

WYRE FOREST DISTRICT COUNCIL

CABINET
27TH SEPTEMBER 2007

Business Improvement Districts (Bids) Sandy Lane Industrial Estate, Stourport-On-Severn

OPEN	
COMMUNITY STRATEGY:	Shared Prosperity
CORPORATE PLAN THEME:	Promoting Economic Prosperity
CORPORATE PLAN KEY PRIORITY:	Regeneration
CABINET MEMBER:	Councillor Stephen Clee
HEAD OF SERVICE:	Head of Planning, Health and Environment
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APPENDICES	None

1. PURPOSE OF REPORT

- 1.1 To seek approval to work with the Sandy Lane Business Association, Stourport-on-Severn, to develop a BID project in partnership with the District Council.

2. RECOMMENDATION

The Cabinet is asked to decide:

- 2.1 to endorse the Sandy Lane Business Association's proposal to initiate a BID project at Sandy Lane Industrial Estate, Stourport-on-Severn and to agree that the District Council work with the Association to develop the BID project
- 2.2 to receive a further report following the preparation of the Business Plan setting out full justification for the BID and costings associated with implementation.

3. BACKGROUND

- 3.1 The BIDs initiative is based on an American model where businesses in designated geographical areas vote to agree to contribute additional money through the rating system to spend on improvements or additional services of their choice which would otherwise not be

provided. Examples of additional services include: higher than normal standards of street cleansing, physical improvements to the public realm, promotion and marketing, security services, new infrastructure etc.

- 3.2 The BID must take place in a defined geographical area in which all business ratepayers are eligible to vote and can be for a maximum period of up to 5 years.
- 3.3 If the vote is successful the Local Authority is required to collect a supplementary levy on the annual business rate, up to a maximum period of 5 years, which is passed on to a specifically formed BID Partnership Company.
- 3.4 At the end of the BID period, the levy will either cease completely or another vote can be arranged by the Partnership Company to form a new BID for a new period of up to 5 years.
- 3.5 In order for a BID to proceed, certain criteria must be satisfied including:-
 - 3.5.1 an approved Business Plan that has been fully costed, consulted upon and researched by the Partnership proposing to put forward the BID.
 - 3.5.2 a contract with the appropriate Local Authority (in this case Wyre Forest District Council) to deliver the BID proposal.
 - 3.5.3 the approval 1) by at least the majority (i.e. 51%) of non-domestic rate payers in the defined area and 2) by a majority of total rateable value in the defined area.
 - 3.5.4 Once voted for, the levy becomes mandatory on all defined ratepayers (even those who did not vote or voted against the proposal), running with the property for the length of the BID term and is treated as a statutory debt.
- 3.6 The District Council would be required to keep a specific BID Revenue Account which will have to be kept entirely ring fenced and separate from the Council's other budgets.
- 3.7 BID regulations now in force contain detailed information on the establishment and the operation of BIDs in England including:-
 - 3.7.1 allowing the transfer of information from the business rates list to BID Partnerships so that the BID Partnerships can be sure they get their message to those who are entitled to vote
 - 3.7.2 the requirement for notifying the Local Authority and Secretary of State of the desire to hold a BID ballot

- 3.7.3 obliging Local Authorities to notify BID proposers if sections of the Business Plan are in conflict with formally adopted Local Authority policies
- 3.7.4 setting out under what circumstances a BID can be terminated in advance of the original term
- 3.7.5 instructions for Local Authority Revenue Officers about their responsibilities in terms of application and enforcement of BID levy

4. SANDY LANE INDUSTRIAL ESTATE

- 4.1 Sandy Lane Industrial Estate has over 100 businesses which employ over 1000 people. There are currently 146 qualifying properties to which the levy could be applied. The estate has a history of under investment from both the public and private sectors. It has non-industrial users (including residential caravan sites) located adjacent to and within the estate. There are currently a number of unadopted roads, which add to the poor appearance of the area.
- 4.2 The Sandy Lane Business Association (SLBA) was formed to seek to address problems facing the estate and it has expressed an interest in working with the District Council and others to look at the possibility of developing a BID for the estate. The geographical area has yet to be agreed. Whilst parts of the proposed area about Wychavon District Council boundary, it is not considered necessary to involve the authority in this project.
- 4.3 British Business Parks (BBP) is a Cannock based, regeneration company specialising in working with businesses in old or run-down industrial estates across the West Midlands. BBP has been working with the SLBA, the District and County Councils, Advantage West Midlands and Stourport Forward to project manage a number of externally funded projects to improve the infrastructure on Sandy Lane estate.
- 4.4 BBP has worked with a number of industrial estates in the Cannock Chase District to successfully develop a BID project in that area.
- 4.5 BBP and SLBA have expressed a firm interest to work in partnership with the District Council to continue to develop the improvements on the Sandy Lane estate through a BID project.
- 4.6 Initial presentations have been made to members of SLBA explaining about BIDs and BBP has been conducting initial surveys with companies on the estate to ensure that a BID is a potentially favourable option for the future development of the estate

- 4.7 Funding Levy: The table below sets out a realistic example as to the potential amount of funding that could be raised annually on Sandy Lane Industrial Estate using a “scaled levy” based on the current Rateable Values on the 146 qualifying properties on the estate.

Rateable Value (£)	Annual Levy per property (£)	No. of businesses	Annual Levy Raised (£)
0- 4,999	199	27	5,373
5,000- 9,999	250	50	12,500
10,000- 19,999	350	37	12,950
20,000- 29,999	450	17	7,650
30,000- 39,999	550	5	2,750
40,000 +	750	10	7,500
TOTAL		146	48,723

Based on the above, it is reasonable to expect that a Sandy Lane BID could raise a minimum of £50,000 per year, meaning, that over a 5 year term (the maximum BID period), a total of at least £250,000 could be raised to implement improvements to the estate.

- 4.8 Businesses on the estate have already given an indication as to their initial priorities, which are: to improve the appearance of the estate through landscaping, to have clearer signage and an enhanced entrance, to increase security through an extension to the estates CCTV scheme, to have grants for security fencing etc. An estate website and on site training courses have also been suggested as future projects to consider.

5. KEY ISSUES

5.1 IT Software

5.1.1 At least one new piece of software will need to be purchased by the Council to enable a vote to take place. The acquisition costs of £7,500 can be funded from a mixture of external funding (Worcestershire Economic Partnership & Stourport Forward) and from within the existing Economic Development budget.

5.1.2 If the vote to proceed with a BID is successful a second software package will need to be purchased by the Council to enable the Revenues Section to bill the relevant businesses. The acquisition costs of £12,500 can be absorbed within the BID proposal.

5.1.3 The Council’s internal ICE Group will be involved with the acquisition and installation of any required software. The benefit

of WFDC purchasing the software is that it can then be used on any further BID areas that might be developed throughout the Wyre Forest District, for no additional cost.

- 5.2 Wyre Forest District Council Resource Implications – The District Council is likely to incur some minor administration costs in the run up to a vote, including preparing the NNDR data. It is anticipated that these costs can be absorbed internally. In the event of a successful vote there will be additional administration costs in billing and collecting the levy (including costs of bad debt recovery). These costs could be built into the BID costs if required.
- 5.3 The Vote Process – The Electoral Reform Services, who are the world's leading independent supplier of ballots and election services, have been recommended to carry out the necessary administration required before, during and after a vote. They have been approached informally and are able to carry out the necessary work having undertaken a number of BID votes in the UK. The SLBA has agreed to fund the cost of their services.
- 5.4 The Businesses – BBP will consult with all the businesses on the estate, on a “one to one” basis and collectively to ensure everyone is fully aware of the BID proposal prior to developing the Business Plan.
- 5.5 The Business Plan – SLBA and BBP will work with the businesses and other relevant stakeholders (such as Wyre Forest District Council, West Mercia Constabulary and Worcestershire County Council) to work up and develop the required Business Plan, which will set out in detail the proposed projects and all costs. The Plan will effectively be the “manifesto” on which each voting businesses will base its decision whether to vote in favour of or against the BID.
- 5.6 The BID Partnership Company – SLBA itself is a legally established company limited by guarantee. It has the potential to become the BID Partnership Company if so required.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no Financial Implications to the Council other than as stated in paragraph 5.1 and 5.2 above.

7. LEGAL AND POLICY IMPLICATIONS

- 7.1 The legal requirements underpinning the establishment of BIDs in contained in the BID (England) Regulations 2004
- 7.2 Any levy added to the NNDR to support the BID project and not collected by the Authority would be regarded as a Statutory Debt.

7.3 It is anticipated that the District Council would have a non-executive role and voting rights on the BID Partnership Company formed to deliver the BID project.

7.4 A legal agreement will have to be entered into between the BID Company and the District Council

8. RISK ASSESSMENT

8.1 There is a risk that abortive work will have been undertaken by the District Council should the vote be against implementing the BID proposal. However, the experience gained could be used in developing other BID proposals in other parts of the District.

9. CONCLUSION

9.1 This is an opportunity to improve the industrial estate and to pilot the BID proposal, in advance of any possible 'roll out' across the district (eg in the town centre of Kidderminster, Stourport-on-Severn, Bewdley and other areas as appropriate).

Background Papers

None

Consultees

CMT

August 2007