

REPORT FROM: PLANNING, ECONOMIC DEVELOPMENT AND
REGULATORY SERVICES MANAGER

TO: SPECIAL BUDGET POLICY AND RESOURCES COMMITTEE

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**BARNOLDSWICK BUSINESS IMPROVEMENT DISTRICT (BID)
FINDINGS OF THE FEASIBILITY STUDY**

PURPOSE OF REPORT

- 1 To report on the findings of the Barnoldswick BID Feasibility Report.
- 2 To make recommendations on the next steps to progress the BID.

RECOMMENDATIONS

- (1) That a BID based on the town centre not be pursued further.
- (2) That further feasibility work be undertaken to consider if a whole town BID is feasible.
- (3) That a further report on this matter be presented to the June meeting of the Policy and Resources Committee.

REASONS FOR RECOMMENDATIONS

- (1) To progress the consideration of a BID on the basis of the only workable footprint.
- (2) In recognition that a BID based on the town centre would not be financially viable.

ISSUE

- 1 A BID is a business led initiative set up under the provisions of the Local Government Act 2003. Businesses in a defined area consider if by working together they can improve that area and their businesses. They fund those initiatives themselves. The funding for it is

generated by means of a levy charged to existing businesses. The levy is collected as a percentage of business rates but the maximum amount can be capped. The levy is used to fund projects that in turn are seen as helping create a better business environment.

- 2 One BID has already been set up in Colne and has operated for a year. That is centred around the retail businesses in the Town and the BID area largely reflects the retail businesses that exist in the Town. Other Towns in Pendle may benefit by setting up a BID and the Policy and Resources Committee has previously agreed to focus on both Nelson and Barnoldswick to explore in more detail whether or not a BID is wanted by businesses and is feasible to set up and operate.
- 3 Consultants have been engaged to provide a feasibility report looking at establishing a BID for Barnoldswick. The report has now been received. The purpose of it was to gauge the opinions and attitudes of business ratepayers about the establishment of a BID as well as to consider in more detail if a BID is practical.

Feasibility Study Findings

- 4 There are 264 businesses with a rateable value in excess of £3,000 (the limit below which Business Ratepayers would be excluded from an additional BID levy if the Scheme proceeds). A sample of 50 of these of different sizes and geographic location were interviewed.
- 5 Generally, there was a low initial understanding of what a BID is with 24% of business owners indicating they were aware of them but the majority not. However 76% of respondents said they would like to see businesses in the Town working together, principally aimed at increasing footfall in the town centre. That would be mainly through improved marketing and promotion. There was however not a specific theme that was brought up by more than half of the businesses.
- 6 There were positive perceptions of the town and it is seen as being friendly and safe. The main attraction of the town was considered to be the large number of independent shops and low levels of vacancy. Threats to the longer term were considered to be from supermarkets and internet trading.
- 7 The BID levy is based on a percentage of the rateable value (RV) of the business. That is normally between 1 and 2% of the property's RV. The response suggested that 56% of businesses could accept an annual levy payment.
- 8 BID sizes for towns already with them vary. Half of them have less than 394 business-rated properties. An issue for Barnoldswick is however that whilst most of the existing BIDS have relatively central areas of business interest, the 294 businesses in Barnoldswick are spread across the whole town. There is room for discretion and judgement on the BID area and how much to charge each business. However the BID guidelines suggest that the levy should be up to 1.5% of the rateable value and only in exceptional circumstances should it increase to 2%. As indicated above, the smaller businesses, under a RV of £3,000, are excluded from being included.

- 9 Four options were identified for the area of a potential BID. These are shown in the table below as are the potential levy funds at 1, 1.5 and 2% rates:

Nos of Businesses	Area	1% Rate (£)	1.5% Rate (£)	2% Rate (£)
134	Town Centre	11,406	17,109	22,812
158	Extended Town Centre	16,891	25,336	33,782
261	Whole Town	49,901	74,851	99,802
250	Whole Town With Exemptions (Larger Businesses and small and medium ones)	46,629	69,994	93,258

- 10 The areas are shown in more detail in the full report.
- 11 Councillors will be aware that for a BID can only be established if, following a ballot, two tests are passed. These are that a majority is achieved in both:-
- the number of eligible business; and
 - the aggregate rateable value of business properties.
- 12 The town centre options provide a clear focus for action as there will be a common goal for most businesses who will be predominantly focussed around retail and town centre focussed activities. The likelihood is that both tests above would be passed if a Ballot was held. The main drawback with this however is that the levy would be relatively small and with the cost of operating a BID it is unlikely that the levy will be sufficient to deliver a comprehensive action plan.
- 13 The Whole Town options provide the opportunity to realise levy payments that are comparable to other BIDs. The option with the larger businesses has the potential for the final ballot being skewed by a number of larger businesses voting against it. The disadvantages of a whole town BID are that there would be a more diverse range of business needs and there could be a lack of focus and common goals due to that.
- 14 Acknowledging this, the report recommends that:-
- further communications are set up with the larger ratepayers
 - Business Leaders who will champion the BID are identified
 - More awareness of BIDS is promoted, particularly amongst larger businesses
 - A review of progress is made after 3 months
- 15 The recommendations are sensible bearing in mind the issues that have been identified and the potential costs of the work necessary to reach the Ballot stage. A town centre BID on its own is not likely to be able to be finically workable. Without a clearer understanding of the role the larger businesses could play and the direction that the BID would take the larger whole Town approach would be difficult to recommend to be taken forward.

IMPLICATIONS

Policy: None arising from this report

Financial: Resources for the consultant to undertake additional work will be required. The work to produce the Feasibility Study that is the focus of this report has cost c£4k. It is anticipated that the cost of the additional feasibility work recommended in this report will cost up to c£2k (although this needs to be confirmed with Chris Kolek who is undertaking the work.

Undertaking this additional work is important given the potentially significant costs of proceeding to a ballot for the BID. Using the experience of Colne BID, the costs incurred in developing the BID up to the point of the Ballot was c£28k with a further £2k incurred to undertake the BID. If the Ballot is not positive, these costs are not recoverable.

Legal: None directly arising from this report

Risk Management: The risk management issues are as set out in the report. The recommendation to undertake further feasibility work is made to mitigate the risk of proceeding to Ballot without undertaking further consultation with Business ratepayers, particularly those larger businesses in the area that, if included, have the potential to significantly impact the outcome of BID Ballot.

Health and Safety: None directly arising from this report

Sustainability: None directly arising from this report

Community Safety: None directly arising from this report

Equality and Diversity: None directly arising from this report