

# Council



Forest Heath  
District Council

<b>Title of Report:</b>	<b>Newmarket Business Improvement District (BID)</b>
<b>Report No:</b>	<b>COU/FH/16/006</b>
<b>Report to and date/s:</b>	Council      24 February 2016
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<b>Purpose of report:</b>	To inform Members about the current status of the prospective Newmarket Business Improvement District (BID); the upcoming ballot that may see it come into effect; the implications that would have for the Council; and next steps to be approved.
<b>Recommendation:</b>	<b>It is recommended to Council that it :-</b> <b>(1) supports the campaign to establish the Newmarket Business Improvement District;</b> <b>(2) delegates the responsibility for exercising all of the Council's votes in the prospective BID Ballot to the Leader of the Council;</b> <b>(3) allocates an annual budget for the Council's levy payment as defined in paragraph 2.2 of the report (subject to a successful ballot); and</b> <b>(4) agrees to the principle of continued financial support during the establishment of the new BID Company to be repayable from the BID levy once collected (subject to a successful ballot).</b>

<b>Key Decision:</b>	<i>Is this a Key Decision and, if so, under which definition?</i> No, it is not a Key Decision - <input checked="" type="checkbox"/>
<b>Consultation:</b>	<p>The BID Task Group has undertaken significant consultation with the business community in the prospective BID area during the development of the BID Business Plan. This has included the following :-</p> <ul style="list-style-type: none"> <li>• Newsletters delivered to businesses in the prospective BID area to keep them informed about progress</li> <li>• 5 Workshops over two days in July 2015 for local businesses to develop ideas for a draft Business Plan</li> <li>• A draft (Summary) Business Plan was printed and circulated to businesses in the prospective area to allow for feedback on the plan in September 2015</li> <li>• Two drop-in sessions were held in January 2016 to allow for further consultation prior to finalising the BID Business Plan in February 2016</li> <li>• Throughout the period the BID Task Group have taken part in individual conversations with local businesses as required and further information has been available on the BID website <a href="http://www.newmarketbid.com">www.newmarketbid.com</a></li> </ul>
<b>Alternative option(s):</b>	N/A
<b>Implications:</b>	
<i>Are there any <b>financial</b> implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>• A potential BID Levy cost to the Council of £5,860 in 2016/17 possibly reducing to £4,995 for the following 4 financial years</li> <li>• BID Ballot costs of between £1,700 and £2,000</li> </ul>
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>• In the event of a positive vote in favour of the BID officer time will be required to liaise with the BID as it forms the BID Company</li> </ul>
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<i>Are there any <b>equality</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
The ballot fails to return a BID	Medium	High level of engagement with businesses in the prospective BID area	Low
Funding exceeds budget	Low	Limit to expenditure	Low
<b>Ward(s) affected:</b>		Parts of Severals, St Marys and All Saints Wards in Newmarket	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		None	
<b>Documents attached:</b>		Appendix – Newmarket BID Business Plan	

## **1. Key issues and reasons for recommendation(s)**

### **1.1 Background Information**

#### **1.1.1 What is a Business Improvement District (BID)?**

This section has only been included to provide background information for any Members who may not be familiar with BIDs.

- BIDs are a mechanism by which businesses get together to carry out improvements in projects and services and raise the profile of a defined geographical area. In this case the main part of Newmarket Town Centre.
- BIDs are directly funded by the businesses that fall within the area boundary.
- BID businesses pay an annual amount over a 5 year period to carry out the improvements: the BID Levy, collected via an additional Bill alongside Business Rates.
- BIDs are voted on by the businesses that would pay. They decide if they want the initiative to go ahead. Every qualifying business hereditament in the BID area is entitled to a vote and owners/business ratepayers with more than one hereditament get one vote per hereditament. The outcome is decided by a simple majority of those that vote, both by number and rateable value (i.e. if only 50 businesses voted and their collective rateable value was £1 million then it would only take 26 positive votes to establish a BID provided that their collective Rateable Value were greater than £500K). In the event of a positive vote the BID Levy is compulsory for all qualifying hereditaments i.e. there is no opt-out option.
- BIDs last for a maximum of 5 years. If they wish to continue beyond 5 years they can, subject to a majority vote in a re-ballot of the BID members on this issue.
- There are over 200 BIDs currently in operation throughout the UK investing over £300m in our towns and cities.
- The closest BIDs to Newmarket are Bury St Edmunds, Cambridge, Huntingdon, Ipswich and Bedford.

#### **1.1.2 The Prospective Newmarket BID.**

Preliminary work on a prospective BID for Newmarket began towards the end of 2014 and developed out of discussions held with the Newmarket Retailers Association.

Initial support for the prospective BID was undertaken primarily by the FHDC Town Centre Manager and a BID Task Group, primarily made up of volunteer representatives from Newmarket Town Centre businesses but also including the FHDC Portfolio Holder for Economic Development & Growth, a Member of Newmarket Town Council and the Chairman of Newmarket & District Chamber of Commerce, was formed early in 2015 to develop the BID, agree its Business Plan and take the BID proposal to a Ballot.

The BID Task Group began this process early in 2015 and, by agreement with the Portfolio Holder for Economic Development & Growth, the Council has supported the prospective BID's subsequent development throughout 2015. Over the course of 2015 this support has included some funding (partly from the Vibrant Town Centres budget and partly from the Economic Development & Growth budget) to engage the Mosaic Partnership (specialist BID Consultants) to provide some specialist advice to the BID Task Group, a small website to provide the BID with an identity and communications platform and some marketing support (leaflets, newsletters etc.) to assist with the BID Task Group's wider consultation with the Business Community in the prospective BID area and Economic Development & Growth team Officers have continued to support the BID Task Group during its activity throughout 2015.

#### **Current Financial Support**

Consultancy / specialist advice	£9,404 (to date)
Website	£1,920
Marketing support/design (leaflets, Business Plan etc.)	£3,850 (to date)
<b>TOTAL (to date)</b>	<b>£15,174</b>

### **1.2 The Current Position**

- 1.2.1 The BID Task Group have now developed a Business Plan for the prospective BID, defined its area of operation and are looking to move to a postal ballot to determine if it comes into effect.

The proposed BID area and the proposed eligibility criteria for Membership of the BID mean that around 340 qualifying business hereditaments will attract a vote in the postal ballot.

Owners/business ratepayers with more than one qualifying hereditament will have one vote for each hereditament. This means that the Council is likely to have 10 votes (please see below for further details).

The postal ballot, which will be conducted independently, by Electoral Reform Services will commence on 3<sup>rd</sup> March and conclude at 5.00 p.m. on 31<sup>st</sup> March. The result will be available for announcement on 1<sup>st</sup> April 2016.

The outcome is decided by a simple majority of those that vote, both by number and rateable value. If there is a positive outcome then the BID Task Group will become an interim Board for the BID with the responsibility to set up a BID Company as an independent legal entity with the responsibility for delivering the BID Business Plan (please see below for details) and holding an election for qualifying BID Members to become Board Members of the Newmarket BID Company that will operate for the 5 years of the BID.

### **1.2.2 The BID Business Plan**

The Business Plan was only finalised by the BID Task Group at the end of January 2016 and sent for design and printing and therefore hard copies are not available for distribution to Members along with this report. An electronic copy is attached to this report for additional information and the printed

document will be distributed to Members as soon as it is available, prior to the scheduled Council meeting. The main headlines of the Plan are therefore summarised for Members below: -

- The Newmarket BID will raise £240,000 per year to be invested in the BID area or £1.2 million over 5 years.
- This total 5 year sum will be allocated to the following areas: -
  - Marketing, promotion and events in the BID area £500K
  - Accessibility (Getting around/Car-Parking) £100K
  - Welcome & Connected (including Town Ranger) £250K
  - Business Support (Networking, training, purchasing) £ 75K
  - Overheads (including Core staffing) £275K

In addition to the above the BID Task Group has also had offers from a number of businesses and organisations outside the BID area to contribute financially as Volunteer Members. Whilst it is difficult to predict how many Volunteer Members there might be or what their financial contribution might be organisation such as the Newmarket Racecourse and the Bedford Lodge Hotel have stated their intention to join the BID as Volunteer Members

It is expected that this additional expenditure of at least £1.2 million over the next 5 years, with approximately £925K (as a minimum) being spent on "project" delivery, will have a significant impact on the BID area and greatly contribute towards uplifting the activity in Newmarket, raising its profile and image both regionally and nationally.

## **2. Implications for the Council**

### **2.1 Voting Rights.**

As indicated above, each qualifying business hereditament in the prospective BID area attracts a vote.

This means that the Council will attract 8 votes as a result of holding the assets of the 6 Car Parks in the BID area (All Saints, Grosvenor Yard, The Guineas, Church Lane, the market area/car parking on Market Street and to the rear of T.K. Maxx), the Guineas Customer Services Offices and the Public Toilets at The Guineas Shopping Centre.

In addition, because the legal responsibility for Palace House and the Palace House Stables will not transfer to the Home of Horseracing Project until the build phase is complete and handed over to the Museum and because this is not expected to happen until after 31<sup>st</sup> March 2016, the Council will also have the initial voting rights for these 2 properties.

In total this means that the Council will be likely to have 10 votes in the upcoming postal ballot in March and therefore delegated authority is requested for these ten votes to be cast by the Leader of the Council so that the Council may take a full part in the BID ballot process in March.

## 2.2 Financial Implications of the Newmarket BID. BID Levy costs.

If there is a vote in favour of the BID, as stated above, the BID Levy is compulsory. Details of the Banding scheme proposed for payments are included in the BID Business Plan (attached as additional information).

In summary the full cost for all 10 properties currently the Council's responsibility, as proposed in the BID Business Plan, would be £5,860 per annum.

As and when Palace House and Palace House Stables are handed over to the Museum/Home of Horseracing Project this figure will reduce to £4,995 per annum.

The current expectation is that this will mean a cost of £5,860 in the first year and £4,995 for subsequent years.

There is one other area of potential BID Levy cost that may occur in the future. The Council owns another two business hereditaments in the BID area, the Palace House Mews and Cottage. In the event of a positive vote, these two properties will attract a BID Levy cost of £365 p.a. and £100 p.a. respectively. Currently these properties are being rented as offices in connection with the construction of the Home of Horseracing development. As such the voting rights and responsibility for any BID Levy payments will fall to the current tenant (unless they vacate the premises prior to the ballot), but if these properties should remain vacant when they are returned to the Council (possibly later in 2016) then responsibility for any subsequent BID Levy payments will also fall on the Council.

## 2.3 BID Ballot Costs.

The BID Ballot cost will also fall on the Council, although this is an obligation on the Council as per the Government regulations relating to BIDs and their establishment. This figure is currently expected to be in the region of £1,700 - £2,000 depending on how many ballot papers go astray in the post or subsequent copies are requested etc.

Continued Support for the BID Task Group / BID Company.

Now that the BID Business Plan has been finalised the BID Task Group will move into a "campaigning" phase in the run up to and during the Ballot process. The Task Group have already identified the need for some further support from the Mosaic Partnership and this is likely to involve another £4,702 of support during this period (i.e. up to the result on 1/4/16).

In the event of a positive vote there will also be a period between the vote being announced and the full establishment of a Newmarket BID Company with the capacity to commence delivery of its Business Plan (e.g. staff will need to be recruited, an office and suitable IT support set up etc.). The BID Task Group has indicated that they would greatly appreciate the continued support of the Council through this period until they are operating fully drawing down the income from the BID Levy.

It is not possible to predict exactly what this support might entail as some support for the formative BID company may be offered by Task Group / Interim Board members, but might, for example, include requests for assistance with advertising vacancies and recruitment. It is expected that some of this "soft" support, other than on-going support from Officers of the Economic Development & Growth team, if requested from the Council by the BID Company, will be recovered as soon as the BID Levy income is available.

It is not expected that this additional support, above and beyond that already provided, would result in significant expenditure for the Council i.e. beyond current levels of Portfolio Holder Authority, but the BID Task Group would appreciate a positive endorsement of the BID by the Council voting in February to continue its support, as it will further strengthen their work over the next few weeks as they move towards campaigning for a "Yes" vote. As explained earlier, the Council is not conducting the BID ballot, so does not need to remain neutral in any ballot period. This recommendation has therefore also been included for Members to consider as part of this report.