

REPORT FROM: PLANNING, ECONOMIC DEVELOPMENT AND REGULATORY SERVICES MANAGER

TO: MANAGEMENT TEAM

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**BUSINESS IMPROVEMENT DISTRICT (BIDs)
FOR BARNOLDSWICK AND NELSON**

PURPOSE OF REPORT

- 1 To update Committee on progress on the Barnoldswick BiD
- 2 For Committee to determine whether to progress looking at the feasibility of setting up a Nelson BiD

RECOMMENDATIONS

- (1) That larger businesses outside of Barnoldswick town centre are contacted to seek their views on participating in a wider BiD and a further report be brought back on the findings.
- (2) That formal consideration of a BiD for Nelson be deferred for consideration until progress has been made on delivery of the Town Deal and in particular the redevelopment of elements of the town centre.

REASONS FOR RECOMMENDATIONS

- (1) To progress the consideration of a BID on the basis of the only workable footprint.
- (2) The formation of a BiD would best be considered when the Town Deal is in turn being delivered and the form of the town going forward is in place.

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 is operating successfully. 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 Work has already been undertaken on the feasibility of establishing a BID for Barnoldswick. The findings of that are set out below.

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 | 46,629 | 69,994 | 93,258 |

| | | | | |
|--|---------------------------------------|--|--|--|
| | Businesses and small and medium ones) | | | |
|--|---------------------------------------|--|--|--|

- 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 Policy & Resources considered the matter on 13th February 2020. The resolution was that a BiD based on the town centre was not feasible and should not be pursued. Consultations with the larger businesses was to be pursued to gauge whether there was an appetite from the wider business community to be part of a BiD. It is recognised that a wider BiD would be likely to have diverse business interests between the larger manufacturing companies and the retail and service sector interests of the town centre businesses and this is likely to make a BiD difficult to operate.
- 15 The Covid pandemic hit shortly after the February P&R report. Those unforeseen circumstances led to the process being put into abeyance.
- 16 During the production of the feasibility study attempts were made to seek a view from the larger businesses as to their appetite for a potential BiD. This did not result in any progress. It would now be appropriate for the Council itself to formally write to the larger businesses in the extended BiD area to gauge the appetite for participating. A further report should then be brought back outlining the findings and suggestions for taking the BiD forward or not.
- 17 Colne is one of the smallest BiDs in the country and Barnoldswick would be smaller than Colne. The inclusion of the large businesses is the only way to make the scheme viable but that does bring with it the issue of having cohesive aims and direction with the mix of, in relative terms, a small number of shops supported by a number of larger businesses.

Nelson

- 18 Unlike Colne and Barnoldswick there has not been any known expression of interest from the business community to set up a BiD. There is little therefore known as to whether there would be little or significant appetite from businesses to set up a BiD. There was a forum that previously operated that could have been a conduit to take soundings of any local appetite, Nelson Town Team, but that has not met since 2018.

- 19** Nelson has a footprint of businesses that would appear to be of a large enough scale to be able to operate a BiD although some of the larger units have high vacancy rates and appear to be operating at the margins of viability.
- 20** The Town Deal will bring investment into the town and there will be physical changes to the composition of the centre which are likely to alter the business base.
- 21** In order to assess whether a BiD would work in Nelson and whether there would be an appetite from businesses to participate a feasibility study would need to be undertaken. The timing of this is important. The Town Deal has a number of elements to it including both physical investments as well as investments in service provisions. As the business make up and dynamic of how the town centre would operate will change for the better with the Town Deal it would be prudent to wait until there is substantial progress on these before commencing any work on the feasibility of establishing a BiD.

Resources

- 22** Due to current staff shortages there is no capacity to progress a BiD other than to write to the larger businesses for Barnoldswick and to help with any tender for a feasibility study for Nelson.
- 23** The financial implications for the further work, including costs for future ballots, are set out below.

IMPLICATIONS

Policy: None arising from this report.

Financial: Resources for the consultant to undertake additional work will be required. A budget of circa £10k would be needed for consultants to undertake an appraisal for Nelson.

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. Whilst this will be the subject of a further report on both potential BiDs there could be unrecoverable costs of circa £70,000 to allocate towards the process.

Funding for the feasibility work could be taken from the ARG to support the process provided it is spent by the end of March 2022.

Pendle would need to pay any levy for properties owned in either Barnoldswick or Nelson.

Legal: None directly arising from this report.

Risk Management: There is currently a lack of staff resource in Economic Development to manage the process.

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.