



**CABINET: 13 March 2018**

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**Report of: Director of Development and Regeneration**

**Relevant Portfolio Holder: Councillor I Moran**

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**SUBJECT: DEVELOPING AN ORMSKIRK BUSINESS IMPROVEMENT DISTRICT**

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Wards affected: Ormskirk Ward(s)

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To provide a summary of the report prepared by Groundwork Ltd, into the feasibility of developing a BID for Ormskirk.
- 1.2 To seek agreement to the next steps in developing a BID for Ormskirk.

## **2.0 RECOMMENDATIONS**

- 2.1 That subject to a BID Steering Group being formed by the private sector businesses of Ormskirk the development of a BID be taken forward by this group.
- 2.2 That the development of a BID for Ormskirk be supported by the Council.
- 2.3 That officers support the Town Centre Management Group and any future BID Steering Group in activities to develop a BID.
- 2.4 That, should an application be made by the Town Centre Management Group/BID Steering Group to the MHCLG (Ministry of Housing, Communities and Local Government) BID loan fund, that the application be supported by the Council and that the Council act as the accountable body for the loan.

- 2.5 That delegated authority be given to the Director of Development & Regeneration to oversee utilisation of the loan (if approved by the MHCLG).
  - 2.6 That the Council draws up and publishes baseline agreements relating to the Council's statutory obligations within the BID area.
  - 2.7 That the Council administer any BID ballot.
  - 2.8 That the proposed timeline as evidenced in Appendix C be approved.
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### **3.0 BACKGROUND**

- 3.1 At its meeting in 14<sup>th</sup> March 2017 Cabinet agreed to appoint Groundwork Ltd to undertake a feasibility study to look at a sustainable future for Ormskirk and the potential of introducing a Business Improvement District (BID) in Ormskirk.
- 3.2 The recommendation to undertake the Feasibility Study was made to Cabinet by the Town Centre Management Group who were considering whether the introduction of a BID would be appropriate for Ormskirk and who wanted to fully understand the implications and potential benefits of a BID.
- 3.3 Groundwork were appointed to undertake the Feasibility Study as they have significant experience in the delivery of BIDs in the UK including several examples of successful BIDs in the North West in market towns of a similar size to Ormskirk.

### **4.0 WHAT IS A BID?**

- 4.1 A BID is a business-led and business-funded body formed to improve a defined area. A BID can enable businesses to have a collective voice and allow the business community to identify and deliver additional services in order to improve the local trading environment.
- 4.2 BIDs are created following a ballot process and funded via a levy. The levy is charged on business rate payers within the defined BID area, which is paid in addition to their current business rates bill. BIDs were first established in the UK in 2005 and there are now almost 300 BIDs in towns nationwide.
- 4.3 There is specific legislation in place for BID's, the levy is a legal requirement just like Business Rates and is treated as a statutory debt. The legislation which relates to the BID's is The Business Improvement Districts (England) Regulations 2004 and the Non Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989. The legislation details all the steps and processes involved in developing or altering a BID, providing specific information relating to proposals, renewing proposals, altering proposals, preliminary procedures, instructions on how to undertake a ballot, and it details all the specifics a proposer needs to undertake to develop a proposal.

- 4.4 The levy can be used as a catalyst to raise funds for improvements through a range of projects and initiatives that provide benefits to the local business area as long as these are over and above the services already provided by the Borough Council and other service delivery organisation such as Lancashire County Council and the police.
- 4.5 For a BID to be established a BID Proposal and business plan must be submitted to the local authority by a BID Steering Group. The BID Proposal must set out the priorities for the area, the services to be provided, the size and the scope of the BID. It would also set out who is liable for the levy, the individual amounts to be collected and how it is calculated as well as how it will be operated and managed.
- 4.6 For a BID to be implemented a ballot, run by the local authority, must be held. To be successful over 50% of the businesses in the area who cast their ballot must vote in favour and those voting in favour must also represent over 50% of the total rateable value of those businesses.
- 4.7 Once a ballot has been won the BID Proposal becomes a legally binding document and this then becomes the framework within which the BID will operate. A BID lasts for 5 years after which another ballot must be held as to whether to continue for a further 5 years.

## **5.0 RESULTS OF THE FEASIBILITY STUDY**

- 5.1 A full copy of the Feasibility Study is attached as appendix A.
- 5.2 The Feasibility Study involved a consultation with local businesses, securing 31 responses from a sample of 60. In summary (extracted from Section 4 of the report), the report shows that there are a number of opportunities for improving town centre beyond the statutory duties of the Council.

### Key trends

- 5.3 44% of respondents thought that a BID was a good idea. 52% stated that they did not know.
- 5.4 Key areas identified for improvement are:
- Improved public transport and car parking initiatives
  - Stronger marketing and profiling of Ormskirk as a destination of choice
  - Non-statutory improvements to street scene, town dressing and signage
  - Additional crime and security interventions
  - Enhanced programme of events and festivals
  - Improved communication links and business support
- 5.5 The Feasibility Study reported that the development of a single independent, dedicated body for Ormskirk could effectively lead and realise successful outcomes for the town.

## Income Generation

- 5.6 A BID levy is usually set between 1% and 2% of the rateable value of a premises. Table 1 below is taken from the Feasibility Study and sets out the potential income that could be generated. The levy would be charged on all 276 hereditaments within the defined area where the rateable value of the premises is more than £6,000.
- 5.7 For the purposes of the study the BID area has been defined as the commercial district of Ormskirk and also included Edge Hill University. The plan showing the defined area is set out in Appendix B.

### 5.8 **Table 1: Financial Options**

% Levy	RV Threshold (below which hereditaments are exempt)	BID levy raised (pa)	Hereditaments levied
1.0%	£6k	£98k	276
1.5%	£6k	£147k	276
2.0%	£6k	£196k	276

These figures are based on 276 hereditaments.

- 5.9 The report showed that a revenue of between £490,000 and £980,000 over 5 years (£98k pa at 1% and £196k pa at 2% respectively). These sums are calculated without caps and exclusions.

## Time line

- 5.10 The report suggested an indicative timeline for the implementation of a BID. This is detailed in Appendix C and suggests that, on the basis of the MHCLG loan being approved, a BID could be implemented within 12 months.

## Summary of the Feasibility Study

- 5.11 The report recommends that consideration be given to the development of a BID as the most appropriate mechanism for the release of sustainable, secure funding, to realise added value opportunities.
- 5.12 The report strongly recommends the establishment of a private sector led steering group. 76% of respondents showed an interest in participating in a working group to support and guide the development of projects and services that will benefit the town's trading environment.

## **6.0 RESPONSE OF THE TOWN CENTRE MANAGEMENT GROUP**

- 6.1 The findings of the report were presented to the Town Centre Management Group at its meeting on 23<sup>rd</sup> January 2018. After the presentation there was a discussion and an opportunity for questions. The group agreed that further

consideration should be given to a potential BID for Ormskirk. The group agreed to:

- Explore the positive and negative outcomes of BIDs in other areas
- Promote the idea of a BID to businesses of Ormskirk
- Identify and invite potential business leaders to become active in a BID
- Establish a motivated body of local business leaders who would progress activity towards a BID with a view to this becoming a more formalised Steering Group
- Establish the likely revenue sum to be generated and what the possible outcome of this would be in terms of delivery
- Apply for a loan from the MHCLG to cover BID development costs

6.2 The group agreed that should a steering group be formally established then a formal consultation on the BID proposal, of all businesses within the defined area, would be undertaken.

6.3 The Group agreed to request that the Council:

- Supports the Town Centre Management Group/BID Steering Group in the development of a BID for Ormskirk
- Assists the Town Centre Management Group and the BID Steering Group in activities to develop a BID
- An application to the DCLG BID loan fund be supported and that the Council acts as the accountable body for the loan
- Administer the BID ballot

## **7.0 COSTS**

7.1 The resources required to facilitate the development of a BID will include financial and staff time. Groundwork has estimated that the likely costs of enabling a BID would be in the region on £25,000 to £35,000.

7.2 A loan fund of up to £50,000 is available from the DCLG for BID development. The Town Centre Management Group can apply for the loan with the Council acting as accountable body for the loan recipient. As part of the loan fund agreement, the repayment terms will be on receipt of the annual levy following a successful ballot. There is no obligation to pay back the loan in the event of an unsuccessful ballot. Interest will be charged on the loan at 1% above the rate of inflation.

7.3 In terms of officer time, it is proposed that officers of the Economic Regeneration team support the business community in the development of a BID for Ormskirk. Officers from several Council service areas will be required to support the development of a BID. In particular officers will be required to formalise baseline agreements relating to the Council's statutory obligations within the BID area. This could include street cleansing, maintenance of open space, highways etc. Other organisation who provide base line services to the town, eg, Lancashire County Council and the Police, would also be required to

draw up baseline agreements. Officers of the Council will also be required to run a formal ballot and also administer the loan.

## **8.0 NEXT STEPS**

- 8.1 For successful BID implementation the development of a BID needs to be business led. In recognition of this the Management Group has agreed to take a number of steps in progressing a potential BID for Ormskirk (see paragraph 6.1).
- 8.2 Nevertheless the Council can offer support in the development of a BID which will help strengthen the likelihood of a positive result at the ballot. Support can be given by officers of the Economic Regeneration team and might involve effective business engagement, promotion of the potential BID and assistance in the development of the business plan.
- 8.3 Should a loan be applied for by the Town Centre Management Group then the Council are asked to act as the accountable body. It is proposed that delegated authority be given to the Deputy Director of Development & Regeneration to oversee utilisation of the loan (if approved).
- 8.4 In the event that a formal BID Steering Group is set up by local businesses to progress a BID for Ormskirk, and a formal consultation is undertaken, the Council will be required to host a formal BID ballot. The DCLG loan fund could be used in part to cover the costs of running a BID ballot.

## **9.0 SUSTAINABILITY IMPLICATIONS**

- 9.1 There are some sustainability impacts associated with this report, in particular, the economic prosperity of existing businesses of Ormskirk and the image of the Ormskirk as a commercial centre.

## **10.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 10.1 There are some financial and resource implications arising from this report in respect of potential costs of developing a BID for Ormskirk. However the financial cost will be met utilising the DCLG BID loan fund (if approved) and within the existing budget for Ormskirk Town Centre Strategy. Should a BID Steering Group make a BID proposal to the Council which in turn proposes a ballot of local businesses for the implementation of a BID, then the Council will be obliged to administer the BID ballot. Staff resource implication will be met using existing resources and the BID loan.

## **11.0 RISK ASSESSMENT**

- 11.1 The actions referred to in this report are covered by the scheme of delegation to officers and any necessary changes have been made in the relevant risk registers.

## **12.0 EQUALITY IMPACT ASSESSMENT**

12.1 There is a direct impact on members of the public, employees, elected members and / or stakeholders, therefore an Equality Impact Assessment is required. A formal equality impact assessment is attached as Appendix D to this report, the results of which have been taken into account in the Recommendations contained within this report.

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### **Background Documents**

The following background documents (as defined in Section 100D (5) of the Local Government Act 1972) have been relied on to a material extent in preparing this Report.

<u>Date</u>	<u>Document</u>	<u>File Ref</u>
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#### **Appendices**

Appendix A – *'Feasibility Study Potential Business Improvement District for Ormskirk Town Centre'* Groundwork, February 2018

Appendix B – Proposed BID plan area

Appendix C – Proposed BID Timeline

Appendix D - Equality Impact Assessment (EIA)