

<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>CABINET</b></p> <p><b>10 JULY 2017</b></p>		
<p><b>PROPOSED FULHAM BROADWAY BUSINESS IMPROVEMENT DISTRICT</b></p>		
<p><b>Report of the Cabinet Member for Economic Development - Councillor Andrew Jones</b></p>		
<p><b>Open Report</b></p>		
<p><b>Classification - For Decision</b>  <b>Key Decision: Yes</b></p>		
<p><b>Wards Affected:</b> Fulham Broadway</p>		
<p><b>Accountable Director:</b> Jo Rowlands, Director for Regeneration, Planning &amp; Housing Services</p>		
<p><b>Report Author:</b>          Antonia Hollingsworth, Principal Business Investment Officer, Economic Development Learning &amp; Skills, Regeneration, Planning &amp; Housing Service</p>	<p><b>Contact Details:</b>          Tel: 020 8753 1698          E-mail: antonia.hollingsworth@lbhf.gov.uk</p>	

## 1. EXECUTIVE SUMMARY

- 1.1. Investment in Fulham major town centre is central to the Council's ambitions to support businesses and the borough's vibrant and growing economy. This paper informs the Cabinet of the intention of the Fulham BID Steering Group to submit a BID Proposal to the Council and request that the Council holds a ballot of businesses on its behalf in 2017.
- 1.2. The ballot will ask businesses to vote either for or against a Business Improvement District (BID) in and around Fulham Broadway, and if there is a 'yes' at ballot, businesses will then invest over £1m in place-making activities.
- 1.3. A BID is a vehicle developed by businesses, for businesses, to help mitigate against any major change in trading conditions. In Fulham this includes: competition from other high streets or shopping centres (i.e. Westfield); competition from other forms of retailing (i.e. internet shopping) and the redevelopment of Stamford Bridge for Chelsea Football Club.

- 1.4. Financial and management support for the development of a BID by Chelsea Football Club is provided through the Section 106 Heads of Terms as part of the Chelsea Football Club planning application approved at the 11<sup>th</sup> January 2017 planning application committee.
- 1.5. The Fulham BID Steering Group prepare, in consultation with businesses and the Council, a formal BID Proposal. This Proposal will be formally presented to the Council prior to ballot and it will contain; a Business Plan, a Baseline Agreement, and an Operating Agreement.
- 1.6. This suite of documents details how the proposed BID will be managed and operated, how it will collect the levy and what services it will provide to its levy-payers. The Council is asked to agree the Proposal at this point.
- 1.7. The Council will be a voter in this ballot, and if successful at ballot, also a levy payer as there are council occupied properties in the proposed BID area. Cllr. Jones, Cabinet Member for Economic Development is the nominated voter.

## **2. RECOMMENDATIONS**

- 2.1. That authority be delegated to the Director of Regeneration, Planning and Housing Services, in consultation with the Cabinet Member for Economic Development and Regeneration, to review the documents that make up the BID Proposal and complete any necessary legal agreements and arrangements both prior to and post the ballot.

## **3. REASONS FOR DECISION**

- 3.1. A business improvement district in Fulham is a key part of LBHF's policy agenda and borough-wide regeneration strategy. Investment in this major town centre is central to the Council's ambitions to support businesses and the borough's vibrant and growing economy.
- 3.2. The temporary relocation of Chelsea's home games out of the area will mean a change to the local area for some three years, with significant numbers of businesses relying heavily on match day footfall for custom.
- 3.3. As part of the planning application for this site the Section 106 Heads of Terms as agreed with Chelsea Football Club include financial (£100,000) and management support for a proposed Fulham Broadway BID.
- 3.4. The establishment of a BID will assist local businesses to take advantage of the opportunities presented by the redevelopment of Stamford Bridge stadium and help to provide greater resilience for local businesses whilst Chelsea temporarily play home games out of the area.

## **4. INTRODUCTION AND BACKGROUND**

- 4.1. A BID is a business-owned, led and funded company set up by a democratic ballot of eligible businesses. It is funded by a 'levy' on eligible businesses based upon the current rateable value of their property. In Fulham this could potentially raise more than £1 million over a five-year term
- 4.2. The BID board – composed of local businesses – choose how to use this money to make local improvements. Everything the BID does must be extra to the services provided by the Council and other bodies funded by business rates
- 4.3. LBHF's role in a BID's balloting process is to: ensure proposal projects are addition to the Council's current services; to ensure the proposal is aligned with LBHF policies; cover arranging and paying for the ballot to ensure complete neutrality; to sign off the final BID proposal if successful at ballot; and lastly to arrange for the collection of the levy on behalf of the BID (for which the Council will charge a fee).
- 4.4. The borough currently has one BID operating in Hammersmith. HammersmithLondon have just been voted in for a third five-year term and provide £3.2m private sector investment into the town centre

## **5. PROPOSAL AND ISSUES**

- 5.1. The BID Proposal is expected to cover both place-making and place-management activities to address both businesses' trading priorities in line with local authority aspirations.
- 5.2. The BID Steering Group is currently canvassing and consulting with businesses who will vote 'yes' or 'no' for the BID, and will ultimately pay for its operation and programmes. The BID company must continue to demonstrate comprehensive consultation with businesses affected to ensure that their ideas are incorporated in the business plan, and that they understand the implications of voting either way.
- 5.3. Timeline:
  - The BID Group anticipate going to ballot at the end of 2017. This requires a notice to the Secretary of State of intention to request a ballot 84 days in advance.
  - Summer 2017 will see the conclusion of consultation with businesses and the development of the draft BID proposal.
  - Autumn 2017 – the BID Group will ask to meet the Cabinet Member for Economic Development and the Director of Regeneration, Planning & Housing Services to agree the BID proposal and the BID Group will ask LBHF to agree not to veto

the BID and hold the ballot on their behalf probably in January 2018.

- 5.4. Council officers continue to meet with the BID executive team to ensure that the administration's vision and priorities for Fulham town centre are incorporated into the BID Proposal, and that the business plan complements council priorities around high streets, place-making, and the support of entrepreneurs and small businesses and workless residents
- 5.5. The BID will determine its own BID levy rules (in conjunction with the Council) that will set out which businesses will be liable for the BID levy (and will therefore get a vote) and how much the levy will be.
- 5.6. It will set a threshold below which small businesses will not be liable for the BID levy and this is likely to be at a rateable value of between £20,000 and £40,000. A BID levy is typically 1-1.5% of the rateable value of a property, equivalent to about 2-3% of the business rates paid by businesses.
- 5.7. If a vote is successful (it requires a simple majority of numbers and by rateable value) approximately 350 businesses will be affected, and will need to pay an additional levy on top of their business rates.
- 5.8. Cost to the Council: There are possibly two public sector organisations in the likely BID area that could be liable for the BID levy, including the emergency services, NHS, and the Council.
  - It is hoped that the BID will offer these properties a significant discount on their BID levy in the same way that many BIDs offer charities, providing them with the same 90% discount on the levy that apply to everyday business rates.
  - If this is the case, then these organisations will still get a vote on the BID Proposals. Total exemption from the BID levy will mean they will not get a vote.
  - Nonetheless there is a risk that the Council will be liable for 100% of the BID levy on the properties that it occupies. There are two potential levy liabilities:
    - 600 Fulham Road Library 108,000 RV (may probably fall outside area as just west of Parsons Green Lane). At 1.25% BID levy this would mean £1,350 annual levy bill
    - Nursery 70 Lillie Rd 61,000 RV giving £750 annual levy bill

## **6. OPTIONS AND ANALYSIS OF OPTIONS**

- 6.1. Supporting the businesses in developing a BID, will support the Council's ambitions around place-making and supporting high streets

- 6.2. Not supporting the businesses in their ambitions for a BID may result in the loss of businesses in the area which will adversely affect its ability to remain competitive with neighbouring high streets. Businesses in Putney and Wandsworth have recently voted 'yes' to a BID in each of these competing town centres

## **7. CONSULTATION**

- 7.1. 100 businesses have already been consulted in relation to this BID. By the time the consultation has been concluded, all businesses likely to pay the levy will have been contacted and consulted with.

## **8. EQUALITY IMPLICATIONS**

- 8.1. The Fulham BID steering group have carried out significant consultation with the business community and is continuing to do so. They have carried out detailed interviews with 100 businesses and hope to engage with 100% of the likely BID levy payers by the time that they formally submit the BID Proposal. The consultation document is available to the whole business and non-business community on the Fulham BID website.
- 8.2. For the purposes of this paper, the council officers responsible for the support to the bidding process should ensure that the Fulham BID are paying due regard to the Equalities Act in their documentation in support of their BID Proposal.

## **9. LEGAL IMPLICATIONS**

- 9.1. BID scheme must be operated in accordance with the Local Government Act 2003 and the Business Improvement Districts (England) Regulations 2004 (as amended). (Amendment) Regulations 2013 SI (2013/2265). The billing, collection and enforcement arrangements are governed by legislation and the BID Levy Rules. The Fulham BID Proposal must contain all the necessary information as required by the regulations before the Council can hold the ballot on its behalf.
- 9.2. Implications completed by: Kar-Yee Chan, Solicitor (Contracts), Shared Legal Services, 020 8753 2772.

## **10. FINANCIAL AND RESOURCES IMPLICATIONS**

- 10.1. The cost of holding the ballot is estimated by Electoral Services to be between £750 to £1,000, depending on the number of businesses to be balloted. This can be met from existing budgets. Cost Centre R5600 HC28000.
- 10.2. The Council will be responsible for billing, collecting and enforcing payment of the BID levy through the existing business rates system. Receipts would be held in a ring fenced BID fund before being paid over to the BID.

- 10.3. The BID will pay an annual fee to the Council to cover the cost of levy collection and administration, estimated at £21,000 per annum.
- 10.4. Implications completed by: Danny Rochford, Head of Finance, Housing, 020 8753 4023.

## **11. IMPLICATIONS FOR BUSINESS**

- 11.1. If a vote is successful (it requires a simple majority of numbers and by rateable value) approximately 350 businesses will be affected, and will need to pay an additional levy on top of their business rates. This levy will not be applied to small businesses ensuring that small businesses are protected from paying an additional levy.
- 11.2. The BID company must continue to demonstrate comprehensive consultation with businesses affected to ensure that their ideas are incorporated in the business plan, and that they understand the implications of voting 'yes' or 'no'.
- 11.3. Implications verified/completed by: (Antonia Hollingsworth, Principal Business Investment Officer 020 8753 1698)

## **12. RISK MANAGEMENT**

- 12.1 Strategic Partnerships are a risk noted on the Council's Strategic risk register, there are no further Strategic risks connected with the report recommendations.
- 12.2 Implications verified/completed by: (Michael Sloniowski, Shared Services risk manager 020 8753 2587).

## **13. PROCUREMENT AND IT STRATEGY IMPLICATIONS**

- 13.1 There are no immediate procurement implications arising from this report
- 13.2 Implications verified/completed by: John Francis, Interim Head of Procurement (job-share), Chief Executive's Department 020-8753-2582

### **LOCAL GOVERNMENT ACT 2000** **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	BID Proposal	Antonia Hollingsworth Ext. 1698	Economic Development, Fl. 3 HTH Extension