
DARLINGTON TOWN CENTRE
BUSINESS IMPROVEMENT DISTRICT (BID) 2012 - 2017

Responsible Cabinet Member – Councillor Chris McEwan,
Portfolio for Economy and Regeneration

Responsible Director – Richard Alty, Director of Place

SUMMARY REPORT

Purpose of the Report

1. To seek Cabinet's support for the proposal to establish a Business Improvement District (BID) for Darlington Town Centre with effect from 2nd April 2012, for which a ballot is taking place from the 1st to 30th March 2012.
2. To advise Cabinet of any resource and financial implications for the Council associated with a successful Town Centre BID ballot.

Summary

3. The continued attractiveness, vitality and vibrancy of the Town Centre are an essential cornerstone in Darlington's future as a place where people choose to live, work and do business. This is a high priority for the Council and its partners.
4. In uncertain and difficult economic conditions the idea of Business Improvement District was mooted as a method to secure investment into the Town Centre and create some certainty of investment over the next five years.
5. As part of the Medium Term Finance Plan consideration in February/March 2011 the Council instructed officers to explore this option with Town Centre business. The BID Proposal and Business Plan attached at Appendix B has been developed by a Business Task Group that has also included Councillors McEwan and Wallis.
6. Business Improvement Districts already operate in 140 UK locations, and this approach would establish a professional, sustainable and accountable organisation, to improve the Town Centre.
7. A BID is an arrangement whereby businesses get together, decide what additional improvements they want to make, how they are going to manage and deliver those improvements and what it will cost them; all of this information goes into a BID Proposal and Business Plan. A BID can last for a maximum of 5 years and must be able to demonstrate how it has benefited businesses who have funded it.

8. The BID Proposal and Business Plan would then be voted on by all those businesses that would have to pay. Voting for the Darlington BID would get underway from 1st March and ends on 30th March. The result is expected to be announced on 2nd April 2012 (or shortly thereafter). The vote would need to be satisfied on 2 counts; a majority of those voting by number and a majority of those voting by rateable value.
9. '**distinct darlington**' is the proposal for a BID for Darlington, and is an initiative that is being developed by a specialist BID 'Task Group' which has been set up with wide representation from a number of independent and national businesses within Darlington Town Centre, and actively supported by the Council.

Recommendation

10. It is recommended that Cabinet :-
 - (a) Support the Darlington Town Centre BID proposal for 2012 – 2017 as set out in the Draft BID Proposal and Business Plan in **Appendix B** ;
 - (b) Approve for any minor changes that may be required to the BID Proposal and Business Plan (prior to it being finalised in early January 2012), are delegated to the Assistant Director, Policy and Regeneration in consultation with the Economy and Regeneration and Leisure and Environment Portfolio Holders (as part of the BID Task Group/Interim Board).
 - (c) Nominate The Chief Executive, as the Returning Officer appointed by the Council under the Representation of the People Act 1983, to make arrangements for a ballot to be held on the BID proposal in March 2012, or as soon as can be arranged thereafter
 - (d) In supporting the BID proposal, agree that the Council will vote 'YES' in the BID ballot in respect of each of the Council's 18 eligible rateable hereditaments in the BID area as listed in **Appendix A** ;
 - (e) Nominate The Leader of the Council to cast the vote in respect of the Council's 18 eligible hereditaments in the BID boundary area.
 - (f) Note the financial implications for the Council of the proposed Town Centre BID.
 - (g) Agree that in the event of a successful BID ballot vote, the Council will take on legal responsibility for the collection and enforcement of the BID Levy, with the duty delegated to the Assistant Director, Housing and Adult Social Care. A Council charge (to be paid annually by the BID Company for the 5 year term of the BID) of £6000 per annum for administering the billing, collection, recovery and auditing of the BID Levy will be applied. These responsibilities will be set out in the Operating Agreement between the BID Company and the Council.
 - (h) Approve the payment to the Town Centre BID Company, on the basis of net monies collected from the BID levy, with payment made by the tenth working day of the month following collection.

- (i) In the event of a successful BID ballot vote, approve for the Operating Agreement to be formally completed in accordance with contract procedure rules under powers delegated to the Assistant Director, Resources.

Reasons

11. The recommendations are supported by the following reasons :-

- (a) The proposed BID provides a financially sustainable model to improve the appearance, safety/security and access of and to the Town Centre. It provides a resource to promote Darlington Town Centre as a place to visit, to shop and to do business.
- (b) As a business ratepayer, collection authority and provider of services within the Town Centre, the Council's support in the BID proposal and the BID vote is required to ensure the success of the Darlington Town Centre BID and all that this means in terms of the future viability and vitality of the town centre.

Background Papers

No background papers were used

Deepak Patrai: Extension 2042

S17 Crime and Disorder	Although there are no significant anti social behaviour issues within the Town Centre, the development of a Darlington BID has the potential to address any such anti social issues and to tackle any issues around violent crime and disorder, including in the Night-Time Economy
Health and Well Being	This will not have any direct impact on Health and Well Being
Carbon Impact	This will not have any direct impact on Carbon
Diversity	This will not have any direct impact on Diversity
Wards Affected	Central
Groups Affected	Town Centre Businesses and people experiencing the Town Centre.
Budget and Policy Framework	The proposal's do not represent a change to the Council's Budget or Policy Framework
Key Decision	This is not a key decision
Urgent Decision	No.
One Darlington: Perfectly Placed	The development of the Town Centre is important in delivering outcomes that meet the themes of Prosperous, Aspiring, Greener and Safer Darlington in the Sustainable Community Strategy
Efficiency	A Darlington BID has the potential to generate an income, secure financial stability and enhance the town centre for the benefit of businesses and the vitality of Darlington Town Centre. The BID has potential to drive efficiencies for Town Centre Business making them more competitive.

MAIN REPORT

Information and Analysis

Background Information & Issues

12. The continued attractiveness, vitality and vibrancy of the Town Centre are an essential cornerstone in Darlington's future as a place where people choose to live, work and do business. This is a high priority for the Council and its partners.
13. In uncertain and difficult economic conditions the idea of Business Improvement District was mooted as a method to secure investment into the Town Centre and create some certainty of investment over the next five years.
14. Darlington Town Centre holds an enviable position as one of the top retail and leisure shopping towns in the Tees Valley sub region
15. A recent report in the 'BDaily Business Network'¹ highlighted an average of twenty retailers in Britain, closing between January and the end of May 2011, but despite the current economic climate, the North East, in particular Darlington remained relatively strong and is performing particularly well.
16. Despite Darlington Town Centre performing well in the current economic climate, it faces competition and pressure regionally and locally from centres such as Stockton-on-Tees, Middlesbrough, Newcastle-Upon-Tyne, Northallerton and Durham, as well as local retail parks like Teesside Retail Park, and the increasing demand for on-line shopping.
17. Positive partnership working between town centre businesses and Darlington Borough Council have been key in delivering projects such as Darlington in Bloom, Arts in The Yards, Retail Awards, Heritage Trail, Best Bar None and Dine/Unique schemes.
18. Projects like 'The Pedestrian Heart' which is now realising benefits, have ensured that Darlington has a vibrant town centre with relatively few vacant shops. A report from the 'Local Data Company' in February 2011 ranked Darlington as being at the right end of the shop vacancy table, ranking it as 4th best in the North East & Cumbria region in terms of its town centre vacancy rate of 15.6%.
19. The Cornmill Shopping Centre in Darlington is the fourth most important indoor retailing shopping centre in the North- East of England, after Newcastle, the Metro Centre (outside Newcastle) and Middlesbrough. ²
20. The Cornmill Shopping Centre currently has full occupancy of all of its 58 retail units. In June 2011, Moorfield Real Estate Fund (MREF) recently announced the acquisition of the Northern Echo Offices in Priestgate in order to enable further expansion. Debenhams has exchanged an agreement for lease for a new 62,000 sq ft department store at this site, and is due to open by autumn 2014.

¹ <http://bdaily.info/news/retail/11-07-2011/troubling-times-for-retailers/>

² <http://www.moorfield.com/investments/cornmill-shopping-centre/3>

21. The BID represents a sustainable and cohesive way for both the Town Centre businesses and the Council's ambitions and ability to continue to promote and create a vibrant and successful town centre.

Business Improvement Districts (BID)

22. The first BID (or Business Improvement Area, as they are known in Canada) was established in Toronto in 1970, and BID's reached the USA a few years later with the formation of the Downtown Development District in New Orleans in 1975.
23. There are currently around 140 BID's in the UK, of which 74 are in town and city centres. BID's have been in existence for over 5 years and some of the early ones (approximately 30) have recently gone out to a second ballot and all have agreed to renew and extend the BID for a further 5 years.
24. A BID is essentially an arrangement whereby businesses get together, decide what additional improvements they want to make, how they are going to manage and deliver those improvements and what it will cost them. This all goes into a business plan which is voted on by all those who would have to pay.
25. In order for a BID to be created, those businesses that pay to contribute to the BID are able to vote on the additional services and/or projects that have been identified in the Business Plan. The ballot is a confidential postal vote, and this would need to be satisfied on 2 counts; a majority both by number of votes cast and by the rateable value of the votes cast. This ensures that the interests of both the smaller independent businesses (greater in number) and national businesses (greater in rateable value) are protected.
26. Once voted for, the BID levy becomes mandatory on all defined ratepayers and is treated as a statutory debt. The BID can last for a maximum of 5 years and must be able to demonstrate how it has benefitted businesses. A re-ballot would be required at the end of the 5th year, with any renewals and extensions to the BID having to be reaffirmed through another vote.

The Darlington BID

27. In order to maintain and improve Darlington Town Centre, additional resources are required and the setting up of a BID will secure £1.5 million investment in the town centre area over five years. This will enable businesses to decide for themselves which improvements the town needs and what projects to support in the interests of the business community in the Town Centre.
28. The development of a 'Darlington Town Centre BID' provides the potential for businesses in the town centre to work together to deliver improvements that in turn help attract more visitors and businesses into the centre.
29. Since early 2011, a dedicated project team (with representation from the Transformation Team and Town Centre Management Team) have been working closely with The Mosaic Partnership (the appointed BID Consultants) to progress the development of a Darlington BID under the '**distinct darlington**' project identity and under the guidance of the BID Task Group.

30. The BID Task Group made up of representations from a range of town centre businesses has been formed to develop the BID and it has consulted with business colleagues to draw up a BID Proposal and Business Plan. Representations are from independent retailers, large multiples, the shopping centres, leisure and night time economy and the Council. The Council has been represented by the Portfolio Holders for Economy and Regeneration and Leisure and Environment.
31. A BID for Darlington has the potential to generate a substantial income, secure financial stability and enhance the town centre for the benefit of businesses and the vitality of Darlington Town Centre for a period of 5 years from April 2012 to March 2017.

The ‘distinct darlington’ BID Proposal and Business Plan

32. The ‘distinct darlington’ BID Proposal and Business Plan details the arrangements for the BID and also the benefits that will be achieved if there is a BID in Darlington. It also sets out details of consultation that has taken place and gives details of the predicted revenue generated and expenditure (Appendix B)
33. The BID proposal in Darlington is an opportunity to deliver a wide range of initiatives that have been identified by businesses in Darlington Town Centre, and who will through the BID, control a spend of nearly £1.5 million over 5 years to deliver tangible benefits for Darlington Town Centre.
34. In summary these initiatives are likely to relate to:
 - (a) Marketing, Promotion & Events – Voucher Scheme, Promotional Campaigns, Events & Website/Social Media - £500,000 over 5 years
 - (b) Access – Free/Discounted Car Parking Promotions - £125,000 over 5 years
 - (c) Clean, Safe & Welcome – Town Centre Rangers, Retail Radio Scheme, Extra Cleaning/Maintenance - £625,000 over 5 years
 - (d) Business Support – Centralised Procurement (Insurance, Trade Waste, Recycling etc), Annual Awards, Networking Events, Grants/Loans for Independents - £250,000 over 5 years

More details of the BID and the budget can be found in the BID Proposal and Business Plan which is attached as **Appendix B** to this report, and on the ‘distinct darlington’ website – www.distinctdarlington.co.uk

35. The BID area is essentially Darlington Town Centre within the inner ring road, and the map in **Appendix C** shows the proposed BID boundary. This covers the heart of the Town Centre and contains the main retail, leisure and commercial areas.
36. All businesses affected by the proposed Town Centre BID will have the opportunity to vote for or against the BID proposals. For those smaller and independent business types, with a rateable value of less than £6,500 it has been agreed, that whilst they are part of the BID, they will be exempt from paying the BID levy charge. All businesses who are not required to pay the levy do not vote either, however they are free to contribute voluntarily and provision will be made to ensure their inclusion in decision making.

37. Other exemptions will apply for both non retail charities (such as the Citizens Advice Bureau) and subscription/volunteer based clubs that currently have no commercial/trading income. These will be made exempt from paying the BID levy charge.
38. Any new developments and existing vacant properties within the BID boundary area will also be liable for the BID levy charge, unless the above exemptions in 36 and 37 apply.

Financial Implications

39. The Council (as a business ratepayer) has a total of 38 properties within the BID Boundary area of the Town Centre.
40. If the BID ballot is successful the Council (as a business ratepayer) will be required to pay an additional 1.5% levy on 18 of its 38 hereditaments within the BID Boundary area, just like every other business. This would increase the Council's Non-Domestic Rates (NNDR) payments in the BID area by approximately £23,505 per annum. The total BID levy raised each year will be just over £300,000.
41. Provision has been made in respective budgets for 2012/13 (and for subsequent years through to 2016/17) of those Council properties that would be liable to pay the BID levy.
42. Those Council properties that fall below the £6,500 rateable value threshold will not incur a charge.
43. In the event of a 'YES' vote and a Darlington BID is implemented, the Council would be responsible for billing, collection and recovery of the BID Levy on behalf of the BID as part of the NNDR collection process. It is estimated that around 540 bills will need to be issued annually, and an annual charge to the BID company of £6,000 per annum is proposed for this. Any costs recovered from taking recovery action due to non-payment will be retained by the Council.
44. There are no financial costs to the Council in the purchase of any software, licences or maintenance in respect of the collection of the BID Levy. All these costs (estimated at £32,500 over the 5 year period of the BID) will be recovered from the BID Company.
45. The Council will be required to pay the BID Company the money that is collected from the BID levy. It is proposed that the Council remits the net money collected to the BID Company on the basis that payment is made by the tenth working day of the following month.
46. In the event of a successful BID ballot, the BID company will need to give consideration to the contributions that businesses currently make to the 'Town Centre Traders Association' and whether going forward this charge will be incorporated into the BID levy for those eligible businesses.

Resource & Voting Implications

47. In the Darlington BID area there are approximately 540 eligible votes to be cast. In order for a BID to be put in place a majority of those voting by number, and a majority of those voting by rateable value, need to be in favour of the BID. The average turnout for BID votes

nationally is 46%. Almost 92% of the businesses who have taken part in the consultation in Darlington are in favour of the BID.

48. As the Council has a number of businesses within the BID boundary area, the Council has the opportunity to cast the votes relating to the properties for which it has responsibility for NNDR payments. This totals 18 votes, (1 per property) and it is proposed that these will be cast by the Leader of the Council.
49. Voting on the BID by businesses in Darlington will commence from 1st March 2012 and end on 30th March 2012 with the result expected to be announced shortly thereafter. The vote is a postal ballot and will be a simple 'YES' or 'NO' vote, and will be carried out by Electoral Reform Services (ERS), and the cost of this will be covered by the Council. This will involve very minor resource implications on the part of the Council's Returning Officer.
50. Following the announcement of the vote result in April 2012 and in the event of a 'YES' vote, it should be noted that an additional timeline of 3 months will need to be factored in before the BID can be formally launched. This is to ensure there is a sufficient lead in time for the appropriate BID software to be procured, the BID Company implemented and registered with Companies House & appropriate governance arrangements to be put into place. This would assume a formal launch date of 2nd July 2012.

Risk Implications

51. The practical risks associated with the BID are the responsibility of the BID Company. If the BID Business Plan and programme were to fail then the confidence in the Town Centre would be damaged and the Council's vision for the future of the Town Centre will be harder to achieve.
52. There remains a risk, that given the financial pressures consistently being faced, the Council may not be able to sustain current service levels in the town centre.
53. Baseline Service Statements covering the service areas that cover Town Centre activity have been agreed with respective Heads of Service. These statements outline their commitment to ensuring agreed levels of services and ensuring that if a BID is developed, it provides additional activity, over and above what is included in the Baseline Service Statements. These are not legally binding; more statement of intents, and the Council and other public agencies reserve the right to amend services as and when deemed necessary.
54. Baseline Service Statements for the following service areas have been agreed: Cleansing & Maintenance, Car Parking, CCTV, Markets, Festival & Events, Street Furniture, Street Lighting, Town Centre Planting & Landscaping, Public Conveniences, Town Centre Management, Highways & Roads & Policing.

Legal and Governance Implications

55. The Local Government Act 2003, followed by the Statutory Instrument 2004 No. 2443 – Business Improvement District Regulations in September 2004 enabling BIDS to be set up in England and Wales contains the provisions for introducing the BID initiative. The contents of this report and the BID Proposal are considered to be consistent with the relevant Regulations.
56. The '**distinct darlington**' BID will be delivered through a 'not for profit limited company' with the Board of Directors drawn from organisations supporting the BID which is representative of the mix of businesses sector types within the BID, the Council, the Police and any other specialist skills as required.
57. An interim BID 'Task Group' and a 'BID Project Team' is in currently in place which is managing the development, ballot and initial set up phase of the BID.
58. In the event of a successful BID ballot, the BID Company and the Council will produce an Operating Agreement which details the Council's support to the BID Company.
59. The Operating Agreement is a legal document which details the responsibilities of the BID Company and the Council in managing and delivering the BID Proposal.
60. In the event of a 'YES' vote, a BID Company will be set up as a not for profit organisation.
61. It is proposed that the current BID Task Group will remain as the interim board in Year 1 of the BID, with a Board of Directors (approximately 15) elected annually after Year 1. The Board will reflect the make up of the Town Centre in terms of its current sector split, with co-opted members allowing representation for any voluntary contributors. The Board will have a Private Sector Chair.

Consultation

62. The '**distinct darlington**' business plan has been developed through consultation with local businesses in the proposed BID area over the last 7 months.
63. A detailed 'Town Centre Improvement Survey' was available both on-line and was hand delivered during June/July 2011 to around 850 businesses within the proposed BID area, offering them the chance to have their say on key issues affecting Darlington Town Centre. An excellent 25% response rate was achieved on this survey (the average for this type of survey being 7-10%). The survey brought to light several significant areas that could be improved by projects which would be identified by businesses, for example, in marketing and promotion, safety and security.
64. This was followed by a series of 'invitation only' dedicated Business Sector Meetings during September & October 2011, which were designed to encourage further discussion and to ultimately help select potential improvements for inclusion in the final Business Plan. At the end of each meeting businesses were asked to indicate whether they would vote 'YES' or 'NO' based on what they had heard / knew about the BID, and 92% of businesses who attended these meetings indicated they would vote 'YES'.
65. The BID Project Team have continued to visit and consult with businesses on an ongoing basis to promote the Darlington BID Proposal.
66. A BID 'Task Group' was established which is made up of local businesses and public agencies to co-ordinate and develop the BID Proposal and to date these have met on the following dates: 20th July 2011, 5th Sept 2011, 17th Oct 2011 & 2nd Nov 2011.
67. Meetings have taken place with Darlington Police, Directors and Heads of Service of the Council on 20th and 21st of July around establishing baseline service areas for Town Centre Activity.

THE COUNCIL'S CONTRIBUTION

Premises	Rateable Value	BID Levy (1.5%)
Town Hall	£480,000	£7,200
The Dolphin Centre	£385,000	£5,775
Commercial Street Car Park (West)	£105,000	£1,575
Commercial Street Car Park (East)	£93,500	£1,403
Crown Street Library	£81,000	£1,215
Beaumont Street Car Park (North)	£66,500	£998
Abbotts Yard Car Park	£66,000	£990
East Street Car Park	£66,000	£990
Beaumont Street Car Park (East)	£51,500	£773
Open Market (East Row)	£49,500	£743
Connexions (Houndgate)	£19,250	£289
Winston Street Car Park	£19,000	£285
Contract Car Parking & Compound (Feethams)	£17,750	£266
Pease House (12a Horsemarket)	£16,000	£240
Dolphin Centre (Former Tourist Information Centre)	£15,750	£236
Beaumont Street Car Park (West)	£14,500	£218
Barnard Street Car Park	£10,750	£161
Barnard Street Car Park	£10,000	£150
Total		<u>£23,505</u>