

**Cheltenham Borough Council**  
**Cabinet – 12<sup>th</sup> January 2016**  
**Cheltenham Business Improvement District – Impacts on the Council**

<b>Accountable member</b>	<b>Councillor Steve Jordan - Leader</b>
<b>Accountable officer</b>	<b>Wilf Tomaney (Townscape Manager)</b>
<b>Ward(s) affected</b>	<b>Lansdown, St Paul's, All Saints, College</b>
<b>Key/Significant Decision</b>	<b>No</b>
<b>Executive summary</b>	<p>The Cheltenham Business Partnership (CBP) has determined to support the introduction of a Business Improvement District (BID) in the town centre. A Shadow Bid Board has been established and is progressing towards a ballot of businesses in the affected area, currently scheduled for April 2016. Councillor Steve Jordan is the Council's representative on the Shadow BID Board.</p> <p>If the ballot is successful and the BID established, there will be financial and staff resource implications for the Council.</p> <p>This report is intended to seek Cabinet support for the process and outline the likely impact on the Council as a corporate body.</p>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li><b>1. That the Cabinet supports the principle of a Business Improvement District (BID) in central Cheltenham</b></li> <li><b>2. That the Cabinet delegates authority to make decisions in respect of the Council's obligations under the BID legislative process to the Managing Director Place and Economic Development in consultation with the Cabinet Member Development and Safety</b></li> <li><b>3. That the Cabinet notes the current predicted financial shortfall in the BID process and requests officers identify a suitable solution to be reported to the Cabinet Member Development and Safety.</b></li> </ol>

<b>Financial implications</b>	<p>A suitable solution to the financial shortfall for setting up the BID is to be identified to mitigate the Council's current exposure to risk.</p> <p>It is currently indicated that a loan of £35k will be received from the BID Loan Fund to contribute to the set-up costs. Should this not come to fruition the financial shortfall will increase significantly resulting in further exposure and putting the BID process at risk unless alternative funding can be sourced.</p> <p>As noted in the report, the Council has a base budget of £26,200 to part fund the Cheltenham Business Partnership. Consideration as to how this funding is used post-ballot will be required, particularly in light of the Council's annual contribution to the BID in the event of a positive outcome.</p> <p>The annual costs of managing the BID process have been considered and can be accommodated within a charge of 3% of annual BID levy income. This charge is deducted from the levy collected prior to being paid over to the BID company for delivering the BID outcomes.</p> <p><b>Contact officer: Nina Philippidis, nina.philippidis@cheltenham.gov.uk, 01242 264121</b></p>
<b>Legal implications</b>	<p>The legislative framework for BID areas is contained in the Part 4 of Local Government Act 2003, the Business Improvement Districts (England) Regulations 2004 (as amended) and, for property owner BIDs, the Business Rate Supplements Act 2009 and the Business Improvement Districts (Property Owners) (England) Regulations 2014 (BID legislation).</p> <p>As set out in the report, it is important to recognise the different roles and responsibilities of the local authority within this process, particularly the clear distinction of its role as a member of a larger BID Task Group, its role as the relevant local authority as set out in the BID legislation and the right to cast a bid in respect of its own hereditaments.</p> <p>A BID is a business led initiative and it is important for a legal entity to be in existence and ready to take responsibility for the BID area, if the BID Proposal is accepted and there is a successful ballot</p> <p><b>Contact officer: Shirin Wotherspoon, Shirin.Wotherspoon@teWKesbury.gov.uk , 01684 272017</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>No direct HR implications arising from this report</p> <p><b>Contact officer: Julie McCarthy, Julie.mccarthy@cheltenham.gov.uk, 01242 264355</b></p>
<b>Key risks</b>	<p><b>That the Cheltenham Business Partnership budget – held by the Council- is in deficit at the conclusion of the project</b></p>
<b>Corporate and community plan Implications</b>	<ul style="list-style-type: none"> <li>• Sustain and grow Cheltenham's economic and cultural vitality.</li> </ul>
<b>Environmental and climate change implications</b>	<p>No implications arising directly from this report</p> <p><b>Contact officer: gill.morris@cheltenham.gov.uk</b></p>

<b>Property/Asset Implications</b>	<p>Some of the Councils assets are within the BID area. As a Business Rate payer, the Council will be eligible to vote in the BID Ballot – this will be a decision for the Cabinet Member Finance.</p> <p><b>Contact officer: David Roberts@cheltenham.gov.uk</b></p>
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## 1. Background

1.1. The Cheltenham Business Partnership is promoting the establishment of a Business Improvement District (BID) for the town centre (see plan at Appendix 2). A BID is an area where a levy is charged on all business rate payers in addition to the business rates bill; this levy is used to develop projects which will benefit businesses in the local area.

1.2. The Council has some responsibilities in respect of a BID, these are set out in the BID Regulations and in a Technical Note (attached at Appendix 3) and may be summarised as:

- a. Veto of BID Proposal- the Council will satisfy itself that all the details set out in the legislation has been provided before giving the go ahead to commence the ballot process; and
- b. Owner of Rateable property- The Council is also affected as a body in its own right, sitting within the BID area.

The aim of this report is to alert Cabinet to its responsibilities, agree a method by which they are discharged and, as far as is possible at the moment, identify the impacts. It does not seek an opinion on the BID proposals, which are being developed by the Shadow BID Board (see para 1.3); they are not yet published will be made in a separately submitted Business Plan.

1.3. The establishment of the BID in central Cheltenham is being promoted by the Cheltenham Business Partnership (CBP) – of which the Council is a funding partner with Councillor Steve Jordan and Andrew North sitting on the Board. The Partnership has established a Shadow BID Board to guide the process; Councillor Steve Jordan is a member along with representatives of local business drawn predominantly (though not exclusively) from the CBP board, including the Chief Executive of the Cheltenham Trust.

1.4. The Shadow BID board is required to prepare a Business Plan for the 5 year life of the BID. The Plan identifies the projects that the BID intends to implement and the levy rate that will be applied. The Plan is the critical element in the BID ballot. The Ballot is the method by which

businesses rate payers in the BID area approve or reject the establishment of the BID. The BID will be established if, through the ballot more than 50% of business rate payers voting are in favour and they represent more than 50% of the business rate value of those voting.

## 2. Reasons for recommendations

2.1. The establishment of a BID in the town centre is likely to have positive impacts for the town's economy. There are in excess of 200 BIDs already in existence, many are moving to a second term and others a third term. In other towns and cities, BIDs are used to both improve visitor and shopper experiences and support businesses. They run projects which are over and above Councils' day-to-day work in town centres and can often enhance Councils' economic development programmes. Whilst the Cheltenham Shadow BID Board is yet to finalise its business plan, projects funded by other BIDs include:

- Marketing and promoting town centres through high quality branding and sub-regional advertising campaigns through posters, train panels etc. – both Bath and Hereford BIDs have recently been promoting in Cheltenham.
- Town centre focussed events – Bath BID has a month-long food festival which attracts more than 100,000 visitors; Worcester BID runs a number of weekend-long festivals focussed variously on cars, chocolate and food & wine.
- Public realm improvements – a number of BIDs fund their own public realm work or provide additional street cleaning regimes.
- Town centre rangers – usually in distinctive jackets undertaking a range of functions including meeting and greeting tourists, offering information on-street to visitors and shoppers, undertaking town centre janitorial functions etc.
- Supporting businesses in a variety of ways, for example using collective bargaining power to negotiate preferential rates on waste collection.

The introduction of a BID is likely to increase businesses engagement in the day-to-day operation of the town, increase the amount of funding available to be spent in the town centre and provide the ability to better promote the town centre – both within the town and beyond.

The BID is likely to contribute positively to meeting the Council's economic development and

regeneration objectives. Early day research with town centre businesses suggests a significant level of support for a BID. Nevertheless there are costs to the Council.

### Legislative Responsibilities

2.2. Both the Council and the BID proposer have responsibilities under the legislation.

#### *The Role of the BID Proposer*

2.3. The BID proposer is responsible for putting together a detailed business plan setting out the projects/initiatives that, following consultation, will be delivered by the BID Body on behalf of those businesses in the BID area. The business plan also includes financial and budgetary information. This BID proposal will be presented to the Managing Director Place and Economic Development who, in consultation with the Cabinet Member Development and Safety, will decide whether to accept the BID proposal in accordance with the relevant legislation.. The Shadow BID board would work with the Council to minimise the risk of the local authority exercising its veto because the proposal conflicts with existing policies or places a disproportionate burden on particular businesses as prescribed in the BID legislation.

#### *The Role of the Council*

2.4. The Department for Communities and Local Government (DCLG) has issued a document entitled 'Business Improvement District, Technical Guide for Local Authorities', which details the core roles and responsibilities that a local authority is required to undertake in relation to the development and management of a Business Improvement District. These include:-

- a) Being familiar with the BID legislation
- b) Provision of data from the Rate Listings
- c) Provision of a statement re Baseline Services
- d) Collection of the BID Levy
- e) Ensuring the BID Ballot is operated in line with the BID legislation

2.5. The Council needs to be satisfied that the submission from the BID proposer includes a copy of the BID proposal, details of the consultation undertaken, details of the finances and financial management. This is likely to be the BID Business plan, the document on which businesses will vote.

2.6. The Council will be liable for the payment of the BID levy for any property for which it pays

business rates and is in the BID area.

#### Financial Impact on the Council

- 2.7. The process of establishing the BID is largely being funded from the Cheltenham Business Partnership's budget. The budget is managed as a holding account by the Council on behalf of the CBP. It accrues funds through contributions by its members and any surplus is carried forward year-on-year. The Council is the largest contributor – about £26,000 annually, which amounts to about half of the anticipated annual income. It is anticipated that the budget will be supplemented by a loan from British Bids – a government funded body. The loan is repayable by the BID Board in the event of a positive ballot; if the ballot fails, repayment is not required. The maximum loan is £50,000. The Shadow Board applied for the full £50,000; informally there has been an indication that it will receive £35,000, though there is no formal confirmation at the time of report drafting.
- 2.8. The CBP budget is currently profiled for 2016-17 anticipating a contribution from the Council (£26,000), the receipt of the BID loan (£35,000) and the receipt of promised outstanding membership contributions (£9,000) but no further contributions from members in 2016-17 are guaranteed. If spend pre- and post-ballot is at predicted levels, the budget profile anticipates a surplus of £66,000 at the point of the Ballot. If the Ballot fails, following payments to consultants, the surplus will sit at about £40,000. If the Ballot succeeds, anticipated set up costs will take the CBP budget into a deficit anticipated at around £9,900 by the time the BID is established (about 3 months after the Ballot). Currently this shortfall is not funded and the shortfall will sit within the Council's budget. This might be considered a cash-flow problem for the process – in establishing the BID there are costs incurred prior to income being received from the Levy; the BID Board, when established, may reimburse the Council, but this is not guaranteed. However, there is at present no constituted organisation to agree this in advance - the BID Board does not exist; and neither the Shadow Board nor the CBP board have a legal ability to enter such an agreement. The risk of meeting the shortfall, therefore, currently sits with the Council.
- 2.9. Costs to the Council fall into two broad areas – the cost of discharging its legislative

responsibilities and the cost of having assets located within the BID area. Post-ballot the Council is able to claim 3% of the BID Levy to fund its role in collection of the levy. There is concern that the introduction of the BID and its Levy will mean that businesses which pay the Late Night Levy will be paying two local taxes (most are in the BID area). With this in mind, the Shadow BID Board is proposing that in year one of the BID, any business paying the Late Night Levy would have this amount reduced from their BID Levy charge. In subsequent years, they will only pay the BID levy and the Late Night Levy will be discontinued. The BID would continue to fund initiatives related to the night-time economy. This proposal is being considered by the Late Night Levy Board on 5<sup>th</sup> January.

2.10. The costs of discharging the legislative requirements are set out below. They can be separated into pre-ballot and post-ballot. Post-ballot the legislation allows the Council to top slice 3% of the Levy to fund collection of the Levy and associated work.

<b>Timeframe</b>	<b>Item</b>	<b>Cost</b>	<b>Frequency</b>	<b>Funding Source</b>
Pre-ballot	Cost of ballot	£2,500 approx	One-off	CBP budget
Post-ballot	Purchase of billing software	£16,000	One-off	CBP budget
Post-ballot	Collection of Levy, software service charge	£10,000 approx	Annual	3% top slice form Levy
Post-ballot	Under-writing profiled shortfall	£9,900	One-off	To be determined. Possible application to Late-Night-Levy

2.11. The annual cost of the Levy on the Borough's rateable buildings within the BID area is as follows:

- |                               |        |
|-------------------------------|--------|
| a. Cheltenham Borough Council | £8,500 |
| b. Cheltenham Borough Homes   | £1,000 |
| c. Cheltenham Trust           | £3,500 |

2.12. There will be two other financial impacts for the establishment of the BID. One is the potential loss of Late-Night-Levy income if the LNL is abandoned – though the proposal from the Shadow BID Board is that it undertakes night time economy initiatives. The LNL currently raises approx. £70,000 per annum which while officially split 70/30 between the Police and Cheltenham Borough Council is actually allocated via a single bidding process. By contrast the

BID is likely to raise around £400,000 annually.

2.13. Secondly, the future of the CBP beyond establishment of the BID is unclear, there is some discussion of it continuing, possibly in a different format, but this is far from certain at the moment and it may disband. Nevertheless, this could release the current allocation of £26,000 which is in the Council's base budget as a contribution to the CBP.

#### Impact on Staff

2.14. Work on the BID project is currently being undertaken by existing staff in Business Rates, Planning and Accountancy. Implementation of new computer software to run the Levy collection process in Business Rates is likely to be 4 to 6 weeks work for one member of staff. The impact of on-going collection arrangements is unclear and dependent on levels of non-payment; it is anticipated that once set up the collection system would be equivalent of 0.5- to 1-staff day per week. It is anticipated that all work will be undertaken within existing resources.

### **3. Alternative options considered**

3.1. The decision to propose a BID was taken by the CBP; the BID should be business led and so a business/company which can take the BID forward without further funding from the Council would be an alternative option. If a BID proposal is presented to the Council it must determine it in accordance with the relevant legislative provisions.

### **4. Consultation and feedback**

4.1. A sample of 100 businesses in the town centre was tested as part of an investigation stage in the process. More than 80% were in favour of establishing a BID.

### **5. Performance management –monitoring and review**

5.1. The BID will report annually and is required to submit to a re-ballot every five years.

<b>Report author</b>	<b>Contact officer: Wilf Tomaney, wilf.tomaney@cheltenham.gov.uk, 01242 264145</b>
<b>Appendices</b>	1. Risk Assessment 2. BID Ballot Boundary 3. Business Improvement Districts - Technical Note for Local Authorities DCLG March 2015
<b>Background information</b>	1.



The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	Any risks associated with equality impact										
	Any environmental risks										
	CBP holding budget is in deficit at the conclusion of the project	Wilf Tomaney-Townscape Manager	September 2015	3	5	15	Reduce	Seek supplementary funding to offset.	Summer 2016	Wilf Tomaney – Townscape Officer	Divisional

**Explanatory notes**

**Impact** – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

**Likelihood** – how likely is it that the risk will occur on a scale of 1-6  
(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

**Control** - Either: Reduce / Accept / Transfer to 3rd party / Close

**Guidance**

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;
- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision
- Legal risks arising from the decision

Remember to highlight risks which may impact on the strategy and actions which are being followed to deliver the objectives, so that members can identify the need to review objectives, options and decisions on a timely basis should these risks arise.

**Risk ref**

If the risk is already recorded, note either the corporate risk register or TEN reference

**Risk Description**

Please use “If xx happens then xx will be the consequence” (cause and effect). For example “If the council’s business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted.”

**Risk owner**

Please identify the lead officer who has identified the risk and will be responsible for it.

**Risk score**

Impact on a scale from 1 to 5 multiplied by likelihood on a scale from 1 to 6. Please see risk [scorecard](#) for more information on how to score a risk

**Control**

Either: Reduce / Accept / Transfer to 3rd party / Close

**Action**

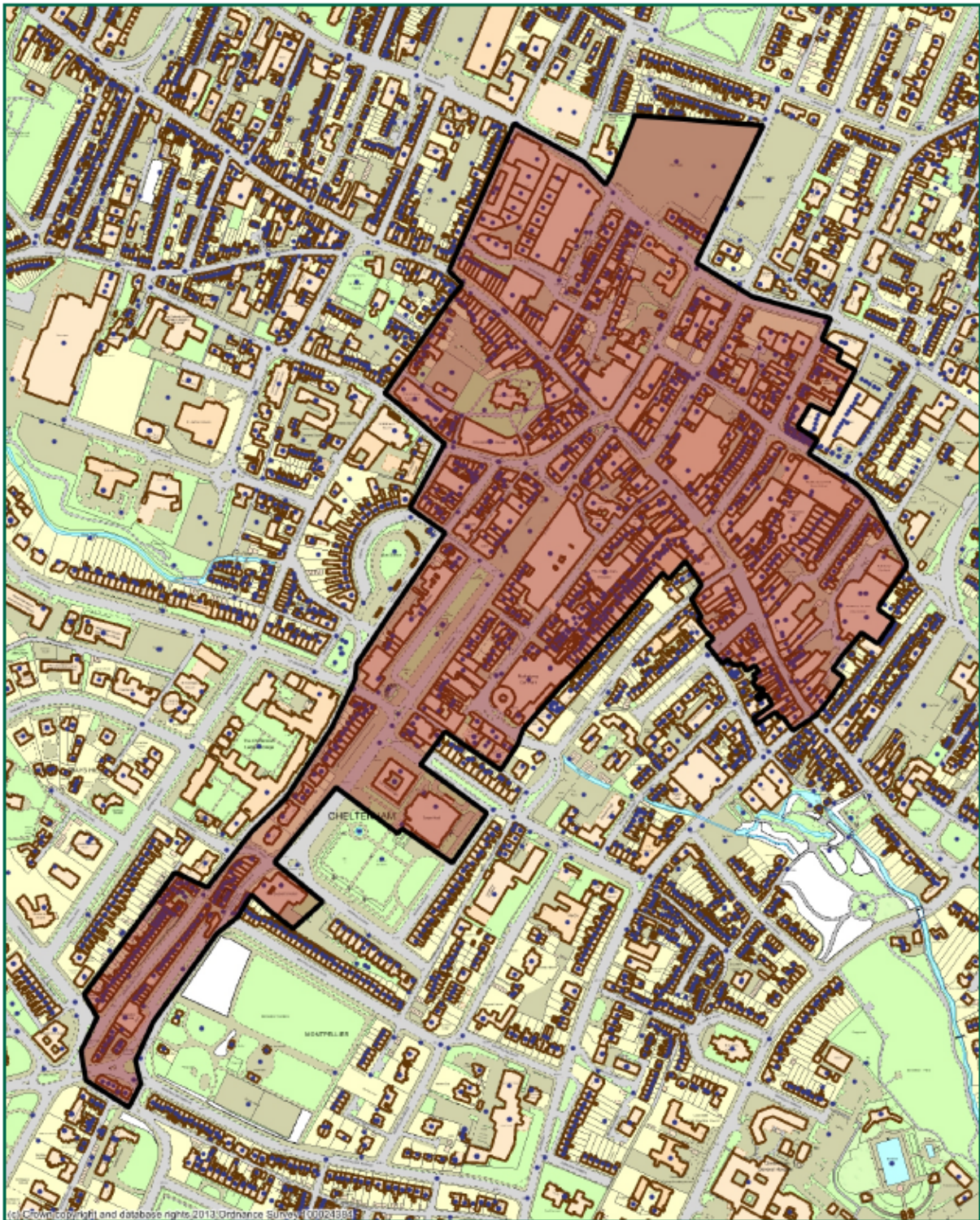
There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

**Responsible officer**

Please identify the lead officer who will be responsible for the action to control the risk.  
For further guidance, please refer to the [risk management policy](#)

**Transferred to risk register**

Please ensure that the risk is transferred to a live risk register. This could be a team, divisional or corporate risk register depending on the nature of the risk and what level of objective it is impacting on



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**BID Ballot Boundary FINAL**

1:4000

30 September 2015



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Business Improvement Districts - Technical Note for Local Authorities  
DCLG  
March 2015

See

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/415990/BIDs\\_Technical\\_Guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415990/BIDs_Technical_Guidance.pdf)