 The BID ballot took place in November 2012 with the majority of businesses in the defined area voting in favour of the BID (turnout in the ballot was 49% with 92% of businesses by number voting in favour and 84% in favour by size.) The BID company was then formally established and commenced operation April 2013.
- 3.3 The BID is governed by a board of directors and a wider committee. Its aim is to work with local businesses and the Council to enhance and add value to the area covered by the BID in line with the priorities of the business community which are set out in a business plan for the term of the BID.
- 3.4 Since its launch the Southend BID has:
- Embedded a team of Street Rangers – a uniformed team on hand to welcome visitors. Extremely valued by local businesses and have assisted Police and businesses to tackling crime and antisocial behaviour.

## Street Ranger Figures April 2013 to date

Visitor Enquiries	14321
Rough Sleeper Engagement/Relocation	4328
Retail Crime Assists	4030
Buskers Relocated	379
Unauthorised Collectors / Events	450
First aid Incidents	374
Anti-Social Behaviour Intervention	4072

- Child Safety Scheme has reunited in excess of 250 children with their parents. Police have confirmed this scheme has reduced the number of reported missing child incidents in the BID area and has allowed them to allocate available police resources to other reported incidents.
- Evening Economy - £11k additional night time policing funded by the BID since 2013.
- Annual events programme including, Outdoor Cinema, Italian Festival, Purple Festival, Southend Seafront Fireworks Programme, Christmas Lights Switch On, Christmas 4D Light Show. Also one of very few BIDs in the UK to secure Arts Council funding for events - Southend Charabanc/Disco Turtle event. Since 2013 BID events have attracted in excess of 100,000 visitors to the town centre and seafront as well as visitor spend and improved public image.
- Delivery of rebranded Visit Southend website to promote the town in partnership with the Council. The website updates visitors on upcoming events, promotions and attractions as well as including listings for businesses. Since the rebrand web traffic to Visit Southend from London IP addresses has increased over 300%.
- Successful Visit Southend multimedia advertising campaigns raised the profile of the town as well as promoting it as an attractive place to visit. There is now a combined following across the website and social media channels of over 50,000 people which is continuing to grow.
- Improvements to public space by improving the appearance of empty premises such as the vacant BHS unit in the High Street and the large HMV unit in Queens Road.
- Enhancement of the existing hanging basket scheme by introduction of a third container to all High Street columns as well as extending the scheme to include side streets. Bespoke wicker planters for the seafront.

- Christmas Lighting upgrade incorporating twinkling lights and festive lighting for side streets as well as taller bespoke 40ft Christmas tree.
- Reduction of vacancy rate in BID zone to 9.2% (from 10.5% during 1st quarter this year) with the creation of approx. 34 new jobs.
- Over £70,000 acquired through sponsorship and Friends of the BID scheme in addition to levy collected – invested back into the BID zone.

- 3.5 BIDs are established for a five year term at which point a renewal ballot must take place in order for the BID to continue. To inform the ballot process, the BID must produce a BID Proposal. The Business Improvement Districts (England) Regulations 2004 require that a BID Proposal is submitted to the local authority to ensure that it meets the requirements of the regulations and a ballot can therefore proceed.
- 3.6 The Council therefore has a multi-layered relationship with the BID. It must review the proposal and, if it is agreed, then manage the ballot process and undertake the billing and collection of the BID levy should the vote be in favour of the BID. As a landowner within the BID area the Council is a BID member and levy payer. The Council also has a seat on the BID committee – occupied by the Executive Councillor for Culture, Tourism and the Economy – and a service level agreement with the BID articulating how the Council, as a key strategic partner, and BID will work together over the five year term.
- 3.7 The local authority has a statutory responsibility to support the development of BIDs and facilitate their establishment and successive re-ballots. This includes conducting the ballot and collecting and enforcing the levy. The authority must also confirm that the proposed BID does not conflict with area plans and schemes. If the local authority is of the opinion that the Business Improvement District arrangements are likely to conflict to a significant extent with an existing policy, place a financial burden on rate payers or the burden from the levy is unjust, it can decide to veto the proposals. The local authority can only veto proposals within 14 days from the date of the ballot.
- 3.8 The Council must consider the respective roles that it may play in the process of developing the BID renewal process in line with BID legislation as a billing authority, as a land owner/ occupier in the BID area and as a ballot holder. The local authority ballot holder remains legally responsible for the ballot process as set out within government regulations.
- 3.9 The Council must also work with the BID Company to ensure that the ballot process follows a thorough research and consultation phase that focuses on the needs and requirements of the potential contributors within the area of the BID.

- 3.10 It is a requirement of the BID Regulations that the BID proposals include a statement of the existing baseline services provided by the Council and any other public authority in the proposed BID area. This statement will form part of the BID proposals which demonstrate to businesses voting for the BID that the proposed BID services are additional to the baseline services provided by the public authorities.
- 3.11 The Council is required to manage the collection and enforcement of the BID levy charges known as an Operating Agreement.
- 3.12 Part 4 of the Local Government Act 2003 (“the Act”) introduced BIDS. The creation, regulation and operation of BIDs is governed by the provisions of the Act and Regulations made under the Act, the Business Improvement Districts (England) Regulations 2004 (“the Regulations”) which have been amended by the Business Improvement Districts (England) Amendment Regulations 2013. The government has also issued the following guidance:
- *Guidance on the Business Improvement Districts (England) Regulations 2004*
  - *Business Improvement Districts: technical guidance for local authorities (“the Technical Guidance”)*
  - *Business Improvement Districts: guidance and best practice (“the Guidance”)*

#### **4. Other Options**

- 4.1 There are certain functions within the BID ballot process which can only be undertaken by the local authority. Therefore if the Council is to support a second term of the BID, subject to approval of the Proposal, it must be willing to undertake these activities.

#### **5. Reasons for Recommendations**

- 5.1 The Southend BID company has leveraged funding from businesses in the BID area which wouldn’t otherwise have been available to invest in the town. Paragraph 3.4 provides an overview of the impact the BID has made in the town centre and central seafront area funded through the levy and additional contributions. These interventions and value adding activities have been to the benefit of the town and could not have been delivered under the previous Town Centre Partnership/Management arrangement.
- 5.2 A second term is subject to a positive outcome from the business ballot and therefore the decision to progress is one that is led by the business community to meet their needs and is recognised as good practice by Government.
- 5.3 The detail of the Proposal, Operating Agreement and SLA will be negotiated over the coming months prior to ballot. Delegated authority

is sought in order that these discussions can be undertaken in a timely manner which allows the process to progress.

## 6. Corporate Implications

### 6.1 Contribution to Council's Vision & Corporate Priorities

**Prosperous** – The initiative is business led and sees a greater participation of a wider group of stakeholders from around the town. Additional funding would be invested over the further five years of the BID to enhance the town centre. The town centre would continue to be a more attractive proposition for residents, visitors and investors.

**Safe** – One of the key objectives for the businesses is to continue with the on-going safety of the town centre and seafront environment. Initiatives with additional security measures will continue to be a priority.

**Excellent** – The rationale for a BID is to put local stakeholders and their financial contribution to in a position of taking ownership of the defined area. The Council is demonstrating support for a business led initiative.

### 6.2 Financial Implications

6.2.1 The billing, collection and enforcement of BID levies will be undertaken using an additional module of the current Revenues & Benefits system - Northgate. This software was purchased by the Council and the BID is repaying the cost at £5,000 per year for the five year term. At the end of the initial BID term the initial purchase of the software will have been recovered. However there will still be on-going software licence costs and a need to develop the system that will need to be financed by the BID. during the 2018-2023 BID term to ensure there is a nil cost to the Council. The costs will be identified for recovery from the BID prior to the commencement of a new BID term from 2018. The utilisation of a similar software arrangement ensures that the procedures used to successfully collect Business Rates are extended to cover the proposed BID scheme. This also assists in minimising costs.

6.2.2 The ongoing costs incurred by the Revenues & Benefits Service for the billing, collection and enforcement arrangements for the BID will also need to be fully reimbursed by the BID. The likely cost of this annual support is £35 per hereditament as per BID legislation.

6.2.3 The administration process for operating the BID scheme will be set out in an Operating Agreement that details the billing, collection and enforcement provisions as well as the arrangements for transmitting the BID receipts to the BID. It is essential to keep the arrangements to a realistic level so that the cost of delivering them is efficient. In the event that the BID demands a level of monitoring that is not proportionate to the scale of the BID scheme then the Council's right to charge for such additional monitoring is reserved.

6.2.4 The Council will continue to maintain a separate BID revenue account in accordance with Section 47 Local Government Act 2003. This account is similar to the Council's Collection Fund in terms of ring-fencing the receipts for specific purposes, namely the BID, so that they can use monies to carry out their stated objectives.

6.2.5 The BID levy is based on the rateable value (RV) of a hereditament. As the Valuation Office will be undertaking a revaluation of RVs in 2017 the amount to be leveraged by the BID will be subject to change from the first five year term when c£370,000p.a plus a balancing sum, as necessary, has been paid to the BID. The change to business rates following the 2017 revaluation may result in appeals by a number of businesses within the BID area which may then see retrospective claims against the levy paid. This will need to be addressed through the balancing sum each year with the BID to ensure that there is no negative impact on the Council.

6.2.6 It should be noted that under the first term of the BID the Council's funding in support of the BID has reduced each year. Funding under the second term of the BID will be agreed through a revised SLA.

### 6.3 Legal Implications

6.3.1 The legislation supporting BID schemes was introduced by the Local Government Act 2003 and the billing, collection and enforcement arrangements are governed by legislation and the BID levy rules as set out in the Business Improvement Districts (England) Regulations 2004.

6.3.2 The BID requires a ballot and the rules also require notice must be given to the Secretary of State of the intention to ballot businesses. Failure to do this at the correct time or comply with the ballot and levy procedure rules could invalidate the BID.

6.3.3 Prior to a ballot of businesses taking place, the Council will need to formally accept and support the BID proposal.

6.3.4 If there is a successful ballot and a BID in place the levy collection would need to be enforced through usual business rates collection channels. In the event that the BID ballot is unsuccessful, then the scheme will fail.

6.3.5 If there is a successful ballot the Council will need to enter into with the BID Company Baseline Agreements, a Service Level Agreement and an Operating Agreement which will define:

1. The method of operating the BID scheme
2. The billing, collection and enforcement regime
3. Any complementary services that are contracted by the Council to the BID Company

6.3.6 There are statutory provisions under which the Council may, as the billing authority, in prescribed circumstances, veto the proposals. This is

generally where the BID's proposed work programme is already being carried out or if the scheme is considered to be unworkable.

#### 6.4 People Implications

The current arrangements are proposed to continue with the BID Manager remaining as an employee of the Council. The BID Manager will deliver the BID business plan objectives on behalf of Southend BID Ltd.

#### 6.5 Property Implications

Council owned properties within the BID area whose rateable value exceed the minimum threshold will be subject to the levy.

#### 6.6 Consultation

In order for the BID to be granted a second term, a majority of businesses votes needs to be achieved. Consultation is essential with the businesses and organisations in the BID area and will be delivered as part of the preparation process. Throughout the current BID term, all businesses have been consulted via an annual survey as well as substantive one to one meetings with Street Rangers which feed into the proposed business plan. The Southend BID has been engaging and consulting with businesses within the BID area throughout the term of the original BID and feedback from hereditaments continues to be favourable.

#### 6.7 Equalities and Diversity Implications

The BID is a separate entity to the Council and provides services that are over and above those undertaken by the Council. The BID's aims and objectives are likely to help the Council in advancing equality of opportunity and fairness and that will maximise opportunity for all Southend residents to benefit from economic growth in BID area.

#### 6.8 Risk Assessment

6.8.1 The risks and mitigations identified prior to commencement of the first term of the BID will be reviewed and updated on receipt of the BID proposal. Having participated in and supported four years of BID operation there are now more 'knowns' and a track record of delivery on which to base analysis.

6.8.2 The BID process is seen by the government as an innovative process of enabling business communities to contribute significantly to the future economic development of their local area and regenerate high streets. The risk of an area not embracing this potential is that investment needed to retain businesses, increased footfall and attract inward investment in a local district centre may not be forthcoming, compared with neighbouring areas where this opportunity is being exploited.

## 6.9 Value for Money

Via the BID levy additional funding is made available for investment in the town centre and central seafront. The BID provides value for money in the short and medium term as the project will continue to see more ownership by a wider group of stakeholders. The additional c£2.5M investment over the first five year term resulting from the BID would not be otherwise realised. In addition to the levy, many BIDs attract voluntary contributions from interested partners and businesses as well as grants and profile via national schemes such as BITC's Healthy High Street initiative. Since the BID started trading in April 2013 it has successfully delivered a range of services and activities which have met both the businesses and the public's expectations – see section 3.4

## 6.10 Community Safety Implications

Safety has been one of the priorities of the BID's first term with the introduction of Street Rangers and child wrist bands among other interventions. It is anticipated that a key focus of the new BID proposal will include additional local safety and security initiatives to add to the Council's on-going commitment. In this way, a BID will play a part in orchestrating business led solutions to criminal and anti-social behaviour.

## 6.11 Environmental Impact

The Council will ensure that all environmental considerations are given appropriate assessment at all levels of the delivery of projects which deliver more employment opportunities for the borough's residents.

## **7 Background Papers**

None

## **8 Appendices**

None