

Taunton Deane Borough Council

Executive - 16 September 2009

TDBC funding support to the Taunton Town Centre Company for Business Improvement District (BID) Administration Costs

Report of the Interim Economic Development Manager

(This matter is the responsibility of Executive Councillor Mrs F Smith)

1. Executive Summary

The Business Improvement District (BID) programme has proved successful in harnessing the collective contribution of businesses operating within the designated BID area. Over £1 million of funding will be collected from businesses over the five-year term.

The difficult economic climate and reduction in the number of businesses trading in the town has reduced the total annual sum collected under the BID levy.

The Council has supported the BID programme through funding and officer time during the first two BID operational years. The Council is being asked by Taunton Town Centre Company to reaffirm this funding commitment for a further three years to be reviewed annually against the BID business plan.

2. Background

Taunton Town Centre's BID is a five year programme of investment by local business rate payers to bring enhanced service improvements in support of retail, commerce and public areas across the town centre.

The BID was developed by Taunton Town Centre Company (the BID body) in close partnership with Taunton Deane Borough Council (the billing authority) and SWERDA (the Regional Development Agency).

The five year programme of investment commenced on the 1 October 2007 and will conclude on the 30 September 2012.

During its lifespan the BID will invest over £1 million in service enhancements funded by the levy paying business community. In the first two years of the programme, this investment has been enhanced through additional funding contributions from the private sector, Avon and Somerset Constabulary and Taunton Deane Borough Council.

3. Current Situation

As the billing authority, acting under the BID regulations (2004) the Council issues demand notices to all rateable value properties within the designated BID area in October each year. The Council may charge the BID body reasonable costs for the collection of the levy.

In years 1 and 2 of the BID, aggregate receipts totalled £455,706.00. Collection rates remain high at over 95%. However, there has been a dramatic shift in the UK and world economy during this initial two-year period.

Due to a reduction in the total number of businesses trading within the BID area there has been a small but significant reduction in levy income when compared to the BID Business Plan agreed in 2007. It should be noted that contrary to the mechanism for collection of non-domestic rates, the Council is not able to recover BID levy where premises are vacant on the day the demand notice is served.

The aggregate reduction in levy collection for years 1 and 2 is estimated at over £30,000 most of which is thought to be non-recoverable. In planning for year 3 of the BID it is estimated by the Council's collection team that the value of total recoverable receipts will drop by a further £20,000 and, dependant on the business attrition rate, could be significantly more.

In the first two years the council has contributed £30,000 for each of the two years from the LABGI fund in support of the BID; £20,000 toward 'Shop Front Improvements' of which only around £5,000 has been drawn down allowing for the existing contribution made to be extended across the balance of the BID contract and £40,000 toward BID administration costs.

This annual administration contribution made by Taunton Deane has been ring-fenced to support the Town Centre Company in meeting the administrative costs of the BID, ensuring the levy collected is directed towards physical service delivery.

4. Taunton Town Centre Company Proposal to TDBC

The reduction in business numbers and subsequent reduction in levy will result in adjustments to service delivery going forward. The Town Centre Company has embarked on an internal restructure and further cost savings measures to limit the impact on services (Appendix 1).

In order to protect service delivery under the BID, and negate deeper service cuts, the Council is asked to reaffirm its funding support to the BID over the next three years. The annual commitment of £20,000 from LABGI funds should be

reviewed against the BID business plan for decision each year prior to commencement of the BID operating year on 1st October.

5. Conclusions

The BID programme has proved successful in harnessing the collective contribution of businesses operating within the designated BID area. Over £1 million of funding will be collected from businesses over the five-year term.

The difficult economic climate and reduction in the number of businesses trading in the town has reduced the total annual sum collected under the BID levy.

The Council has supported the BID programme through funding and officer time during the first two BID operational years. The Council is being asked by Taunton Town Centre Company to reaffirm this funding commitment for a further three years to be reviewed annually against the BID business plan.

Establishing a vibrant town centre within Taunton is critical to supporting the work of the Economic Development Unit Delivery Programme and will feature as a major project within the Economic Strategy, to support the work of Project Taunton in regenerating Taunton and encouraging inward investment, and to achieve the Growth Point aspirations.

6. Recommendations

It is recommended that Members consider and discuss the payment of an additional grant of £20,000 from LABGI Reserves to support the Taunton Town Centre Company in providing administration for the BID contract during Financial Year 2009/10 subject to the following condition:

1. That the Chairman of Taunton Town Centre Company (TTCCo) submits a Quarterly report in January, April, July, and October of each year remaining of the BID contract on actual and forecast BID finances and activities to a new Taunton Town Centre Economic Advisory Board, possibly comprised of the following members:

Economic Development Portfolio Holder
Shadow Economic Development Portfolio Holder
Economic Development Manager
Project Taunton Project Manager
Chairman TTCCo
CEO TTCCo

Members should note that this payment would reduce the available LABGI Reserves currently earmarked to seed-fund future economic development

initiatives identified within the Economic Development Delivery Programme to £68,810

Members should also note the possible requirement for future funding of £20,000 per annum for each of the years 2010/11 and 2011/12 to be considered for decision each year prior to commencement of the BID operating year on 1 October, and also note that projected future income values of the LABGI grant will not be able to support these payments.

APPENDICES:

1. BID Budget 1 Oct 2009 to 30 Sep 2010
2. BID Trading Summary 1 Oct 2007 to 30 Sep 2009
3. Extract from the minutes of the Review Board of 22 March 2007 concerning the BID proposal

Appendix 1

BID Budget 1 Oct 2009 to 30 Sep 2010		
Income	Business Plan Projection	Operating Budget
BID Levy	245,000	225,000
Police	0	0
DLO	0	0
EcDevt	10,000	2,500
Owner/Occupier	0	0
TDBC	20,000	20,000
Advertising & Sponsorship	20,000	20,000
Total Income	<u>295,000</u>	267,500
Expenditure		
Safe and Sound		
Police Team	80,000	70,000
Looks Good Feels Good		
Street Cleaning		
Bins		
Trade Waste Recycling		
Graffiti Removal		
Shop-front grants		
	50,000	35,000
Shout About It		
Christmas lights		
Lamp-post banners		
Events		
Website		
PR and advertising		
Signing	110,000	90,500
Admin		
Establishment	40,000	56,780
Levy Collection	10,000	10,000
Contingency	5,000	5,000
Total Income/Expenditure	295,000	267,280
Surplus/deficit	0	220

Appendix 2

Business Improvement District Trading Summary October 2007 to September 2009

	Business Plan	Estimated Outturn
Income		
Levy at 1% of RV	490000	455706
SWERDA	30000	30000
TDBC Project Support	20000	20000
TDBC Administration Support	40000	40000
Sponsorship & Events	40000	75000
Total income	620000	620706
Expenditure		
Admin	80000	86000
Levy Collection	30000	20000
Safe & Sound	160000	140000
Shout about it	200000	239000
Looks Good - feels good	120000	86000
Getting About	20000	18000
Contingency	10000	10000
Total Expenditure	620000	599000
Surplus/deficit	0	21706

Notes

SWERDA funding contribution in year 1 only

In kind contribution from Avon & Somerset Constabulary up to £80K p.a. joint funds BID police team

Levy income reduced due to business attrition rate

BID requires to achieve small operating surplus to meet development and/or wind up costs at end of BID term

Appendix 3

Extract from the minutes of the Review Board of 22 March 2007 concerning the BID proposal

22. Proposed Taunton Business Improvement District (BID)

Considered report previously circulated, giving details of the progress made towards Taunton Town Centre becoming a Business Improvement District (BID).

A BID provided a partnership between the private sector and the local authority that would develop and deliver added value services that would benefit the trading environment and the public realm.

A BID, which could only be set up following approval by ballot of relevant businesses, was funded through the application of a small levy on Non Domestic Rateable Value.

The aim of the BID was to provide an area with a strengthened economic outlook, ultimately increasing profits for those businesses paying for the improvements.

Since 2005/2006 Taunton Town Centre Company (TTCCo) had been working towards the BID and had become a Company Limited by Guarantee. PriceWaterhouseCoopers (PWC) had been appointed by the Government to mentor the Taunton BID as one of 20 pilot towns. Over a two year period PWC would assist Taunton with the process of developing effective partnerships and a successful submission via a ballot.

Support and funding had been secured through SWERDA to provide capacity for the company to develop a BID submission by July 2007. Taunton Deane had also provided support through the Local Authority Business Growth Initiative (LABGI) Allocations.

Consultations had been carried out with business groups and the five main areas identified for investment included:-

- Street cleaning and recycling;
- Town centre security;
- Signage and information;
- Marketing and promotion; and
- Training.

This information would result in a Business Plan and Action Programme for the Taunton BID area being worked up. In order to achieve this plan a levy of at least 1% on Rateable Value of NNDR properties in the BID area would be required. This would yield approximately £220,000 per year. TTCCo would be looking to match this fund from other organisations and through voluntary contributions from landlords.

The services to be delivered through the Taunton BID Programme would be added value services to those already provided and would finance additional activities provided under contract. These services would include additional street cleaning and litter bins and better sign posting.

The Council was required to finance the cost of the ballot. However, if there was less than a 20% turnout the BID proposer, TTCCo, would finance the cost. Administration costs would be deducted from the income gained from the BID.

The TTCCo, together with the Economic Development Team, would ensure that services were maximised and service level agreements would be drawn up with all providers.

All Council owned property within the BID area would be liable for payment of the BID levy.

The BID in Taunton Town Centre had received £20,000 from LABGI allocations in 2006/2007 and it was proposed that this would continue in 2007/2008. In addition the Council's levy as a property owning member of the BID would also be met from the LABGI allocation for 2007/2008.

Submitted for the information of Members the Taunton BID Governance arrangements which would be put in place if the ballot enabled the formal submission to be made.

RESOLVED that:-

1. The report be noted; and
2. Executive Councillor Cavill be recommended to approve the funding of the Business Improvement District in Taunton Town Centre.