

Crawley Borough Council

Report to Cabinet 25 September 2019

Crawley Town Centre Business Improvement District (BID)

Report of the Head of Economy and Planning, **PES/333**

1. Purpose

- 1.1 To provide an update on the proposal being made by the Town Centre Partnership (TCP) to establish a Business Improvement District (BID) for Crawley Town Centre. This is an initiative led by businesses and endorsed by the Council.
- 1.2 The Council is a business ratepayer in the defined BID area and as such will be entitled to vote on the proposals to create a BID. The Council will be subject to the business rates levy should the outcome of the forthcoming Ballot be a majority of prospective BID levy payers voting in favour of creating the BID.
- 1.3 In addition, the Council will be required to administer the postal Ballot and collect the levies and transfer those funds to the BID Company in accordance with the regulations governing BIDs in England. Only those funds actually collected are transferred to the BID Company by the Council.
- 1.4 The report advises the Cabinet of the resource and financial implications for the Council associated with a successful BID Ballot.

2. Recommendations

- 2.1 Cabinet is asked to:
 - a) Note the intention of the Town Centre Partnership to create a Town Centre BID and the associated timescales leading to a Ballot in November 2019.
 - b) Agree that the Council will vote 'YES' in favour of the BID and by so doing agree to pay the levy on those rateable hereditaments owned by the Council which are located in the BID area, as listed in Appendix A. The cost to the Council to be included within future years budgets if the Ballot is successful.
 - c) Subject to recommendation b) above, agree to instruct the Head of Economy and Planning as the nominated officer representative to cast the 'YES' vote in respect of the Council's eligible hereditaments in the BID boundary area.
 - d) Agree that the Chief Executive as Returning Officer and Ballot holder should hold a Ballot for the Town Centre BID proposal

In the event of a successful vote:

- e) That the Council agrees to assist the BID Company with cash flow until the levies are collected and to delegate to the Head of Economy and Planning and the Head of Corporate Finance, in consultation with the Cabinet Member for Planning and Economic Development, the power to make the necessary arrangements.

- f) Approve the Council having legal responsibility for the collection and enforcement of the BID Levy. These responsibilities will be subject to an Operating Agreement being signed off between the BID Company and the Council, to be agreed by the time of the Ballot in November 2019.
- g) Delegate to the Head of Economy and Planning and the Head of Legal, Democracy and HR, in consultation with the Cabinet Member for Planning and Economic Development, the power to approve and sign the Operating Agreement with the BID Company, together with any other agreements/documents required for the BID.
- h) Delegate to the Head of Economy and Planning in consultation with the Cabinet Member for Planning and Economic Development, the power to take where appropriate, any direct or incidental actions necessary to support the Crawley Town Centre BID during its five year duration.

3. Reasons for the Recommendations

- 3.1 To agree to support the creation of the Town Centre BID taking into account the implications to the Council as a ratepayer, service provider and billing authority. The development of a Town Centre Business Improvement District is an aspiration clearly set out in the Council's Town Centre Regeneration Programme, adopted in December 2015 and refreshed then agreed by Cabinet in November 2017.

4. Background

- 4.1 Crawley town centre is one of three main employment areas within the borough and home to more than 420 businesses. Its mix of shops, restaurants, cafes, bars, offices, professional services, leisure and community uses provide a range of full and part-time employment.
- 4.2 There is much to be positive about. Crawley Town Centre attracts more than 200,000 visitors every week with a combined weekly footfall of 617,000 and has a workforce of around 13,500. The town has developed a diverse range of retail brands over the years and the leisure offer is growing. The town centre has a relatively low vacancy rate (10.2% compared to a national average of around 12%¹) and around 100 independent retailers.
- 4.3. The town centre is becoming a neighbourhood in its own right, with over 1,400 new units have been granted planning permission. As a result, there are now 831 dwellings already built out in the Town Centre with a further 2,200 anticipated to come forward between now and 2035. This brings additional challenges for the town centre as it continues to develop its own distinct offer and proposition for all stakeholders. It is vital that Crawley Town Centre can sustain its role as a regional shopping centre and grow its business and employment base in order to consolidate and expand footfall levels and strengthen the prosperity of the town centre. The town centre must also demonstrate its capacity to evolve and respond to changing customer demand.
- 4.4 Crawley's Town Centre Regeneration Programme sets out a number of schemes and activities with the collective aim of transforming the town centre into a dynamic business growth hub. One of those activities is the exploration of the potential and feasibility for a dedicated Town Centre Business Improvement District (BID).

¹ Springboard vacancy report August 2019

- 4.5 A BID is defined as “an arrangement whereby businesses get together, decide what additional improvements they want to make, how they are going to manage and deliver those improvements and what it will cost them. This all goes into a business plan which is voted on by all those who would have to pay. The BID can last for a maximum of 5 years and must be able to demonstrate how it has benefited businesses who have funded it.” [Source: Ministry of Housing, Communities & Local Government – guidance on BIDs)

A successful Ballot is one that has a simple majority vote; both in the number of votes cast and in rateable value of votes cast.

- 4.6 According to British Bids, there are five stages of BID development, starting with a feasibility or ‘investigate’ stage; to establish the need and appetite for a BID, within a provisional BID area, and review the potential opportunities and levy yield that could be achieved. The five stages are: Feasibility, Planning, Local Authority, Campaign and Establishment.

5. Crawley Town Centre BID

- 5.1 In May 2018, Crawley’s Town Centre Partnership resolved to appoint Central Management Solutions (CMS/Savills) to carry out a feasibility study for a BID in Crawley town centre. The study was carried out during the summer and comprised the following:
- High level business survey (10% sample of all town centre businesses)
 - Site visits
 - Potential levy income analysis (using current ratings listing)
 - Review of relevant literature (e.g. demographic data, town centre regeneration programme, town centre operator surveys, footfall data)
 - A potential timeline to ballot
 - Analysis of survey findings and recommendations for next steps
- 5.2 The findings of the study were presented to the Town Centre Partnership in September 2018 where it was agreed to proceed to the next stages of BID development (Planning and Local Authority).
- 5.3 Since then, CMS/Savills have carried out further, detailed consultation and research with town centre businesses (50% of businesses surveyed at local, regional and headquarter levels) to develop the purpose, vision and proposition of a Town Centre BID. A business plan and operating agreement have been developed, setting out what a BID could deliver and how it would operate. These have been informed by discussions with the Local Authority regarding levy collection and the Ballot process.
- 5.4 In accordance with the BID (England) Regulations 2004, the Town Centre Partnership submitted the draft BID proposal and letter of request to the Local Authority on 16 July 2019. The final version was received in September 2019. The BID Business Plan is now at an advanced stage of development and is expected to be launched in October 2019 by the Town Centre Partnership. In accordance with the BID (England) Regulations 2004, the Secretary of State has been formally notified of the intention to pursue a BID.
- 5.5 Discussions with the Council’s Electoral Services and Business Rates teams about the implications of the BID have taken place. Being at an advanced stage, the BID proposals are now ready to be launched: the priority projects have been identified, the levy rate with upper and lower limits provisionally set and the revenue raising potential assessed, the details of which are set out in Appendix B.

- 5.6 Ballot papers are expected to be issued to prospective BID levy payers on 15 October 2019 with the Ballot day itself likely to be 14 November 2019. The announcement of the BID result is expected as soon as possible after the Ballot day.
- 5.7 The proposed BID area has been agreed and is shown at Appendix C. Liable BID levy payers within the boundary will be issued with a Ballot paper and be billed for the levy should a majority 'Yes' vote be achieved. Only those liable for a levy will be entitled to vote.
- 5.8 If the outcome of the Ballot is positive, there will be period of four months during which time the new BID Company will be established, drawing membership from representatives within the BID area. Levy collection is expected to commence from April 2020.
- 5.9 Details of the timescales associated with the BID development are shown in Appendix D.
- 5.10 The work carried out by CMS/Savills to date, including the feasibility study, business engagement, planning, BID development and the campaign, has been funded by the Town Centre Partnership, Crawley & Gatwick Business Watch and the BID Loan Fund.

6. Implications for Crawley Borough Council

- 6.1 Crawley Borough Council is skilled in supporting the establishment and operational requirements of BIDs and has successfully done so for the Manor Royal BID since 2013. It is therefore proposed to follow the same principles and methodology for the Town Centre BID, as follows:
 - 6.1.1 The Town Centre BID is being proposed by the Town Centre Partnership and is a business-led initiative.
 - 6.1.2 The formal roles of the Council, in support of the Ballot, are to provide billing information relating to non-domestic ratepayers in the proposed BID area and that the Council's Returning Officer is the Ballot Holder and is responsible for making arrangements for conducting the BID Ballot.
 - 6.1.3 The postal Ballot, including the issue and collection of ballot papers, will be managed the Electoral Services Team. The 2004 BID (England) Regulations require the Council to pay for the Ballot. The estimated cost is £1,000 and this will be absorbed within existing resources.
 - 6.1.4 Subject to a successful 'Yes' vote, the billing and collection of the BID levy will be undertaken by the Accounts Receivable team on behalf of the Town Centre BID, for which a detailed Operating Agreement has been prepared, setting out the levy criteria and any exemptions and details of collection. This would involve billing 411 liable properties. The costs associated with the annual billing process for the BID levy have been calculated and built into the operating budget for the BID.
 - 6.1.5 A successful 'Yes' vote would also mean the Council would itself be liable to pay the BID levy. Based on the latest available information, this would make the Council liable to pay £10,342.50 per annum for its contribution to the BID (see Appendix A). On this basis, the Council is entitled to vote in the Ballot.
- 6.2 Ward Members' Views – the town centre falls within Northgate and West Green, Southgate and Three Bridges wards however, given the strategic importance of the

town centre, all Members have been informed of the proposals via the Councillors' Information Bulletin, Economic Regeneration Working Group meetings and an All Member Seminar on 3 July 2019.

7. Risk Implications

- 7.1 The primary risk to this initiative for the Town Centre BID involves failing to secure the necessary mandate from business rate payers within the BID area to implement the BID and collect the associated levy. In this event, the Town Centre BID Plan would be undeliverable and the future of the Town Centre Partnership uncertain.
- 7.2 Collection of business rates would take priority over a BID levy when it comes to allocating payments from businesses and therefore, there is a risk that the actual levy received would be less than billed. The costs associated with collecting the levy, including potentially chasing debts, are reflected in the charges that will be paid by the BID to the business rates team as part of the BID Operating Agreement.

8. Legal Implications

- 8.1 The legislative framework under which Business Improvement Districts are established, renewed and governed is contained in Part 4 of the Local Government Act 2003. The establishment and operation of a Business Improvement District is also subject to the BID (England) Regulations 2004. This requires that prior to becoming operational, prospective BIDs must be subject to a Ballot of all eligible BID levy payers. A BID is legally permitted to exist if the majority of BID levy payers vote in favour.
- 8.2 The Council only has the power to veto a BID proposal if it is contrary to formally adopted and published Council policies. The Crawley Town Centre BID proposal is in line with Council policies and priorities and therefore this report recommends formal Cabinet endorsement.
- 8.3 The Council's contract with CMS/Savills requires them to ensure that all documentation provided to the Council as part of the Town Centre BID development meets the requirements of the legislation and is compliant with BID (England) Regulations 2004, Regulation 4.

9. Background Papers

[Crawley Town Centre Regeneration Programme Outline First Draft - report to Cabinet 2 December 2015](#) (PES/195)

[Town Centre Regeneration Programme Second Edition - report to Cabinet 29 November 2017](#) (PES/261)

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Appendix A – list of Council Borough Council properties in the proposed BID area

Properties where the Council is liable for the BID levy

| Full property address | Current Rateable Value | Levy |
|--------------------------------------|------------------------|-----------|
| Town Hall Multi Storey Car Park | £57,000 | £855.00 |
| Town Hall | £550,000 | £8,250.00 |
| Orchard Street / Pegler Way Car Park | £82,500 | £1,237.50 |

Properties with a rateable value of more than £10,000 owned by the Council and leased to a tenant that is liable for the BID levy.

NB if these premises fall vacant, where the business rates liability falls to the Council, so would be BID levy liability.

| Full Property Address | Current Rateable Value | Levy |
|--|------------------------|-----------|
| 1-7 Station Road (<i>Richard Place Dobson</i>) | £75,000 | £1,125.00 |
| Crawley Museum, 103 High Street | £55,000 | £825.00 |
| Ashdown House, 125 High Street (<i>Chubb</i>) | £390,000 | £5,850.00 |
| 49-51 High Street (<i>ASK Italian</i>) | £67,000 | £1,005.00 |

Appendix B – BID Levy proposals and revenue generating potential

a. Levy proposal

A 1.5% levy based on the rateable value of a property, applied with upper and lower caps.

Lower cap = no business with a rateable value of less than £10,000 per annum pays a BID levy

A 25% discount will be applied to those businesses based in the County Mall shopping centre and the Leisure Park on London Road.

Upper cap = no business will be required to pay more than £10,000 per annum, per hereditament, as a BID levy.

b. What will this cost individual businesses?

| Rateable Value of the property | Annual Levy | Monthly cost | Weekly cost | Daily cost |
|--------------------------------|-------------|--------------|-------------|------------|
| Less than £10,000 | £0 | £0 | £0 | £0 |
| £10,000.00 | £150.00 | £12.50 | £2.88 | £0.41 |
| £20,000.00 | £300.00 | £25.00 | £5.77 | £0.82 |
| £30,000.00 | £450.00 | £37.50 | £8.65 | £1.23 |
| £50,000.00 | £750.00 | £62.50 | £14.42 | £2.05 |
| £75,000.00 | £1,125.00 | £93.75 | £21.63 | £3.08 |
| £100,000.00 | £1,500.00 | £125.00 | £28.85 | £4.11 |
| £125,000.00 | £1,875.00 | £156.25 | £36.06 | £5.14 |
| £150,000.00 | £2,250.00 | £187.50 | £43.27 | £6.16 |
| £250,000.00 | £3,750.00 | £312.50 | £72.12 | £10.27 |
| £300,000.00 | £4,500.00 | £375.00 | £86.54 | £12.33 |
| £500,000.00 | £7,500.00 | £625.00 | £144.23 | £20.55 |
| £1,000,000 and over | £10,000.00 | £833.33 | £192.31 | £27.40 |

c. What will this expect to generate for the Town Centre BID?

This will generate an annual levy income of around £450,000 per annum which equates to around £2.25m over five years.

d. How will the funds be spent?

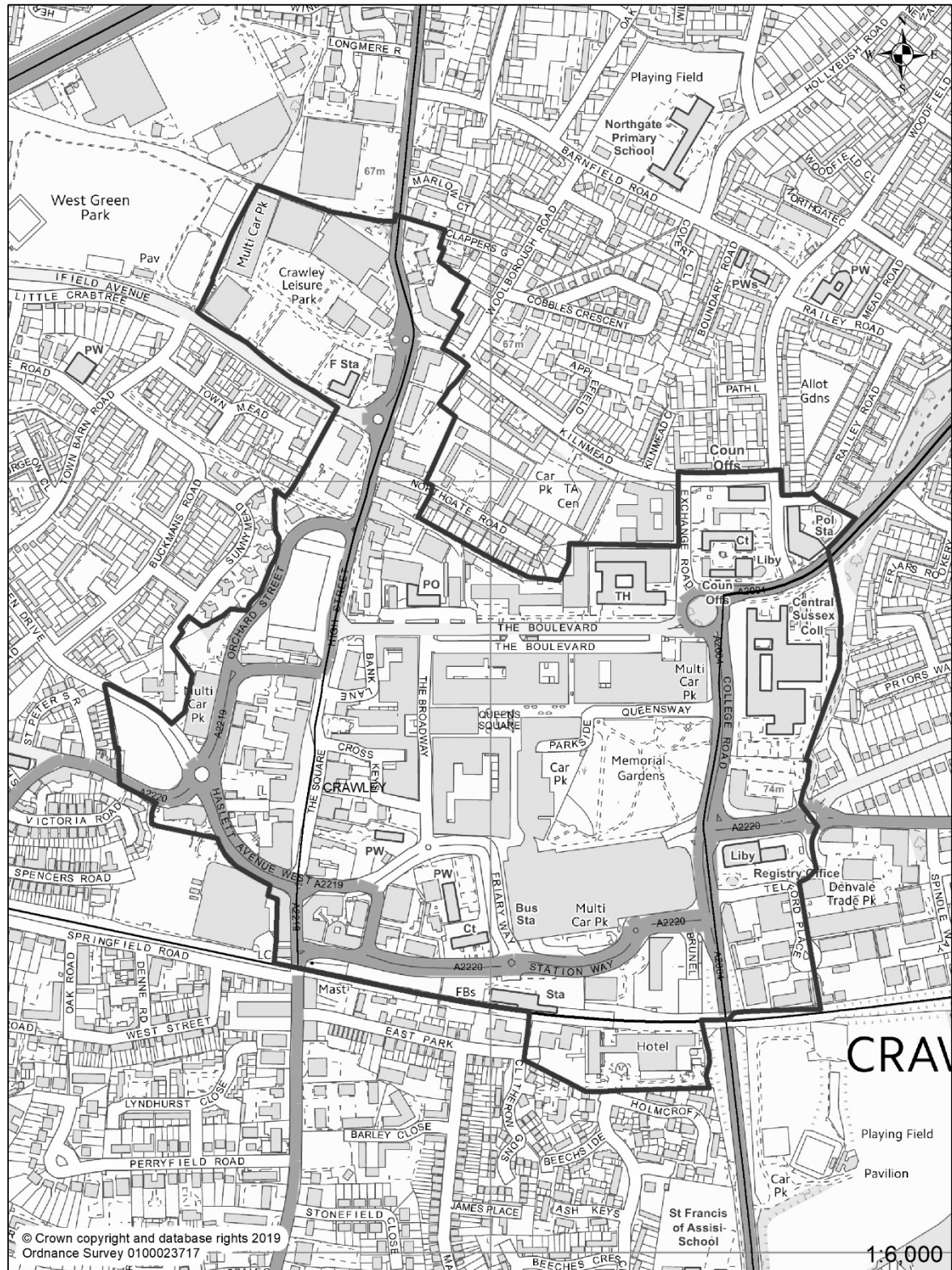
Based on research and consultation with businesses, the following themes have been identified as priorities for businesses in the town centre:

- A safer environment (street ambassadors, increased CCTV)
- Showcasing our offer (web presence, dedicated social media, offers to the professional services sector)
- Enlivenment of the town centre (family focused events, markets)
- Connecting the town centre (accessibility, business networking)

Vision "Let's create a thriving town centre through collaboration and partnership"

TOWN CENTRE BID PROPOSED BOUNDARY

 Proposed Town Centre BID Boundary



Appendix D - BID timetable of key events

| Final Date of Ballot | 14 November 2019 |
|---|-------------------------|
| Last Date for Formal Notification to Secretary of State with copy to Local Authority (84 days before BID Proposal & Letter of Request to Local Authority) | 11 July 2019 |
| Draft BID Proposal and Letter of Request to Local Authority | 05 September 2019 |
| Publication of Notice of Ballot and Final Date For Publishing Business Plan online (42 days before Ballot date) | 03 October 2019 |
| Post Ballot packs (minimum 30 days prior to ballot date) | 15 October 2019 |
| First Day of Ballot Period (minimum 28 days) | 18 October 2019 |
| Deadline for Proxy Nominations (5pm - 10 days prior to ballot day) | 04 November 2019 |
| Deadline for Proxy cancellations (5 days prior to ballot day) | 09 November 2019 |
| Deadline for Replacement of Lost Ballot Papers (4 working days prior to ballot date) | 10 November 2019 |
| Count and Declaration (this date or as soon as practically possible) | 15 November 2019 |
| End of Challenge Period (28 days from Ballot Declaration) | 13 December 2019 |