

NORTHUMBERLAND

Northumberland County Council

ASHINGTON AND BLYTH LOCAL AREA COUNCIL

DATE: 15 NOVEMBER 2017

BLYTH BUSINESS IMPROVEMENT DISTRICT

Report of Geoff Paul, Director of Planning and Economy

Cabinet Member: Councillor Richard Wearmouth, Portfolio Holder for Economic Development

Purpose of report

To provide Ashington and Blyth Local Area Council (LAC) with a briefing regarding Business Improvement Districts (BID) and background regarding the development of the Blyth BID proposal.

A presentation will be provided at the meeting regarding the development of the Blyth BID proposal from a representative of the Blyth pre BID Steering Group (the group established by Blyth Development Trust to lead the development of the BID proposals).

Recommendations

It is recommended that the Committee:

- note the report and the presentation provided.
- agree to receive a further detailed report summarising the BID proposals. The Blyth BID proposals are at the early development and consultation stage and as such LAC members will have a further opportunity to comment on proposals prior to NCC considering the BID proposals at Cabinet. The proposed ballot of eligible businesses is currently planned to take place in June 2018.

Link to Corporate Plan

This report is relevant to the following priorities included in the NCC Corporate Plan 2013-2017:

- **Economic Growth** – our aim is to promote a more prosperous county through sustainable economic growth that provides residents with ready access to high wage and skilled jobs and opportunities to create thriving businesses.

- **Places and Environment** – our aim is to maintain and further improve the quality of towns, villages and countryside, and make it easier for residents to access services and high quality affordable homes and to travel using different modes of transport

Key issues

1. BIDs are business led partnerships created through a ballot process to deliver additional services to local businesses. Government states they can be a powerful tool for directly involving local businesses in local activities and allow the business community, local authorities and other key partners such as the Police to work together to improve the local trading environment.
2. There are currently around 283 active BIDs nationally with 25 new BIDs brought into existence in the last year.
3. The principle of establishing BIDs in Northumberland is supported within the NCC Policy Framework, where local business groups bring forward proposals.
4. There are a number of BIDs in the North East. In Northumberland the first BID began operating in Hexham in October 2016 following a successful ballot announced in February 2016. Morpeth is the second BID to be proposed in Northumberland launching its development process in July 2017. The proposal to develop a BID in Blyth is the third BID to be proposed in the county.
5. A BID is a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop and deliver projects which will benefit businesses in the local area. Unlike business rates the levy is held locally by the BID for use in the specific location. Businesses that are subject to the levy, as set out in the proposals, vote in a ballot. This determines whether the scheme goes ahead.
6. Whilst all BIDs are subject to the same legislative guidelines, the proposals and Business Plan for any individual place should reflect the circumstances of that community and the issues it faces. This includes the thematic priorities and levy rules that will be proposed.
7. The BID proposer (in Blyth's case this is Blyth Development Trust) is required to develop a proposal and submit this to the local authority, along with a business plan. Blyth Development Trust have established a pre BID Steering Group made up of volunteers from the local business community. Their role is to lead the

development of the BID proposals prior to the ballot using a wide range of engagement and consultation activities.

8. In Northumberland, NCCs approach has been to assist and facilitate the processes required when BID proposals are brought forward by local businesses ensuring that local growth is driven by local partners. NCC has a range of statutory responsibilities in relation to the development of BID proposals as well as potentially being a levy payer and eligible voter in relation to the Blyth BID. Once established a BID is operated by a BID Company, normally a not for profit company limited by guarantee led by a Board of local levy payers.
9. The presentation to the LAC in November is part of the development and consultation of the Blyth BID proposals which are subject to change. The LAC will have a further opportunity to comment before the proposals are presented to Cabinet prior to the ballot.
10. The BID Proposer (Blyth Development Trust) via the Blyth Pre BID Steering Group will be spending the rest of the Winter and Spring developing and consulting on its proposals and working with the Local Authority to develop supporting documents. A final business plan will be produced prior to the ballot which will be included in ballot packs as part of the postal voting process. The ballot is currently scheduled to take place in late June 2018, a postal ballot which will run for four weeks.

Business Improvement Districts Briefing (BIDs)

Purpose of Report

The report provides a briefing regarding national legislation and guidance regarding Business Improvement Districts (BIDs) and background regarding the development of Blyth BID.

1. Business Improvement Districts (BIDs) Policy and Legislation

BIDs are business led partnerships created through a ballot process to deliver additional services to local businesses. The Government states¹ that they can be a powerful tool for directly involving local businesses in local activities and allow the business community, local authorities and other key partners such as the Police to work together to improve the local trading environment.

The development of BIDs is supported by national policy and legislation, principally the Business Improvement District Regulations 2004². There are currently 283 active BIDs nationally with 25 new BIDs brought into existence in the last year.

There are other BIDs in the North East and Cumbria including Hexham, Newcastle Upon Tyne, Sunderland, Penrith and Northallerton. There are a wide range of BID types including towns, city centres and industrial areas. More recently tourism and flood defence focused BIDs have been established.

The principle of establishing BIDs in Northumberland is supported, where local business groups bring forward proposals within the NCC Policy Framework following previous reports to Cabinet and Overview and Scrutiny Committees in 2014³.

Reference to BIDs as a positive example of local business led growth are also made in the Northumberland Economic Strategy 2015-2020.

In Northumberland the first BID began operating in Hexham in October 2016 following a successful ballot announced in February 2016. Morpeth is the second BID to be developed in Northumberland launching its development process in July 2017. The

¹ www.gov.uk/guidance/business-improvement-districts

² www.legislation.gov.uk/uksi/2004/2443/contents/made

³ Minutes of County Council meetings with regard to Business Improvement Districts are available at: www.northumberland.gov.uk/Councillors/Meetings.aspx#committeemeetings

- Policy Board Minutes 10th June 2014
committeedocs.northumberland.gov.uk/MeetingDocs/7072_M1033.pdf
- Economic Prosperity & Strategic Services Overview And Scrutiny Committee Minutes 24th June 2014 committeedocs.northumberland.gov.uk/MeetingDocs/7873_M1037.pdf

proposal to develop a BID in Blyth is launching its detailed development and consultation process in November 2017.

NCC are not aware of any other live proposed BID developments elsewhere in the county. It's important to note that whilst BIDs can be utilised by local communities to drive growth, they are one of a range of options being utilised by partners in Northumberland such as Town Teams, Coastal Community Teams and other other local growth initiatives.

Whilst all BIDs are subject to the same legislative guidelines, the proposals and Business Plan for any individual place should reflect the circumstances of that community and the issues it faces. This includes the thematic priorities and levy rules that will be proposed.

1.2 What is a Business Improvement District?

A BID is a defined area in which a levy is charged on all business rate payers in addition to the business rates bill⁴. This levy is used to develop projects which will benefit businesses in the local area. Unlike business rates the levy is held locally by the BID for use in the specific location.

There is no limit on what projects or services can be provided through a BID. The only requirement is that it should be something that is in addition to services provided by local authorities.

Improvements may include, but are not limited to, activities such as marketing and promotion, business support, safety / security, cleansing and environmental improvement measures.

1.3 How is a Business Improvement District established?

Legislation allows for a BID to be set up by the local authority, a business rate payer or a person or company whose purpose is to develop the BID area, or that has an interest in the land in the area.

In Northumberland to date, NCCs approach has been to assist and facilitate the processes required when BID proposals are brought forward by local businesses ensuring that local growth is driven by local partners.

⁴ It is important to note that in any location where a BID is proposed, a number of businesses within the proposed area will be in receipt of some form of relief on their business rates. Small business rates relief, discretionary awards from the billing authority and other reliefs do not automatically exempt businesses from the levy they will be expected to pay. Details of those businesses liable for the levy together with details of any locally determined BID levy relief will be published in the BID Business Plan prior to the ballot.

British BIDs (the overarching industry body for BIDs) issues annual industry guidance⁵, the latest guidance for 2017-18 sets out the range of expectations a voter should expect to have of a BID proposal and the process that a BID proposal should go through. The stages of developing a BID are as follows:

- Feasibility
- Planning
- Local Authority
- Campaign
- Establishment

As part of the Portas Review into town centres in October 2013 Government set up a £500,000 competitive loan fund to help communities who wish to create a BID overcome prohibitive initial start-up costs. Hexham BID utilised this funding in 2015 to develop its proposals and the funding has subsequently been repaid. Proposals from Morpeth and Blyth have been successful in applying for this funding in 2017. The fund is managed on behalf of the Department for Communities and Local Government (DCLG) by British BIDs, the national umbrella body for BIDs.

1.4 The Business Improvement District proposer

The BID proposer (in Blyth's case the proposer is Blyth Development Trust) is required to develop a proposal and submit this to the local authority, along with a business plan. Blyth Development Trust have established a pre BID Steering Group made up of volunteers from the local business community. Their role is to lead the development of the BID proposals prior to the ballot using a wide range of engagement and consultation activities.

The proposal should set out the services to be provided and the size and scope of the BID. It will also set out who is liable for the levy, the amount of levy to be collected and how it is calculated.

1.5 The ballot

Prior to a BIDs establishment, businesses that are subject to the levy, as set out in the proposals, vote in a ballot. This determines whether the scheme goes ahead. A successful vote is one that has a simple majority both in votes cast and in rateable value of votes cast. Each business entitled to vote in a BID ballot is allowed one vote in respect of each property occupied or (if unoccupied) owned by them in the geographical area of the

⁵ <http://www.britishbids.info/wp-content/uploads/2017-INDUSTRY-CRITERIA-AND-GUIDANCE.pdf>

BID. Once the BID is in operation the levy is charged on all businesses within the BID area (regardless of whether or how that business voted in the ballot).

1.6 The local authority

As noted in section 1.3, in Northumberland to date, NCCs approach has been to assist and facilitate the processes required when BID proposals are brought forward by local businesses ensuring that local growth is driven by local partners. The Local Authority role is multi faceted regarding BIDs and includes:

- **Information:** NCC is required to provide information to the BID proposer regarding the potential business base.
- **Ballot Holder:** NCC is required to manage and fund the ballot process.
- **Service Baselineing:** NCC, and also other organisations including the Town Council and Police will be required to produce service baselines. The baselines:
 - establish current service levels in Blyth of relevant service areas (e.g. local services, tourism, economic development)
 - Enable the BID proposer to identify additional activity that it wishes to deliver.
 - Are published online and referenced in the BID Business Plan enabling voters to review the information prior to voting.
- **Levy Collection Services:** The local authority is required to manage billing and the collection of the levy and will hold the levy in a ring-fenced revenue account on behalf of the BID body.
 - This funding is then passed to the BID to enable operation.
 - The relationship between the Local Authority and BID is set out in a joint operating agreement, which will be published in draft format alongside the BID proposals.
 - National Guidance states that Local Authorities can charge a reasonable fee for levy collection services⁶.

⁶ <http://www.britishbids.info/wp-content/uploads/2017-INDUSTRY-CRITERIA-AND-GUIDANCE.pdf>

- NCC will consider the guidance when reviewing the likely resource costs and will propose arrangements for levy collection services in future.
- **Approval:** If the local authority is of the opinion that the BID 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.
 - The Local Authority will receive the BID proposals in advance of the ballot and this will be presented to both the LAC and then to Cabinet for approval.
 - There is also an appeal process through DCLG following the ballot should any concerns be raised.
- **Voter** - as a property owner itself NCC is eligible to vote in the ballot and is allowed one vote in respect of each property occupied or (if unoccupied) owned by them in the geographical area of the BID.
 - NCC will be subject to the levy charge as defined by the levy rules set out in the final business plan at the time of the ballot.
 - Guidance indicates⁷ that all Local Authority hereditaments should be included within the BID at full value, however the number should not be such that it may unduly influence any ballot outcome.
- **Levy Payer** -. Depending on the final proposals NCC would be subject to the levy charge alongside other businesses.
- **Delivery / Partner** - The BID or Local Authority can propose partnering arrangements on areas of delivery in the business plan. The BID can also propose to operate areas of current responsibility from the Local Authority as long as full costs are also transferred with the transfer of service responsibility.
- **Termination** - The operation of a BID is the responsibility of the BID Board and Company established operating under the relevant legislative requirements and company law. Legislation⁸ sets out that the Local Authority may terminate a BID in limited circumstances following the required consultation process.

⁷ <http://www.britishbids.info/wp-content/uploads/2017-INDUSTRY-CRITERIA-AND-GUIDANCE.pdf>

⁸ <http://www.legislation.gov.uk/ukxi/2004/2443/regulation/18/made>

1.7 Who pays the levy?

The BID proposal must set out who is liable for the levy, the amount of levy to be collected and how it is calculated. The proposal should also provide details of any relief from the BID levy that may apply and who is eligible. The amount and type of relief is dependant on local circumstances but could typically include charity relief.

The latest British BIDs guidance indicates that the levy rate is only appropriate if it does not exceed 2% of rateable value, even in exceptional circumstances⁹.

1.8 How long will a Business Improvement District last?

The maximum period that a BID levy can be charged is for 5 years. Once the term is completed the BID will automatically cease. If the BID Company wants to continue its activities it must hold a new ballot.

1.9 Who manages the Business Improvement District?

A BID is managed by a BID body. This is often a private company but can be a partnership with the local authority. Most BID bodies are not-for-profit companies and national guidance recommends this model. In Blyth's case a not for profit Company Ltd by Guarantee is proposed. A BID Body is led by a Board of voluntary Directors who must be levy payers.

Following a successful ballot, the BID body is responsible for developing and implementing the proposal which sets out how the BID will operate.

They will provide the local authority with this proposal along with the business plan (including the estimated cash flow, and predicted revenue to be generated by the BID) along with the financial management arrangements for the BID body.

⁹ <http://www.britishbids.info/wp-content/uploads/2017-INDUSTRY-CRITERIA-AND-GUIDANCE.pdf>

2. Blyth BID Proposals

2.1 Background

Blyth Development Trust

Blyth benefits from a Development Trust (previously known as Blyth Town Team) which has taken a leading role in developing the town since it was established in 2013. The Blyth Development Trust is led by a voluntary Board consisting of local business people and residents. It was created to improve the image and perception of Blyth to its residents and visitors in an effort to make Blyth an attractive and vibrant place to live, work, visit and invest.

It works to implement changes necessary to make improvements and promote a positive image of the town. It has led in the development of the Blyth Coastal Community Team, resulting in a Blyth Economic Plan, and works closely in partnership to develop programmes and events. In 2013 it came third in the 2013 Great British High Streets Award for coastal towns.

The rationale for developing a BID Proposal

Prior to applying to British BIDs for funding assistance to develop a BID proposal, through the Blyth Business Forum and other consultations, businesses in Blyth expressed concerns regarding the environmental and economic state of the town. An Economic Plan was also developed by the Blyth Coastal Communities Team (a Government initiative delivered by the Development Trust) identifying a range of activities to boost the town's trading environment. However limited resources have hindered what can be achieved and more robust action is required to build on the strengths of the town.

British BIDs loan funding

A BID has been proposed to help achieve goals identified in the Blyth Economic Plan. Prior to applying to British BIDs, Blyth Development Trust consulted businesses within the Blyth Business Forum and its networks in 2016 and early 2017 specifically about the possibility of creating a BID. This represented over 50 of the town's businesses.

The Development Trust submitted an application in February 2017 for BID loan funding to assist in developing a BID proposal. The application was successful and the loan offer and agreement was confirmed in July 2017. This means that the Development Trust is the 'Blyth BID Proposer'. The Development Trust has established a pre BID Steering Group involving local businesses to lead the development of the BID proposal.

As part of Blyth's application to British BIDs, NCC confirmed that it will undertake its statutorily required role in the project and has provided advice regarding the work

undertaken to date, having previously confirmed a policy commitment to supporting BIDs as mentioned in this report.

The BID Proposer has now completed the feasibility stage of its development and is currently focusing on planning the development of the BID.

The Blyth pre BID Steering Group, made up of volunteers from the local business community has been established by the Development Trust to lead the development of proposals and has been closely involved in the BID feasibility work to date, which is a stipulation of British BIDs who provide loan funding from Government to assist in the development of BID proposals.

2.2 Potential BID improvement issues to address

Following a review of existing evidence the feasibility for the BID has so far identified the following issues as key improvement themes and potential project areas:

1. Security - Anti-social behaviour
2. Public Image - Poor perception of the town and a need for better marketing
3. Physical Appearance - Appearance of assets and cleanliness (reinforcing point 2)
4. Range of businesses - Number of low budget and empty shops
5. Seasonal events - Need to expand the event calendar throughout the year to increase tourism

The above issues informed the initial application to British BIDs and are now forming the basis of ongoing business engagement and consultation and are subject to further amendment.

2.3 Blyth BID Proposal Development and Communications

A project manager has been appointed to support the BID process. The methodology to be used in developing the Blyth BID proposal is aligned to national British BIDs Industry Criteria and Guidance published in 2017. This will lead to the development of BID proposals that will form the basis of the ballot next year.

Following a step-by-step process the development of the Blyth BID Proposal will take approximately nine months and will include the following:

- Informing and awareness raising;
- Gathering data and intelligence;
- Appraising the options and defining the BID area;
- Establishing the needs and priorities of business ratepayers;

- Preparation of proposals including a business plan to meet the statutory requirements;
- Preparation of marketing materials for a “Vote YES” campaign;
- Work with the local authority in drafting the necessary operating agreement.

A Communications Plan has been developed to help meet its milestones in the BID timeline as required by British BIDs. A key part of the process is the need to engage with and communicate with stakeholders in the development of the Blyth BID. This will be achieved by:

- Implementing a range of communications methods to raise awareness, gather intelligence and consult on the formulation of the Blyth BID proposal. This includes online social media and website, one to one visits, group presentations and events, questionnaires and distribution of printed information such as leaflets.
- Developing the role of the pre-BID Steering Group to advocate the needs and ideas of the town’s business ratepayers, particularly to ensure that the perspectives of all key business and non-commercial sectors are represented and used to inform the development of the proposal.
- Individual visits ‘door-to- door’ to businesses and organisations wherever possible to identify potential BID Levy payers.

The purpose of the activities above is to discuss and explain the BID concept, address any initial questions and gather businesses opinions on the town’s priorities from their perspective.

Engaging businesses will help to create the BID database of the levy payers to make it simpler and more cost efficient to keep Blyth’s business community informed of the BIDs development. Events and activities will be held on different days and times to accommodate as many businesses as possible.

2.4 Next Steps

A Blyth BID website is currently being developed and targeted to go live in November. There will be a series of locally targeted press releases using various social media platforms, online news sites and local radio. The website will ensure factual information is available and will include FAQs and myth busting with an open invitation for others to contribute and participate. Leaflets and information sheets will be distributed by December to help further raise awareness and promote opportunities to get involved in the BIDs development.

The BID Proposer will be spending the rest of the Winter and Spring developing and consulting on its proposals and working with the Local Authority to develop supporting documents, then a final business plan will be produced prior to the ballot.

Further consultations, surveys, and face-to-face visits with businesses will occur in the New Year, along with drop in events, media releases and BID bulletins. Focus groups will be established late March early April following the key themes identified in the consultations and business plan.

The LAC will receive a further detailed report summarising the BID proposals in 2018. The Blyth BID proposals are at the early development and consultation stage and as such LAC members will have a further opportunity to comment on proposals prior to NCC considering the BID proposals at Cabinet prior to the ballot.

The ballot is currently scheduled to take place in late June 2018, a postal ballot which will run for four weeks, the final business plan will be included in ballot packs as part of the postal voting process. Subject to a successful Ballot the BID will be established following the ballot in 2018 to operate for five years.

Implications

<p>Policy</p>	<p>BIDs are supported by Government policy and legislation as set out in the Business Improvement Districts Regulations 2004. As part of the Portas Review of Town Centres Government established a £500,000 loan fund to assist the development of BIDs.</p> <p>The NCC policy framework supports the development of BIDs led by the local business community. This includes previous reports to Cabinet in July 2014 and the Northumberland Economic Strategy.</p>
<p>Finance and value for money</p>	<p>Prior to the ballot,</p> <ul style="list-style-type: none"> - assistance to the Blyth BID proposer from NCC is in kind and statutorily required. - The development costs are funded by the British BIDs loan although NCC must cover the costs of the ballot. - As part of the service baselines, additional services may be proposed by the BID or the BID may propose to operate services currently undertaken by NCC (on a full cost recovery basis) which may benefit or improve existing services to benefit Blyth whilst also operating in a more effective and efficient way. <p>Subject to a successful ballot,</p> <ul style="list-style-type: none"> - NCC is able to charge a reasonable fee for levy collection services to recover costs. This is subject to discussions with the BID proposer.

	- Dependent on the final proposals NCC properties that fall within the BID boundary and levy rules will be subject to the levy charge.
Legal	Should the ballot vote be in favour, an operating agreement is entered into between parties setting out how levy collection services will be provided to the BID company.
Procurement	None
Human Resources	None
Property	Eligible NCC properties will be subject to the levy dependant on the final levy rules and geography of the BID established in the Business Plan. The presentation from the BID proposer will outline the current proposals.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	
Risk Assessment	None
Crime & Disorder	Tackling crime and disorder is a popular measure for BIDs, for instance shop security schemes etc. This is for the BID Proposer to consider.
Customer Consideration	Levy Collection Services follow the same procedures as billing, collection and enforcement requirements are set out in the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989.
Carbon reduction	Carbon reduction measures can form part of BID proposals, for instance in seeking to reduce costs for businesses related to this issue in terms of waste. This is for the BID Proposer to consider.
Wards	TBC dependent on the geographical coverage of the BID.

Consultation

Blyth BID is subject to a detailed process of consultation as required by British BIDs following legislative requirements.

Background papers

NCC Reports

- Northumberland Economic Strategy 2015-2020
<http://www.northumberland.gov.uk/NorthumberlandCountyCouncil/media/Business/Economic-Strategy-full-2015-2020.pdf>
- Minutes of County Council meetings with regard to Business Improvement Districts are available at:
<http://www.northumberland.gov.uk/Councillors/Meetings.aspx#committeemeetings>
 - Policy Board Minutes 10th June 2014
http://committeedocs.northumberland.gov.uk/MeetingDocs/7072_M1033.pdf
 - Economic Prosperity & Strategic Services Overview And Scrutiny Committee Minutes 24th June 2014
http://committeedocs.northumberland.gov.uk/MeetingDocs/7873_M1037.pdf

National Legislation and Guidance

- Government Guidance www.gov.uk/guidance/business-improvement-districts
- British BIDs Industry Criteria and Guidance 2017-18
www.britishbids.info/wp-content/uploads/2017-INDUSTRY-CRITERIA-AND-GUIDANCE.pdf
- The Business Improvement Districts (England) Regulations 2004
www.legislation.gov.uk/ukxi/2004/2443/contents/made

Blyth BID and associated documents

- Blyth Coast and Community Team Economic Plan
<http://www.coastalcommunities.co.uk/wp-content/uploads/2016/06/Blyth-CCTEconomic-Plan.pdf>
- Blyth Town Council Strategic Plan 2013 - 2023
<http://www.blythtowncouncil.org.uk/freedomofinformation.php>
- Blyth Town Centre Benchmarking Study
<http://www.northumberland.gov.uk/NorthumberlandCountyCouncil/media/Northumberland-Knowledge/NK%20place/Parishes%20and%20towns/Towns%20and%20town%20centres/Northumberland-Market-Town-Benchmarking-Summary-2014.pdf>

Report sign off

Finance Officer	AE
Monitoring Officer/Legal	LH
Human Resources	N/A
Procurement	N/A
I.T.	N/A
Executive Director (Geoff Paul)	GP
Portfolio Holder (Cllr Richard Wearmouth)	RW

Report Author

Rob Strettle
Senior Economic Policy Officer
Economic Policy and Inclusion Team
Planning and Economy
Northumberland County Council
rob.strettle@northumberland.gov.uk
01670 624749