



**CABINET**

Tuesday 1 September 2020

**FELIXSTOWE BUSINESS IMPROVEMENT DISTRICT (BID)**

**EXECUTIVE SUMMARY**

1. Felixstowe Forward has been supporting the work on establishing a Business Improvement District (BID) in Felixstowe over the last 2 years. This has involved close collaboration with businesses within the proposed BID area to determine the appetite, geography and ambitions of such an initiative. With the support of an experienced BID development consultant, a draft BID Business Plan has been created which sets out how the BID would operate. The BID Working Group will release the full draft business plan as part of the final engagement with businesses.
2. The business led working group, which has been leading on the development of the business plan, has indicated that it is ready to progress to the ballot stage of the BID. The intention is for the ballot to take place during October/ November this year, subject to a final consultation or “engagement” with all businesses in the proposed BID area.
3. This paper is seeking Cabinet’s support for the business plan, to instruct the Returning Officer to hold the ballot, for the Council to vote in favour of the BID, and to agree that the proposals meet the BID regulations.
4. The creation of a BID in Felixstowe will act as a key vehicle to enhance the trading environment within the town centre and resort area of the town. Furthermore, it will address the current challenges being experienced in the town centre which have been exacerbated by the Covid pandemic.

Is the report Open or Exempt?	Open
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<b>Wards Affected:</b>	Eastern Felixstowe, Western Felixstowe
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<b>Cabinet Member:</b>	Councillor Craig Rivett, Deputy Leader and Cabinet Member with responsibility for Economic Development
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<b>Supporting Officer:</b>	<p>Paul Wood</p> <p>Head of Economic Development &amp; Regeneration</p> <p>07798 797275</p> <p><a href="mailto:Paul.wood@eastsuffolk.gov.uk">Paul.wood@eastsuffolk.gov.uk</a></p> <p>Helen Greengrass</p> <p>Felixstowe Forward Change Director</p> <p>01394 444577 / 07717 150993</p> <p><a href="mailto:Helen.greengrass@eastsuffolk.gov.uk">Helen.greengrass@eastsuffolk.gov.uk</a></p>
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## 1 INTRODUCTION

- 1.1 The Felixstowe Business Improvement District (BID) proposal has been led by Felixstowe Forward on behalf of businesses in the town and supported by an experienced BID delivery company, Mosaic Partnership.
- 1.2 The BID has been developed over the past two years, drawing together a wide range of businesses and public bodies to develop a business plan for the BID area. The formal business plan will be launched in September 2020, following its final design, and outlines the proposed activity areas and financial allocations. As the final plan has had continued engagement with relevant members and officers over its development, it is recommended that East Suffolk Council (ESC) supports the formation of a BID for Felixstowe.

## 2 BACKGROUND

- 2.1 BIDs were first developed in Canada in the 1970s with enabling legislation to implement similar schemes being introduced in England and Wales in 2003 and 2004. The model has proved to be highly successful, with over 300 BIDs having been introduced in the UK since the first five areas were successfully created in London in 2006
- 2.2 A BID is a business-led arrangement (generally a not for profit company limited by guarantee) where businesses and public sector partners in a strictly defined area agree to pay an increased levy on their business rates. These funds are then available for the BID organisation to manage and deliver projects in the BID area to improve the trading environment for the benefit of businesses within the area.
- 2.3 BIDs are created when a majority of businesses (greater than 50%), who are liable to pay the levy, vote in favour of the BID in a ballot and where there is a majority in terms of the rateable values associated with the businesses voting in favour. All businesses in the BID area with a rateable value of more than £5,000 will be required to pay the BID levy. The BID then lasts for an initial period of five years, maximum.
- 2.4 The Mosaic Partnership was engaged to manage the development of the BID process in 2018. They have supported the creation of over 90 BIDs elsewhere across the country and are assisting the creation of 17 BIDs, nationally, at the moment. Mosaic are assisting and advising to develop the Felixstowe BID project through to the proposed ballot date, which will be from 13 October to 11 November 2020.
- 2.5 It is important to note that the ballot will only take place once a final engagement with all businesses in the BID area has taken place and the consultation shows that there will be

a strong vote in favour of establishing a BID. The BID has undertaken extensive consultations with the businesses in the proposed BID area, to date, to inform the development of the Business Plan. The Business Plan indicates that the following key areas are those which are most needed by the businesses, together with the following amounts of investment over the five-year plan shown below;

- Local and Visitor marketing 54%
- Access and Wayfinding 15%
- Business Support 6%

- 2.6 The Felixstowe BID Business Plan outlines an overall direct investment of £740,000 in the development, marketing, and improvement of Felixstowe's businesses over the next five years. This funding represents a significant investment in the Felixstowe BID area and one which provides an opportunity for the BID to lever in additional investment via the Local Enterprise Partnership and other funding bodies. BIDs on average generate 15% in additional income and the Business Plan assumes an additional income of £111k. ESC's contribution through the BID levy will be in the order of £19k over five years.
- 2.7 ESC have supported the ambitions of the Felixstowe BID through the provision of £20,000 of funding to conduct the feasibility study and engage Mosaic Partnership. ESC will also be responsible for the payment of business rates for 11 hereditaments that are located in the BID area, which have rateable values above the stated threshold of £5,000. Therefore, the ESC will receive 11 votes in the BID Ballot and will need to consider how it casts its votes. It is recommended that the ESC only casts one of their allotted votes to avoid the perception that they would be unduly influencing the outcome of the ballot.
- 2.8 The ESC's responsibilities in relation to the BID process include a right of veto on the BID proposals. Therefore, ESC should be satisfied that the BID proposals do not conflict with any existing local authority policy or propose a disproportionate burden on a particular business. The levy of 2% is consistent with the average across BIDs in England and is not considered disproportionate.
- 2.9 Since the Felixstowe BID does not conflict with the ESC's adopted, published policies, nor does it warrant the use of the veto for any other reason under regulation 12 of the BID Regulations 2004 (England), the recommendation is that the BID Proposal may be supported.

### **3 HOW DOES THIS RELATE TO THE EAST SUFFOLK STRATEGIC PLAN?**

- 3.1 The Felixstowe BID supports the following key themes within the East Suffolk Strategic Plan 2020-2024:
- Growing our Economy - Town Centre Enhancement and Regeneration and Employment and Business growth in key sectors/ stimulating inward investment/ developing business partnerships and supporting the delivery of infrastructure
  - Enabling Our Communities - Community pride/ maximising the health and wellbeing of the District
  - In addition, the BID initiative strongly complements both the 'People & Places' town centre revitalisation and the Smart Towns programmes

### **4 FINANCIAL AND GOVERNANCE IMPLICATIONS**

- 4.1 The ESC has 11 hereditaments in the Felixstowe BID area which have rateable values above the stated threshold of £5,000. This means that the ESC will be liable for an annual

BID levy of £3,706 pa. Subject to a successful BID ballot, these additional commitments will be included in future years' budgets.

- 4.2 However, this financial commitment from ESC will contribute to the on-going levy payments, leveraging £148k pa for local business development.
- 4.3 In terms of governance arrangements, if the Felixstowe BID ballot is successful, an independent, not for profit company, limited by guarantee, will govern the BID. The board of the company will have up to 15 directors made up of representatives of levy paying businesses and including a nominated representative from ESC.
- 4.4 The ESC is also required to manage the collection and enforcement of the BID levy charges which, following any successful BID ballot, would be delivered through an Operating Agreement between the Felixstowe BID company and ESC. The Operating Agreement will cover the full cost recovery of the BID billing and enforcement.

## **5 OTHER KEY ISSUES**

- 5.1 This report has been prepared having taken into account the results of an Equality Impact Assessment. The Felixstowe BID initiative will have a positive impact on three of the identified groups in terms of local and visitor marketing and access and wayfinding as two priorities within the business plan encouraging more events/activities in the Felixstowe BID area. There is no negative impact on any of the prescribed groups.

## **6 CONSULTATION**

- 6.1 Extensive consultation with local businesses has taken place as part of the development of the BID business plan. This has involved the establishment of a BID working group, including 10 local businesses, some of which are national multiples and others, local independents traders. In addition, a wide ranging consultation has taken place with the majority of businesses in the BID area during formation of the Business Plan. A final, comprehensive engagement with all businesses in the Felixstowe BID area about the business plan will take place during September 2020.
- 6.2 ESC will be part of this engagement process and will receive the draft Business Plan when it is finalised and ready for consultation.

## **7 OTHER OPTIONS CONSIDERED**

- 7.1 The other option is to not progress with the BID ballot. This would mean that a loose partnership of businesses could still continue to collaborate in an ad-hoc manner to improve the local trading environment, however, it would also represent a missed opportunity. In addition to the funding generated through the levy payments, the Felixstowe BID has the potential to draw down significant external funding e.g. via the High Streets Taskforce, which provides additional investment in the high street and resort areas. Without a BID in place, this opportunity will be lost.

## **8 REASON FOR RECOMMENDATION**

- 8.1 The Felixstowe BID is the result of positive, collaborative work over the past two years. It has drawn together a wide range of businesses and public bodies to develop a business plan for the BID area. The business plan provides an opportunity to address the current challenges, arising from the continuing decline in high streets, nationally, which has been exacerbated by the COVID 19 pandemic. The Felixstowe BID will provide businesses in

the area with the ability to raise significant funds to invest in agreed, positive priorities which will boost trade in their area, and generate wider economic and social wellbeing.

## RECOMMENDATIONS

That Cabinet:

1. supports the principles of the draft BID Business Plan, and gives delegated authority to the Strategic Director, acting in consultation with the Deputy Leader and Cabinet Member with responsibility for Economic Development, to agree the final version, once published;
2. agrees that the submitted BID proposals meet The Business Improvement Districts (England) Regulations 2004 (the Regulations);
3. instructs the Returning Officer to hold a ballot, running from 13 October to 11 November 2020, subject to the final engagement with businesses in the BID area, indicating the likelihood of a strong vote in favour of the BID;
4. authorises the Strategic Director to complete the Felixstowe BID ballot papers by voting in favour for the formation of a BID, using only one of the 11 votes issued to the Council so as not to be perceived as unduly impacting on the outcome of the ballot.

**BACKGROUND PAPERS** (List below those documents for which the report author has materially relied upon to produce the report and which are available for the public to view. This is not necessary for confidential/exempt reports so, for these reports, this box can be deleted altogether).

For CABINET, CABINET MEMBER, CABINET SUB-COMMITTEES OR A JOINT COMMITTEE COMPRISED OF CABINET MEMBERS EXERCISING EXECUTIVE POWERS only – The following wording must be included. For any non-Cabinet reports, delete the wording (except where the report will progress onto the Cabinet).

Please note that copies of background papers have not been published on the Council's website [www.eastsuffolk.gov.uk](http://www.eastsuffolk.gov.uk) but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

Date	Type	Available From
13/08/20	Equality Impact Assessment	Helen Greengrass