

CABINET

Subject Heading:

Romford Business Improvement District Proposal

Cabinet Member:

Councillor Osman Dervish

SLT Lead:

Steve Moore, Director of Neighbourhoods

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Policy context:

The proposal relates to the Places and Opportunities strands of the Havering vision.

Financial summary:

In order to proceed with the ballot the council will incur a nominal charge of £0.002m for Electoral Reform Society services.

Should the BID ballot be successful the Council would be liable for payment of an annual levy of additional business rates currently estimated at £0.023m per annum.

The Council provides services to the BID in order to collect the levy on NNDR; these services are annual billing, in year account maintenance, recovery and reconciliation. The Council charges the BID for these services at the rate of £0.020m per annum.

RTMP has requested that the council consider an advance payment to cover set up costs in advance of the receipt of the levy should the ballot be successful. Subject to systems being established post ballot to collect the initial levy payments, the funding should be recoverable by the Council within the financial year.

Is this a Key Decision?

The proposal is the subject of a Cabinet report because it will have a significant impact on users/customers; and significant implications for service delivery, and a

When should this matter be reviewed?

significant effect on two Wards.

The BID period proposed is 5 years, after which a further request would need to be made to the Council for a re-ballot. Agreement to a re-ballot would be a non-key executive decision.

Reviewing OSC:

Towns and Communities

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input checked="" type="checkbox"/>
Opportunities making Havering	<input checked="" type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

SUMMARY

The Romford Town Management Partnership Limited (Company number **10315705**) (RTMP) has submitted a request to the Council in accordance with Business Improvement District Regulations, to hold a ballot within Romford Town Centre, to establish a Business Improvement District (BID). This report provides background information on BIDs and on the priorities set out in the draft Business Plan, and on the role of the Council in supporting and delivering BIDs. It seeks approval to supporting the ballot being held and to voting to support it in relation to the Council's properties in the area.

RECOMMENDATIONS

The Cabinet is recommended to:

1. Review and approve the Romford Town Management Limited BID Proposal to go to ballot in June 2018;
2. Agree to support the formation of a BID in Romford Town Centre, subject to a successful ballot taking place in accordance with the Business Improvement Districts (England) Regulations, 2004;

3. Note that the Council will be subject to payment of the levy on its properties within the BID area; and,
4. Agree that the Head of Property Services (one Source) be authorised to cast the Council's vote to support the establishment of the BID in relation to all the council properties within in the BID area; and,
5. Delegate authority to the S151 Officer in consultation with the Director of Neighbourhoods to negotiate and settle agreements in relation to any advance funding for the BID of no more than £230,000, subject to a successful ballot, the creation of the BID and the production of a costed workplan and cashflow acceptable to the S151 officer detailing the funding requirements.

REPORT DETAIL

1. Business Improvement Districts

- 1.1 A Business Improvement District is a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. The levy is used to develop projects which will benefit businesses in the local area.
- 1.2 (RTMP is a company limited by guarantee, formally established in September 2015 as a successor to the Romford Town Centre Partnership (RTCP) which had been meeting as a discussion forum for the previous decade. The RTMP aims to harness the combined power of the public and private sector to improve Romford town centre and stimulate prosperity in Romford.
- 1.3 RTMP has submitted a request to the local authority to take the proposal to a ballot in June 2018. The proposal sets out the services to be provided and the size and scope of the BID. It also sets out who is liable for the levy, the amount of levy to be collected, which is 1.5% of rateable value, how it is calculated, and the businesses and organisations that would be eligible for exemptions, such as non-retail charities and schools.
- 1.4 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 is allowed one vote in respect of each property occupied or (if unoccupied) owned by them in the geographical area of the Business Improvement District.

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

1/6 BIDs can run for a maximum of 5 years before they need to seek renewal through another ballot. The Romford BID term will be 5 years. If a BID is established in Romford, it will be the second BID operating in Havering. The London Riverside BID has been in operation since 2006, and has now successfully held 3 BID ballots.

2. Romford BID

2.1 RTMP was set up in 2016 with the purpose of improving the town centre. It currently has 5 Directors, including shopping centre managers, and business managers from the town centre. .

2.2 During the course of 2017 the RTMP has been working with the wider business community in the town centre to identify their priorities, and is proposing a number of improvements outlined in their draft business plan as summarised below.

3. Pledge One. Market, promote and inspire.

3.1 To reinvigorate our profile and promote the town as a prime destination making sure people know about Romford's unique offer. To create new and engaging ways of putting Romford on the map - locally, regionally and nationally.

4. Pledge Two. Create a safe, diverse and vibrant evening and night time experience.

4.1 To enhance our offer so we can appeal more effectively to the modern consumers who are increasingly demanding more from their town centre experience. To encourage and support more diverse businesses, creating a better balanced offer that enhances the vibrancy of our town centre. This is while ensuring it operates well at all time periods and appeals to the full range of people who live, work and play in our town centre.

5. Pledge Three. Ensure a warm welcome by creating a positive place.

5.1 To focus on making Romford clean, green, safe and ensuring a warm welcome for all. To look at expanding our events and festivals programme and through it reimagine our town centre delivering exciting public realm improvements across the Romford BID area.

6. Pledge Four. Lead, champion and influence.

6.1 To represent the needs of the whole Romford business community, we will make sure your voice is heard and aim to become a positive champion of their

needs. We'll do this by improving communication, creating new ways to network and helping share information both internally and externally.

7. BID Area

- 7.1 The proposed area to be covered by the BID includes Central Library, the Como Street Car Park and properties opposite on North Street, as well as properties within the boundary of the ring road, as set out in the map appended to the report. The proposed area contains around 447 hereditaments of which 10 are owned by the local authority.
- 7.2 The Council will be entitled to votes for each of these 10 properties, and it is recommended that the Head of Property Services votes on behalf of the Council.

8. Council's Role

- 8.1 Under the BID regulations the Council is obliged to support the establishment of a BID once a formal proposal is received. The Council can veto a BID proposal if it conflicts with any policies that the council already has in place or it places a significantly disproportionate or inequitable financial burden on any individual or group of businesses. The Council also plays pivotal roles as regulator and service provider, and as custodian of the public realm.
- 8.2 The local authority is required to provide the relevant rateable value data to the BID Company, together with establishing the necessary systems (including software changes) to enable collection and enforcement of the BID levy. The systems to provide this service are already in place for the London Riverside BID and will operate in the same way for the Romford Town Centre BID should the ballot be successful.
- 8.3 The local authority is required to set up and manage the BID ballot on behalf of the BID Company. The register must link the persons eligible to vote to the relevant property, and its rateable value. The role of the Electoral Registration Officer is prescribed by regulations as the person who will create the list. The holding and administration of the Ballot will be undertaken by the Electoral Reform Society.
- 8.4 The local authority is required to provide statutory services to an acceptable level, including via contractors. The local authority and RTMP will agree an acceptable baseline service level for a wide range of environmental, community safety and other services, and this has been set out in a set of baseline service statements, signed off by officers. These will be defined and listed in the BID proposal, so that business understand what services are provided by the Council, and that additional services will be funded through the BID levy. Any additional services provided are chargeable by the Council.

- 8.5 Over the last year, and in the lead up to the proposed ballot, the Council has been providing staff resource and funding to support the RTMPs work on the BID proposal. Specific staff resource will be continued until the ballot.

REASONS AND OPTIONS

9. Reasons for the decision:

- 9.1 Under the BID Regulations the Council is obliged to support the establishment of a BID once a formal proposal is received. The Council can only veto a BID proposal if it does not cover all of the points laid out in Schedule 1 of the BID Regulations, or if it conflicts with any policies that the Council already has in place. Officers will work with the RTMP to ensure that the BID proposal is compliant with Schedule 1 requirements.

10.1 Other options considered:

- 10.1 Under the legislation the Local Authority must support the establishment of a BID when asked by the BID proposer to provide such a request in line with the terms of the regulations. Should the BID not proceed; the funding that would have resulted from the levy will not be available to support improvements to the town centre.

IMPLICATIONS AND RISKS

11. Financial implications and risks:

- 11.1 The Bid process is largely obligatory for the Council. However the provision of funding in advance is a decision for the council to make on receipt of the business plan and is not as such an obligation.

11.2 The following financial Implications pertain to the Council:

£0.002m BID Ballot

The Council is obliged to conduct and pay for the BID ballot. The Electoral Reform Society will be contracted to undertake the Ballot and the cost of this will be contained within the Development service.

11.3 £0.020m income from Levy Collection

The Council will provide services to the BID in order to collect the levy on NNDR; these services are annual billing, in year account maintenance, recovery and reconciliation. The Council charges the BID for these services. Delays in entering into a BID may impact on the level of income received as this amount may be pro rata in year 1. The council will charge VAT on this service.

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- 11.4 If the BID is successful the Council will provide limited staffing resource to coordinate the Councils input to the BID Board, and the services provided as set out within the Baseline Agreements, and this will be contained within existing resources.
- 11.5 £0.023m Bid Levy
The local authority as a property owner of 10 businesses with rateable value fall within the BID boundary, if the ballot results in a BID the Council will be liable for a £0.023m per annum Levy. Delays in entering into a BID may impact on the level of Levy Charged as this amount may be pro-rata in year 1.
- 11.5 The cost of proceeding to ballot has been supported by the Council, and includes the direct ballot costs and supporting the BID proposal development process. Resources have been provided from within the Development budget to support the work, and to fund the ballot process. All service areas affected by the BID will need to identify funding streams in relation to their element of the £0.023m Levy from within existing budgets

Request for payments in advance

- 11.6 The RTMP will be unable to commence activity until levy payments start to be made. As this will not happen immediately post ballot, they have requested the Council consider making an advance payment to fund setup costs. Systems would need to be put in place following a “yes” vote to enable mid-year billing, and the costs of this should be covered by the charges for the billing process. Subject to this being done, bills could be sent out in early October, and the bulk of the pro-rata levy should have been received by the end of November.
- 11.7 The treatment of the up front payment from the Council would need to be clarified in terms of the amount required, the set up costs or other outgoings being covered, how much the RTMP was requesting and the length of time over which the organisation would pay back the pre-funding. The council may have to treat the advance as a soft loan and as such interest may need to be charged on to the RTMP. The council would have to ensure that such payments satisfied state aid requirements.
- 11.8 At present there is not enough information to confirm this position, and this would need to be clarified during the ongoing negotiations. The amount of any loan should be negotiated on the basis of a sustainable funding profile for the BID company set out in a costed workplan and cashflow, and should be up to a maximum of £230,000. Confirmation of this treatment would need to form part of the delegated decision making included in recommendation 5 of this report. If an advance payment was made, there is no specific budget approved for this, so the sum would need to be drawn from corporate reserves.

11.7 Below are the financial implications to the BID:

It is anticipated that a BID would result in securing external funding via the levy into the Town Centre of up to £0.660m for a full year on the basis of the current hereditaments.

12. Legal implications and risks:

12.1 Business Improvement Districts (England) Regulations 2004 (The Regulations) provide the statutory powers and framework to enable a Business Improvement District (BID) to be created. This report and its appendix explains how a BID is established and sets out the BID Proposal process and maps out the future stages in the process in the event that the BID Proposal proceeds to Ballot.

12.3 At this stage in the process the Council, as billing authority, is only required to instruct the Returning Officer to hold a ballot once satisfied that the Bid Proposer has met all the requirements under the Regulations. Officers are satisfied that these requirements have been met. Where the relevant billing authority is of the view that the BID proposals conflict with a policy formally adopted by and contained in a document published by the authority the authority shall, as soon as reasonably practicable after receiving the proposals, notify the BID body in writing explaining the nature of that conflict.

12.4 The Council has legal powers to enter into arrangements to facilitate the BID including levy collection and may enter into a Baseline Agreement for the Provision of Standard Services and an Operating Agreement to confirm agreed arrangements. It should be noted that these do not constitute legally binding agreements as these are subject to change from time to time.

12.6 Council has right to exercise a veto after the outcome of the Ballot if the council consider the arrangements are likely to either conflict to a material extent with any of their published policies or place a disproportionate and inequitable financial burden on any person or group of persons through manipulation of the BID geographical area or the structure of the BID levy.

12.7 It is highlighted that the Council as owner of hereditaments in the BID and certain duties under the Regulations may not coincide. Although this is unlikely in practice it may be necessary put in place arrangements to deal with a conflict of interests. The role on voting is to be delegated as per the recommendations in this report.

13. Human Resources implications and risks:

13.1 There are no Human Resources implications for the proposal.

14. Equalities implications and risks:

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- 14.1 The promotion of equality and enhancement of community cohesion will be intrinsic to the Romford BID, which operates within the spirit of the Equality Act 2010 and Havering Council's Fair to All Equality Policy. No individual or group involved with the BID will experience discrimination or detrimental treatment due to any 'Protected' characteristic, as set out in equality legislation. The BID will also be utilized as an opportunity to promote improved health and wellbeing.

BACKGROUND PAPERS

None