

Item No. 13.	Classification: Open	Date: 22 July 2014	Meeting Name: Cabinet
Report title:		Blue Bermondsey Business Improvement District Proposal and Ballot	
Ward(s) or groups affected:		South Bermondsey and Riverside	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business	

FOREWORD – COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR COMMUNITIES, EMPLOYMENT AND BUSINESS

It is with great pleasure that I note the results of the successful ballot that formally endorses the establishment of the Blue Bermondsey Business Improvement District (BID). It is clear from the result that the local business community has wholeheartedly endorsed the formation of a BID for Bermondsey.

Southwark Council has long supported the formation of a BID for Bermondsey. In 2012 we awarded the Blue Bermondsey Business Association (BBBA) a grant from our Community Restoration Fund to consult local business and investigate the possibility of a BID for the area. Since then, we have continued to work with BBBA to support the ongoing development of the BID, work that has culminated in the successful vote and formal establishment of the BID.

The Blue Bermondsey BID will be fully operational from October 2014. The Bermondsey BID will join four other BIDs in Southwark, including Better Bankside, Team London Bridge, Waterloo Quarter and the new South Bank BID, all working in support of our town centers and business communities. We look forward to a strong and productive partnership between the council and the Blue Bermondsey BID to make a positive impact on services for local businesses and the wider community in Bermondsey.

RECOMMENDATIONS

That cabinet:

1. Welcomes the outcome of the ballot for a Business Improvement District (BID) in Bermondsey as announced on 4 July 2014, and endorses the formation of the Blue Bermondsey BID Company.
2. Notes the confirmation from officers that the Blue Bermondsey BID arrangements do not conflict with council strategies and policies affecting the proposed BID area.
3. Notes the Blue Bermondsey BID Company's intention to request representation from the council on its board

BACKGROUND INFORMATION

4. Business Improvement Districts (BIDs) are a partnership agreement through which local authorities and the local business community can take forward schemes for the benefit of the local community. A BID is funded wholly or partly by a levy imposed on non-domestic rate payers or a class of rate payers. A BID can only come into force if the majority of rate payers eligible to cast their vote, vote to approve the BID, and if those voting in favour of the BID represent the majority of the rateable value of all votes cast. Southwark currently hosts five BIDs, of which the Blue Bermondsey BID is the most recent.
5. In line with the council's Economic Wellbeing Strategy and as reflected in the Council Plan 2011/12 -2013/14, we have actively supported plans to establish a BID in Bermondsey. Development of a BID in Bermondsey also supports the current leaderships 2014 manifesto commitment to "work with businesses to deliver a 'Business Improvement District' on Southwark Park Road at The Blue".

The BID Proposer

6. The proposal to deliver a BID in Bermondsey has been led by the Blue Bermondsey Business Association Business Improvement District Steering Group (hereafter referred to as the BBBA).
7. Prior to the formation of the BBBA, businesses in Bermondsey had organised the Blue Traders Forum, an informal network that championed local business issues. The Blue Traders Forum subsequently formed the Bermondsey Business Association in 2008, with the aim of working with the council on a programme of work to improve local retail areas such as the Blue Market in Bermondsey. The BBBA, became a formally constituted unincorporated association in November 2012
8. In 2009 the council commissioned a scoping study to assess the feasibility of developing BID clusters in business areas across the borough. The study found that a BID would be feasible in Bermondsey given its location, business mix and established business networks. Following the initial findings of the BBBA explored the formation of a BID in Bermondsey by conducting further local research.
9. In 2012 the BBBA secured grant funding through the council's Community Restoration Fund for the development of BID in Bermondsey. The BBBA has since taken the necessary steps, outlined in BID regulations, to implement a BID in Bermondsey called the Blue Bermondsey BID.

KEY ISSUES FOR CONSIDERATION

Legislative background & the roles of the Local Authority

10. BIDs were introduced by Part 4 of the Local Government Act 2003. The Act defines the BID arrangements and establishes the duty of the "billing authority" (the local authority in whose area the BID is to be established) to comply with the BID arrangements. The Act also provides for the approval of the BID arrangements by a ballot, the collection and administration of the BID levy, and the power of the billing authority to veto the BID arrangements. Procedural requirements are set out in the Business Improvement Districts (England)

Regulations 2004, as amended by the Business Improvement Districts (England) (Amendment) Regulations 2013 (“the Regulations”).

11. BIDs must be a ‘business-led’ partnership, without which a levy on occupiers will not be achieved. A BID can operate for a maximum of five years, after which a renewal ballot must take place if the BID is to continue operating. In their capacity as the billing authority, the ultimate custodian of the public realm and community safety, local authorities play a pivotal role in the BID process. In addition, the Returning Officer appointed by the local authority is designated as the “ballot holder”, and is responsible for administering the BID ballot. There are a wide range of roles that the local authority needs to adopt in the implementation of BIDs, as both regulator and service provider. These roles and the resource implications for the council were set out in detail in a report to Executive in July 2004.
12. This report mainly outlines the process of ratification by the council of the Bermondsey BID proposal. Under the Regulations, the only stage at which a local authority can reject BID arrangements is to use its power of veto after the ballot has taken place. The Regulations also require a local authority to notify the BID proposer, when BID proposals are first received, of any conflict between the proposals and any policy adopted and published by the local authority.
13. The council can exercise its veto if it considers that the BID proposal:
 - i. Conflicts to a material extent with any policy formally adopted and published by the authority; or
 - ii. Places a significantly disproportionate financial burden on any person or class of person, as compared to other non-domestic rate payers in the area of the BID, and that burden is caused by a manipulation of the geographical area of the BID or the way the BID levy is structured, and that burden is inequitable.

The BID process

14. The Regulations outline the process and timeline that the BID proposer must adhere to when proposing a BID. BBBA, the BID proposer, has complied with these milestones.
15. The BID Proposer must produce a BID Proposal, this usually takes the form of a suite of documents consisting of the following:
 - i. BID Proposal (a summary of the aims, governance and financial standing of the proposed BID)
 - ii. Operating Agreement (outline of the terms of the relationship between the BID company and the billing authority with specific regard to collection of the bid levy)
 - iii. Baseline agreement (outline of the services provided by the local authority within the BID area, and any additional services the BID company has contracted with the local authority)
 - iv. BID arrangements (outline of the governance and financial arrangements of BID Company, and membership)
 - v. Consultation report.
16. Key areas of the BID proposal documents are summarised in Appendix 1. The

BBBA does not intend to contract any additional service from Southwark Council, consequently the Baseline Agreement only notes services currently provided by the council within the BID area and does not specify additional services contracted with the council.

17. Draft BID proposal documents were submitted to council officers on 30 March 2014 by the BID proposer. Officers from the Local Economy Team, Public Realm, Planning Policy, Business Rates, and Legal Services reviewed the documents to ensure the proposals did not conflict with council policy, amendments were also suggested to the BID proposer. The BID proposer re-submitted the BID proposal to officers, taking into account the negotiated position.
18. The council must be satisfied that the BID proposals do not conflict with its policies and strategies. The table below lists all published Southwark policies and strategies relevant to the Blue Bermondsey BID Proposal. The checklist demonstrates that the BID Proposal does not conflict with any of the following policies or plans that the council has for the proposed BID area.

Southwark Council Policy / Strategy	Department	Conflict with BID Proposal (Yes/No)
The Southwark Plan	Chief Executive's	No
Core Strategy (2011)	Chief Executive's	No
Southwark Council Waste Management Strategy 2003-2021	Environment and Leisure	No
Southwark Economic Wellbeing Strategy 2012-2020	Chief Executive's	No
Safer Southwark Partnership Rolling Action Plan 2013-2015	Environment and Leisure	No
Highways Asset Management Plan	Environment and Leisure	No
Streetscene design manual	Environment and Leisure	No

19. The process of proposing a BID also involves surveying and consulting local businesses regarding the formation of a BID. This process can be used to demonstrate whether there is an appetite for a BID among businesses, and to help the BID proposer define the area and ambitions of the proposed BID; in 2013 the BBBA commissioned a survey of 100 Bermondsey businesses to assess these factors. Responses to the survey provided the following information:

- Types of business in Bermondsey;
- Percentage of businesses that are independent, family run, franchises etc;
- Age of businesses;
- Number of employees per business;
- Customer information;
- How businesses felt about the future;
- Businesses future investment and recruitment plans;
- The extent to which businesses are concerned about the local environment, community safety, transport and relationship with partners;
- Improvements that might benefit businesses;
- The extent to which businesses are aware of the BBBA and their campaign

- to form a BID; and
- Overall support for a BID in Bermondsey.

20. Of those businesses surveyed, 92% answered 'Yes' when asked 'Do you think it is good for businesses to have a unified voice through a local business association such as the BBBA?' 88% of all surveyed businesses were supportive of a BID in Bermondsey. Officers found that the findings of the survey indicated there to be sufficient interest among businesses in Bermondsey to warrant the proposal of a BID.
21. The survey also identified issues that concerned local businesses, such as antisocial behaviour, a lack of police presence in the area, the overall image of the area, general fear of crime, theft, the quality of the public realm, and general cleanliness. The baseline agreements (found in the hyperlink within Appendix 1) outlines the BID proposers' projects for year one intend to address these areas. Full findings of the survey can be found in Appendix 2.

Ballot result

22. All rate payers who are liable for the BID levy are eligible to vote in the ballot. The ballot is a postal ballot conducted over 28 days. The Regulations set out the arrangements which must be followed for the conduct of ballots. The ballot holder, being the Returning Officer appointed by the council, has appointed Electoral Reform Services to conduct the ballot. For a BID ballot to be successful there must be a majority of those voting in favour of the proposal, and those voting in favour must represent a majority of the aggregate rateable value properties of those eligible to vote. The ballot for the Bermondsey BID ran from Friday 6 June 2014 to Thursday 3 July 2014. There were 269 eligible voters.
23. The result of the ballot was announced on 4 July 2014 and is detailed below:

The total number of valid votes cast	90
The total aggregate rateable value of valid votes cast	£1,903,000
The total number of valid votes cast in favour of the BID	80
The total aggregate rateable value of valid votes in favour of the BID	£1,615,250
The total number of ballot papers rejected (if applicable)	0

24. The results show that 89 percent of votes cast were in favour of the ballot, representing 85 percent of the total rateable value of the valid votes cast; therefore a majority of business ratepayers in the proposed BID area who voted, voted in favour of the proposal, both by aggregate rateable value and number voting.

The BID Company

25. BID Proposals are implemented by a BID Company; the Bermondsey BID will be managed by the Blue Bermondsey BID Company, which has the mandate to apply a 1.5% levy to every liable property in the BID area.

26. BID Companies are usually independent, not-for-profit companies, led by a Board of non-executive and unpaid Directors; membership also consists of representatives from the BID area. It is common for BID Companies to request representatives from the local authority to join the non-executive board.
27. The Blue Bermondsey BID proposers, who will form the Blue Bermondsey BID Company, have stated their intention to request a representative from the council to serve on the Blue Bermondsey BID Company board once it is formerly established in October 2014. In response to this request, the cabinet may choose to appoint a representative to the Blue Bermondsey BID Company after it has formed.

Community impact statement

28. The equalities analysis for the Bermondsey BID (Appendix 3) draws on information provided in the Bermondsey BID's Proposal Documents, which outlines the BID's vision, how it will operate and the additional service it will provide in the BID area. The BID will primarily work with its member organisations (businesses) to deliver the above, and as such the formation of the Blue Bermondsey BID Company and its activity is unlikely to impact groups with protected characteristics. The BID should benefit the general community owing to planned improvements to the areas public realm, improvements to the town centre, and greater investment in the area.

Resource implications

29. In its position as the ballot holder, the council is responsible for administering BID ballots, a function which can be contracted out to a third party. As with previous BID ballots, the council appointed the Electoral Reform Service to administer BID ballot for Bermondsey at a cost of approximately £2,000. The cost of the ballot will be met from existing general fund budgets
30. The Regulations requires the council as Billing Authority to manage a BID revenue account; this is the financial accounts structure through which the council manages the BID's levy and transfers the income to the BID Company. Managing the BID revenue account is primarily a staffing cost, which will be met from existing resources.
31. The Regulations permit the Billing Authority to charge for the administration of the BID levy. Officers are currently exploring whether a charge will be applied to the Blue Bermondsey BID. This involves identifying a charge that will recuperate costs incurred by the Business Rates Team without weakening the financial position of the BID Company. Officers will make a decision on this matter before the BID Company formerly begins operation.

Consultation

32. As noted in paragraph 12 the primary purpose of this report is to set out the officers' view that the Blue Bermondsey BID proposal does not conflict with Southwark policies and strategies, and that officer are satisfied with the consultation that the BID proposer has carried out with businesses in the area.
33. The Regulations do not stipulate the exact arrangements for consultation with

stakeholders, but as referred to in paragraphs 19-21, the BBBA has consulted with businesses in the BID area. Officers are satisfied with the consultation conducted by the BBBA.

34. The relevant officers within the council have been consulted to ensure the BID proposal does not conflict with council policy, as noted in paragraphs 17 and 18.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

35. The legislative background and discussion of the relevant legal issues is set out in the body of the report.

Strategic Director of Finance and Corporate Services (FC14/009)

36. This report proposes the formation of BID in South Bermondsey. The council will manage the BID revenue account through which the bid levy is collected and transferred to the BID Company. The financial implications are contained within this report.
37. The strategic director of finance and corporate services notes that the staffing cost for administrating the BID can be met from existing resources. It is expected that any additional costs incurred in the administration of the BID levy are fully recoverable from the BID Company.
38. The council is a business rate payer in the South Bermondsey area and so the impact of any rate increase will need to be quantified and appropriate budget identified.

Director of Planning

39. The Core Strategy (2011) contains a vision for the Blue which promotes the revitalisation of shops and businesses. Core Strategy policy 10 (Jobs and business) also encourages partnership working with local businesses to improve the business environment. The Blue Bermondsey BID proposal is consistent with these policies.

Strategic Director of Environment and Leisure

40. The strategic director of environment and leisure notes the outcome of the ballot for a Business Improvement District in Bermondsey and confirms that none of the proposals are in conflict with any agreed council policies or strategies relating to Community Safety, Public Realm or Environmental Services.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council's Economic Wellbeing Strategy :	Local Economy Team, 160 Tooley Street	Danny Edwards 0208 525 5105
Link: http://www.southwark.gov.uk/downloads/download/3275/economic_wellbeing_strategy		
Council Plan 2011/12 -2013/14	Local Economy Team, 160 Tooley Street	Danny Edwards 0208 525 5105
Link: http://www.southwark.gov.uk/downloads/download/3766/council_plan_g3_2013-14_performance_schedules		

APPENDICES

No.	Title
Appendix 1	Bermondsey BID Arrangement Summary and link to BID Proposal Documents
Appendix 2	Bermondsey BID Business Survey
Appendix 3	Bermondsey Business Improvement District: Equalities Analysis

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business	
Lead Officer	Eleanor Kelley, Chief Executive	
Report Author	Nazmin Yeahia, Senior Strategy Officer, Local Economy Team	
Version	Final	
Dated	10 July 2014	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments Sought
		Comments Included
	Director of Legal Services	Yes
	Strategic Director of Finance and Corporate Services	Yes
	Director of Planning	Yes
	Strategic Director of Environment and Leisure	Yes
	Cabinet Member	Yes
	Date final report sent to Constitutional Team	10 July 2014