

For General Release

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| REPORT TO: | CABINET 16 August 2021 |
| SUBJECT: | Croydon Business Improvement District (BID) |
| LEAD OFFICER: | Stephen Tate, Director of Growth, Employment and Regeneration Chris Buss, Director of Finance Investment and Risk, Section 151 Officer |
| CABINET MEMBER: | Councillor Shahul-Hameed, Cabinet Member for Communities, Safety & Business Recovery |
| WARDS: | Fairfield |

COUNCIL PRIORITIES 2020-2024

The coronavirus crisis has had an unprecedented economic impact, and this has not been experienced equally, with some businesses hit particularly hard (including those, such as hospitality and non-essential retail, being forced to close) and others more able to adapt to survive.

The Council's approach to supporting and implementing Croydon Business Improvement District's (BID) Ballot will support the following priorities:

- We will live within our means, balance the books and provide value for money for our residents.
- We will focus on tackling ingrained inequality and poverty in the borough. We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice.
- We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand

FINANCIAL IMPACT

There are a number of financial implications associated with the creation and operation of Croydon Business Improvement District. These are funded from the Council's revenue budget.

- £54,210.00 per annum Croydon Council BID levy contribution on 8 properties if the ballot renewal is successful
- £4,800 cost of the renewal ballot to the Council (if the ballot is unsuccessful this will be paid by the Croydon BID Company)

- £18,600 per annum payment that the Croydon BID Company make to the Council to collect the BID levy

FORWARD PLAN KEY DECISION REFERENCE NO.: 3121CAB

The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended to

- 1.1. Agree that on receipt of the Croydon Business Improvement District (BID) agreed proposal for the renewal of the proposed BID activity, the Interim Executive Director for Place in consultation with the Cabinet Member for Communities, Safety & Business Recovery be given delegated authority to:
 - 1.1.1. Consider on behalf of the Council as billing authority, whether the proposal conflicts with any formal adopted policy of the Council and if it does, give notice of this in accordance with the Business Improvement Districts (England) Regulations 2004 (“the BID regulations”);
 - 1.1.2. Determine whether the Council should support the Croydon BID proposal and to vote on its behalf in the BID ballot. If a no vote is proposed, this will be referred to Cabinet for further consideration;
 - 1.1.3. Formally manage the ballot process in accordance with the BID regulations;
 - 1.1.4. That subject to a “yes” vote at ballot:
 - a. the Council will act as the relevant billing authority and will manage the billing and collection of the additional levy, and its transfer to Croydon BID;
 - b. the Council meet the Council’s obligations in paying the extra BID levy, as a non-domestic ratepayer in the BID area, in accordance with the BID regulations over the life of the BID
 - c. the Council enter into key operating agreements with the Croydon BID Company regarding the operation of the BID and the delivery of Council requirements and baselines

2. EXECUTIVE SUMMARY

- 2.1 Croydon is facing one of the most challenging periods in its economic history. Despite Croydon’s many strengths, the impact of COVID-19 (coronavirus) has created an economic crisis that needs an ongoing coordinated response in order to reduce the impact on Croydon businesses.

- 2.2 The consensus is that the impact of COVID-19 on the business community and the wider economy has been and will continue to be seismic and that recovery will take some years to play out, with many business practices unlikely to ever return to established pre-pandemic patterns.
- 2.3 The Council has worked consistently with key stakeholders and business networks in the borough to support local businesses through the coronavirus crisis, and distribute targeted financial assistance. Croydon BID has been instrumental in delivering support for businesses throughout the pandemic period and as they recover from the series of lockdowns that have been implemented since March 2020.
- 2.4 Croydon BID is focused on supporting the recovery of businesses inside the town centre. They remain fundamental to support the private sector in kickstarting economic recovery in Croydon, driving high street renewal, boosting trade and enterprise, supporting resilience and diversification in the business community.
- 2.5 This report identifies economic opportunity created by the Council supporting the renewal of Croydon BID. Specifically, this paper sets out the Council's approach to the renewal of the Croydon Town Centre BID (Autumn 2021).

3. INTRODUCTION - BUSINESS IMPROVEMENT DISTRICTS

- 3.1 Business Improvement Districts (BIDs) are business-led organisations that aim to improve the economic prospects of a defined area through the delivery of short, medium, and long-term projects and initiatives identified in consultation with the local business community.

They are independent organisations financed principally through a small, compulsory annual levy based on the rateable value of businesses in the BID area. This income is ring-fenced to provide improvements to the local area that would otherwise not occur.

Governed by legislation, BIDs generally operate for up to five years. They can only exist if they have been sanctioned through a formal ballot conducted among businesses that operate in the BID area when a majority of votes both by number and aggregate rateable value needs to be secured.

- 3.2 The BID regulations allow any local business community to set up a Business Improvement District, provided that 51% or more of voting business ratepayers in the proposed area (in terms of both absolute numbers and rateable value) vote in favour. The vote for a BID is carried out by secret postal ballot, which is organised by the local authority. Eligibility to vote is based on one vote per each eligible business premise (hereditament) situated in the defined BID area.
- 3.3 The regulations require the BID business plan ('the BID proposal') to include the range of new or expanded services and works over and above those provided by the local authority. The local authority is in turn required to demonstrate its intention to maintain its existing services to businesses within

the geographical area of the BID for the duration of the BID through baseline agreements. The focus of a BID is to create a programme that provides additionality, complementing those services provided within the area by the local authority and other statutory services. A BID has the potential to bring significant extra regeneration impact to a town or district centre.

4 Croydon Business Improvement District - Implications for the Council

4.1 Under the regulations, the Council has a duty to consider whether or not the proposals conflict with any formally adopted and published policy of the Council, and if it does, give formal notice to the Croydon BID explaining the nature of that conflict. By giving its approval the local authority is satisfying itself that the proposal conforms to the regulations. It also needs to satisfy itself that the Croydon BID proposal has sufficiently demonstrated:

- The business consultation undertaken;
- The financial management arrangements for the Croydon BID body;
- The proposed business plan;
- That a contract is in place between the Croydon BID company and the local authority; and
- That all necessary steps have been taken to ensure the proposal is robust.

4.2 The Council has voting rights on the ballot for the BID, if we have Council owned hereditament in a proposed BID area. However, in reality, if a BID is successfully voted in the financial implications for the Council in terms of delivery of local services would be the same.

5. Croydon Business Improvement District & Croydon Council – Working together in partnership delivering positive benefits to the local economy.

5.1 A key priority for the Council is to ensure that Croydon residents benefit from economic growth in the borough, and to ensure they have the opportunities to develop new or to expand existing local businesses, as well as skills and qualifications to access decently paid jobs. To maximise this opportunity, we are working with businesses and community representatives across the borough's town and district centres to create high streets that serve their local community, are accessible and safe, with high quality public realm that is easy to navigate.

5.2 Croydon BID and Croydon Council has developed an integrated working relationship that has supported town centre businesses throughout the Covid lockdown. Working together to create and publicise opportunities, supporting local businesses and employment in the town centre and ensuring that financial support developed by Croydon Council through the additional restrictions grant is delivered directly and efficiently to Croydon BID and the business community. This mutually beneficial relationship will continue as the Council and the BID work together on the economic and social recovery of the town centre.

5.3 The benefits to the Council of Croydon Town Centre Business Improvement Districts is as follows:

- Contributes towards our key priorities:
Focusing on tackling ingrained inequality and poverty in the borough and tackling the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice. This is because the Croydon Town Centre BID supports the economic growth in the borough, helping to ensure that Croydon residents have opportunities to access good employment.
- Long term savings of a dedicated resource to act as a link to the town centre.
- A focus on economic regeneration within the district.
- Deliver additionality against the Council's priorities of reducing crime and disorder & working towards environmental improvements and sustainability.
- Better community cohesion from the events schedule planned by the BID to encourage footfall.

5.4 The draft priorities for the Croydon Town Centre BID for the next five years are will be confirmed after further consultation and formal submission of the proposals to the Council (see draft proposal – appendix 2):

- **Investment into the safety of businesses, staff and customers**
Working with partners to improve safety and security, reducing business crime, anti-social behaviour while improving the feeling of safety for those that live, work and visit
- **Enhancing Croydon town centre's appeal**
Working to enhance the appeal of Croydon town centre through targeted intensive cleansing, alongside practical solutions to support businesses.
- **Activate and attract**
To support recovery activate the town centre to attract customers back into Croydon through seasonal events, marketing and promotion, sector specific campaigns, meanwhile activations to fill the gap while improving the offer and to place arts and culture centre stage as they look to support a year of culture in 2023.
- **Representing your needs locally, regionally, and nationally**
Croydon businesses need a strong, representative collective voice to support its needs. Croydon BID will be providing strong leadership and direction on the issues that matter to businesses. Providing an independent business voice.
- **Driving forward the need to compete**
Croydon BID, in partnership, will drive forward an agenda to create the sector specific strategies complete with operational delivery plans to allow Croydon the opportunity to harness the opportunities and progress.

5.5 The Croydon Town Centre BID area (detailed in Appendix 2 of this report), is focused around the Metropolitan Centre and as at May 2021, has approximately 550 members (properties eligible to pay business rates). As part of the modelling exercise, the levy has been set at 1% of the business rate

per annum (by rateable value), estimated at c. £950,000 per annum if all is collected and at c. £902,500 per annum if 95% of all fees are collected. A threshold level means that hereditaments below £40,000 per annum will not have to pay the levy.

- 5.6 It is the Croydon Town Centre BID's intention that, subject to a yes vote at ballot the BID will commence December 2021 and that its third term will run for 5 years (2021 – 2026) with a re-ballot expected in autumn 2026.
- 5.7 The proposed timeline from ballot to the start of the BID, if successful, is therefore as follows.

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| Publication Notice of Ballot | 6 th September 2021 |
| Voting starts | 20 th September 2021 |
| Voting closes | 21 st October 2021 |
| The results are announced | 22 nd October 2021 |
| If a Yes vote new Croydon Town Centre BID would start | 1 st April 2022 |

6. CONSULTATION

- 6.1. Consultations and discussions regarding the content of the report have been discussed with internal colleagues across different teams including Legal, Finance, Democratic Services, and Revenue & Benefits.
- 6.2. The Croydon Town Centre BID has been engaging and consulting with businesses within the BID area and initial feedback from hereditaments has been favourable. Consultation on the key proposed BID themes and activities will continue through to the production of the formal BID proposal document that will be used for canvassing throughout the ballot period. In order to research the business needs the following steps have being undertaken:
- Formal consultation with all 550 businesses via online survey - 158 responses received to date;
 - Three formal workshops held focusing on the Commercial Office Sector, Retail Sector and the Hospitality Sector
 - One to one meetings with high value levy hereditaments

7 PRE-DECISION SCRUTINY

- 7.1 Whilst at present there is no decision to scrutinise in terms of the delegation and the implementation of a BID ballot is a statutory requirement, the exercise of discretion as part of the delegated authority sought is subject to Scrutiny.

8 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 8.1 There are financial implications for the Council in association with the renewal of Croydon Town Centre Business Improvement District (BID). This includes

funding the ballot process, at a cost of £4,800 (including staff costs). The ballot will be managed by the Council's Democratic Services team.

- 8.2. If Croydon BID is renewed the Council will be responsible for the administration, billing and collection of the Levy from the businesses within the geographical area of the BID. There is however no financial impact to the Council's revenue fund from this responsibility as these costs are recharged to the members within the BID. Currently the charge for this service is £18,600 per annum.
- 8.3 The Council will be responsible for paying the BID levy on 8 properties. Currently the cost stands at £54,210.00 per annum - a total of £271,050 for 5 years. The future cost is dependent on whether there is a review of rates during this time in which case the cost could be higher or lower depending on the valuations of the properties in question:

| Cost Per Annum | Properties |
|-----------------------|--|
| £ 510.00 | Suite 1 3 rd Floor Davies House |
| £ 9,150.00 | Croydon Library & Clock Tower |
| £ 1,760.00 | 1 st Floor Davies House |
| £35,200.00 | Bernard Weatherill House |
| £ 4,975.00 | Fairfield Halls |
| £ 585.00 | 75-77 High Street, Croydon |
| £ 1,430.00 | 6th Floor, Davis House, 69-77 High Street, Croydon |
| £ 600.00 | Suite A, Part 7th Floor, Davis House, 69-77 High Street, Croydon |
| TOTAL | £ 54,210.00 |

8.4 **The effect of the decision**

- Receipt of revenue per annum to help in the recovery and regeneration of the area;
- Continuity of business relationships built up in the area through various ongoing and past initiatives;
- Continued engagement of local businesses to work in partnership with each other and with the Council for the recovery and betterment of the area;
- Continued development of initiatives that attract footfall to the area, support community safety, inward investment and community engagement.

8.5 **Risks**

The BID process is seen by the government as an innovative process of enabling business communities to contribute significantly to the future economic development and recovery of their local area, regenerating high streets and playing a key role in the emergency response in the recovery of economic areas following the covid 19 lockdown.

The risk of an area not embracing this potential is that investment needed to retain businesses, increase footfall and attract inward investment in Croydon town centre may not be forthcoming, compared with neighbouring areas where this opportunity is being exploited. In a time of austerity, Croydon, a significant commercial centre in South London, cannot risk losing the

opportunity to engage its local business communities and support the recovery of its economy.

8.6 Options

There are no perceived alternative options for the Council. If the business community chooses to pursue the legislative BID route and vote 'yes', then the Council is obliged to play its part in the process. It is also obliged to fund the ballot process unless the ballot is unsuccessful.

8.7 Future savings/efficiencies

As a private sector initiative, the running of the Croydon BID has no impact on the future savings or efficiencies of the Council. If the businesses vote for a renewed 5 year term then there would be a financial contribution expected from the Council who would be a bid levy member. Currently this contribution would be £54,210.00 per annum. It is important to note that Croydon BID, if renewed, will contribute to the wider economic recovery of the Town Centre which is facing severe challenges.

Approved by: Matthew Davies, Deputy Section 151 Officer, Finance Department

9. LEGAL CONSIDERATIONS

- 9.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that the Local Government and Housing Act 1989, Part 4 of the Local Government Act 2003 and the Business Improvement Districts (England) Regulations 2004 ("BID Regulations"), as amended, provide for the establishment of a Business Improvement District within a specified geographical area in the Borough to carry out specified projects for the benefit of the business improvement district or those who live, work or carry on any activity in the district, and to finance those projects through a local levy.
- 9.2 Business Improvement Districts are business led partnerships which are created through a ballot process to deliver additional services to local businesses. The Council is responsible for managing the ballot process in accordance with the BID regulations.
- 9.3 A Business Improvement District is a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.
- 9.4 If the local authority is of the opinion that the Business Improvement District arrangements are likely to conflict to a significant extent with an existing policy, place a financial burden on rate payers or the burden from the levy is unjust, it can decide to veto the proposals. The Council can only veto proposals within 14 days from the date of the ballot.
- 9.5 The Business Improvement District proposer (which can be the local authority, a business rate payer or a person or company whose purpose is to develop the Business Improvement District area, or that has an interest in the land in the area) is required to develop a proposal and submit this to the Council, along

with a business plan. The proposal should set out the services to be provided and the size and scope of the Business Improvement District. It will also set out who is liable for the levy, the amount of levy to be collected and how it is calculated. At least 84 days before submitting proposals, the ballot proposer should notify the local authority and the Secretary of State of their intention to put the BID proposal to ballot. At least 42 days before the final ballot date, the ballot holder should publish a notice stating the date of the ballot, and send a copy of this to the Secretary of State. If it appears that a significant breach of the rules has occurred during the ballot process a request to declare the ballot void may be submitted to the Secretary of State for Housing, Communities and Local Government within 28 days of the result of the ballot being published.

- 9.6 A Business Improvement District is managed by a Business Improvement District body. The Business Improvement District body is responsible for developing and implementing the proposal which sets out how the Business Improvement District will operate. They will provide the local authority with this proposal along with the business plan (including the estimated cash flow and predicted revenue to be generated by the Business Improvement District) along with the financial management arrangements for the Business Improvement District body. The Council is responsible for managing billing and the collection of the levy and will hold the levy in a ring-fenced revenue account on behalf of the Business Improvement District body.
- 9.7 Further legal advice as to implications will be required once the BID Proposals are received and there is clarity as to the nature of these. This will include further legal advice when any of the proposed delegations are sought to be exercised.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Law and Governance & Deputy Monitoring Officer

10. HUMAN RESOURCES IMPACT

- 10.1 As Croydon BID is a private organisation, the management and operations of the BID Company will not be the responsibility of the Council and will have no additional human resources impact. The impact of the ballot and billing / collection / transfer of the BID levy need to be factored into the Council's current human resources within Electoral Services and Finance and Resources for the year of ballot.
- 10.2 Any other HR impact issues that may arise will be managed under the Council's policies and procedures.

Approved by: Jennifer Sankar, Head of HR Place, for and on behalf of Sue Moorman, HR Director

11. EQUALITIES IMPACT

- 11.1 The BID is a separate entity to the Council and provides services that are over and above those undertaken by the Council.

- 11.2 The proposal to renew the Croydon BID will support the Council in delivering on the economic recovery and regeneration of the town centre supporting the Council's Equality and Inclusion objective to work in partnership to lift people out of poverty by increasing employment opportunities across the borough and ensuring local people to have a pathway into employment, education and training.
- 11.3 The need or otherwise for a full Equality Analysis for Croydon Town Centre BID is dependent on the feedback from engagement and consultation which is ongoing at present. The feedback from this process should be analysed and used to update the Equality Analysis with any social inclusion and/or equalities issues. If no negative equalities implications are identified it is not necessary to undertake a full equality analysis.

Approved by: Yvonne Okiyo, Equalities Manager

12. ENVIRONMENTAL IMPACT

- 12.1 There are no direct environmental considerations arising from this report.

13. CRIME AND DISORDER REDUCTION IMPACT

- 13.1 Investing in safety for the town centre and supporting the reduction of crime is a key consideration for Croydon BID. This will support the work of partners, stakeholders and the Council in reducing crime and creating a vibrant and safe town centre.

14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 14.1 The activity of Croydon BID has created a significant impact in the town centre providing support and help to businesses who have been severely impacted by the Covid 19 lockdowns.
- 14.2 If the business community chooses to vote yes to the renewal of Croydon BID then the Council is obliged to play a part in that process. It is also obliged to fund the ballot process unless the ballot is unsuccessful.

15. OPTIONS CONSIDERED AND REJECTED

- 15.1 Alternative options considered:

As the Croydon BID proposal has yet to be submitted no options have been fully considered.

16. DATA PROTECTION IMPLICATIONS

16.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

No, it will be business data that is processed however this will include sensitive financial data when processing payments and therefore a process that conforms to GDPR and the processing of sensitive data has been implemented through the Councils existing structures through Revenue & Benefits and Democratic Services teams.

16.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

No.

Approved by: Stephen Tate, Director: Growth, Employment & Regeneration

CONTACT OFFICER: Carol Squires, Head of Economic Development; Growth, Employment & Regeneration

APPENDICES TO THIS REPORT: Appendix 1 – Croydon BID Map
Appendix 2 – Draft Croydon BID Proposal

BACKGROUND DOCUMENTS: None