

Cabinet 25 September 2019	 TOWER HAMLETS
Report of: Ann Sutcliffe, Corporate Director, Place	Classification: Unrestricted
The Aldgate Partnership – Proposal for Business Improvement District in Aldgate	

Lead Member	Councillor Motin Uz-Zaman, Cabinet Member for Work and Economic Growth
Originating Officer(s)	Fiona Crehan, High Streets & Town Centre Manager/Rachel Jenman, Brick Lane TCM
Wards affected	Whitechapel, Spitalfields/Banglatown
Key Decision?	Yes
Forward Plan Notice Published	12 August 2019
Reason for Key Decision	First time Business Improvement District has been proposed in Tower Hamlets
Community Plan Theme	A great place to live

Executive Summary

The Aldgate Partnership (TAP) submitted a request to Tower Hamlets Council, in accordance with Business Improvement District (BID) Regulations, to hold a ballot in January 2020 to establish a BID in the Aldgate area. Should the ballot for this BID be successful it will be the first BID in Tower Hamlets and will come into effect in 2020.

This report provides background information on: BIDs, the priorities in TAP's draft Business Plan and the Council's role in the ballot process and delivering of the BID. The proposed Aldgate BID area is located across the authorities of Tower Hamlets and the City of London (CofL). The CofL will lead the BID ballot process as the majority of the proposed BID area is located in the City.

A Business Improvement District is a defined area in which a levy is charged on all business rate payers over a certain rateable value level, this levy is additional to the business rates bill. The levy is used for projects which will benefit businesses in the BID boundary area and are additional to statutory service delivery.

There will be a cost to the Council for running the ballot of £4K, (50% of total cost). Should the ballot be successful, there will be an additional cost to collecting and administering the BID levy of about £25K. These costs will be recovered over a timescale to be agreed with TAP from Levy collections.

Recommendations:

Cabinet is recommended to:

1. Approve the Aldgate BID proposal to go to ballot in January 2020.
2. Agree to support the formation of the Aldgate BID, subject to a successful ballot, in accordance with the BID Regulations.
3. Agree that the City Of London manage the ballot process for the Aldgate BID area for both Tower Hamlets and CofL.
4. Agree that Legal Services are authorised to prepare the legal agreement required for the operation of the BID ballot.
5. Agree to delegate authority to the Corporate Director Place following consultation with the S.151 Officer to negotiate and settle agreements in relation to funding for the BID process and, subject to a successful ballot, the creation of the BID.
6. Agree that the Council's cost of supporting the ballot process and the implementing the BID will be recovered over a period of time from the BID levy.

1. REASONS FOR THE DECISIONS

- 1.1 The proposal to set-up a BID in Tower Hamlets is subject to Mayoral approval as it has significant impact on service users, implications for service delivery and a significant effect in three wards.
- 1.2 The period proposed for the Aldgate BID is for 5 years, after which a further request would need to be made to the Council for a re-ballot.

2. ALTERNATIVE OPTIONS

- 2.1 Option 1 –
The Council has the right to veto the BID proposal, but only if there is a conflict with Council services.
As there is no conflict with Council policies the veto is not an option.

3. DETAILS OF THE REPORT

Background – What is a Business Improvement District

- 3.1 A Business Improvement District (BID) is a defined area in which a levy is charged on business rate payers whose bills are over a certain Rateable Value (RV). This minimum RV level is decided by the BID proposer and it is

these businesses that pay a levy (up to e.g. 2%) on top of their bill. This levy is added to the affected businesses business rates bill. The amount raised by the levy is used to deliver projects which will benefit businesses in the BID boundary area.

- 3.2 The Council has legal powers to enter into arrangements to facilitate the BID, including levy collection and may enter into a Baseline Agreement for the Provision of Standard Services and an Operating Agreement to confirm agreed arrangements. It should be noted that these do not constitute legally binding agreements as these are subject to change from time to time.
- 3.3 The Aldgate Partnership (TAP) is a not-for profit limited company by guarantee (company number 09031410) set up in 2014 with a voluntary board of directors.
TAP has three core elements to be representatives for the business community, to work in Partnership with those delivering regeneration and to activate spaces and bring social benefit and place making.
- 3.4 TAP has submitted a request to the local authority to take an Aldgate BID proposal to a ballot in January 2020. The proposal sets out the services to be provided and the size and scope of the BID. It also sets out who is liable for the levy, the amount of levy to be collected, which is 0.75% of rateable value over an RV of £100,000, how it is calculated, and the businesses and organisations that would be eligible for exemptions, such as non-retail charities and schools.
- 3.5 Businesses that are subject to the levy, as set out in the proposals, vote in a ballot. This determines whether the scheme goes ahead. A successful vote is one that has a majority both in votes cast and in rateable value of votes cast. Each business entitled to vote is allowed one vote in respect of each property occupied or (if unoccupied) owned by them in the geographical area of the Business Improvement District.
- 3.6 Once the Business Improvement District is in operation the levy is charged on all businesses over £100,000 rateable value within the Business Improvement District area (regardless of whether or how that business voted in the ballot).
- 3.7 The Business Improvement Districts (England) (Amendment) Regulations 2013 allow for BIDs that cross borough boundaries. The Aldgate BID area falls across Tower Hamlets and City of London. As CofL is home to the majority of businesses in the proposed BID area under the Regulations, CofL is the lead authority for the ballot. However, each local authority will collect the relevant levy from eligible properties within their own borough if the ballot is successful. The holding and administration of the Ballot will be undertaken by the Electoral Reform Service (ERS) ERS is an independent provider of ballot, election and voting services, it is a separate organisation from The Aldgate Partnership.
- 3.8 The process by which a prospective BID seeks to become formally established or renewed is set out below in accordance with the 2004 BID

Regulations (as amended by the 2013 Regulations to allow for cross boundary BIDs):

Formal notification to the local authorities and Secretary of State; and, request to the lead local authority to hold a ballot, which must be accompanied by:

- A copy of the BID proposals;
- A summary of the consultation it has undertaken with those liable for the BID levy;
- The proposed business plan with estimates of cash flow, revenue and expenditure, the predicted budget and the contingency margin included in the budget;
- The financial management arrangements for the BID body and the arrangements for *periodically providing information to the council on the finances of the BID*; and,
- The council must consider whether the BID proposal conflicts with any formally adopted and published policy and whether they are likely to be a significantly disproportionate financial burden on any person or class of persons (as compared to the other non-domestic ratepayers in the geographical area of the BID).

3.9 If the Council is satisfied that the information provided by the BID body meets the requirements of the legislation, the Council must instruct the ballot holder to hold the ballot. (CofL)The ballot holder for the Council is the Chief Executive in their capacity as the Electoral Registration Officer/Returning Officer.

3.10 The regulations state that the council has until 14 days after the day of ballot in which to notify the BID Proposer if they want to veto the BID Proposals. However, the Regulations also state that the Local Authority should notify the BID Proposer “as soon as reasonably practical” after receiving the BID proposal to explain its concerns.

The Aldgate B.I.D - Business Plan

3.11 In 2018 TAP undertook a perception survey of businesses in the proposed BID boundary asking them to identify their priorities and propose projects & improvements that will go forward into the final BID Proposal. The following list came out of the analysis under 4 separate headings:

3.12 **An Appealing Area:**

High quality Public Realm, support ongoing regeneration activities and the Middlesex Street Improvement plans
Decluttering with improved Wayfinding
To progress long term strategy with TFL (Transport for London) & GLA for investment & infrastructure changes
Provide additional street cleansing, deep cleans & reporting
To work with businesses to provide waste consolidation & cargo bike deliveries

Seasonal enhancement at, Christmas & Summer floral displays
Clean & Green energy projects

3.13 A Welcoming Area:

Promotion and marketing
Cultural events
Website and app

3.14 A Protected Area

Crime prevention & training
Dedicated street stewards
Knowledge sharing programme
Anti Social Behaviour reduction programme

3.15 A Stronger Area

Apprenticeships
Supporting small businesses
Networking events
Social responsibility schemes

3.16 The proposed period for the initial term is from 1st April 2020 to 31st March 2025

3.17 The Aldgate BID proposal will provide additional services on and above statutory existing Council services as set out in the baseline agreements.

3.18 If the Council is commissioned by The Aldgate BID to provide additional commercial services to the BID area the costs will come from the BID income.

Finance Implications

3.19 If the BID is successful the Council will provide in kind resources of staff time to coordinate implementation of the BID, the Council's input to the BID Board (non-voting member), additional software modules for the existing business rate software to support collection of the levy at a cost of £25K.

3.20 These resources will be recovered from the BID Company at an agreed date.

3.21 If the ballot is unsuccessful the additional software modules will not be purchased, the only cost to the Council will be in kind resources of staff time to coordinate the ballot and provide the RV data.

3.22 Any proposed developments in the BID boundary are not required to provide match funding to the BID income from S106 or CIL.

3.23 The Council does not have any properties within the proposed BID boundary area and will not be subject to the levy.

3.24 If the ballot is successful, it is anticipated that the Aldgate proposals would generate a levy of up to £3.632M over the 5 year term.

- 3.25 The services provided by the proposed Aldgate BID will not duplicate what is already provided by the Council.

Baseline & Operating Agreements

- 3.24 Legal agreements between the Council and the BID proposer will need to be drawn up to cover:

The BID levy collection and
The services specification for cleansing and highways services which the Council will continue to deliver throughout the BID period.

4. EQUALITIES IMPLICATIONS

- 4.1 The Aldgate B.I.D proposal will have no adverse impact upon any of the protected characteristics as identified within the Equality Act 2010.
- 4.2 Data on the characteristics relating specifically to local businesses is not available to the Council at this present time. We can presume that the local businesses in the area are likely to reflect the demographics of the area.
- 4.3 The impact on smaller independently BAME run businesses will be positive as they will benefit from the improvements made to the B.I.D area including public realm & cleansing improvements, improved access and security, better wayfinding, marketing & promotions, networking events & support.
- 4.4 The BID proposals will have a positive effect for residents living in the BID boundary area.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
BID proposals should recommend best value and service for businesses which are liable for the levy.
 - Consultations,
All businesses in the Proposed BID area which are liable for the BID levy have been sent information about the proposals. Consultation has also taken place between Democratic Services, Electoral and Business rate services.
 - Environmental (including air quality),
The BID proposals should have a positive impact in improving air quality with investment in consolidated delivery areas and waste
 - Risk Management

- There are no risks associated with the recommendations in this report. The BID proposal complies with legal requirements and does not contradict formal Council policy.
- Crime Reduction,
There are Community Safety considerations arising from this report. Clarification will be needed to how both the anti-social behaviour reduction project and street ambassadors will operate across both boroughs.
 - Safeguarding.
There are no safeguarding considerations arising from this report.

5.2 Timetable for implementation

Notification of ballot	2 nd January 2020
Despatch of ballot papers	16 th January 2020
Start of ballot process	20 th January 2020
Closure of ballot	13 th February 2020
Declaration of ballot	14 th February 5pm
Start of term	1 st April 2020

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 There are small resource implications associated with balloting local businesses around the BID levy. These costs are anticipated to be in the region of £4k and will be met from existing resources.
- 6.2 If the BID were successful the Council would incur further costs estimated at £25k. These costs will be predominantly staffing to coordinate the implementation of the BID, input into the BID Board and additional software modules to support the collection of the levy. These costs will only be incurred if the ballot is successful and will be recovered from the BID Company.
- 6.3 The BID is proposed to run for an initial five years and a 0.75% levy is expected to generate £3.632m income for re-investment in the Aldgate area.
- 6.4 LBTH does not own properties within the BID area and as such will not be liable for the BID levy.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The Local Government Act 2003 along with the Business Improvement District (England) Regulations 2004 (as amended in 2013 and 2014) provide the legislative framework which allows the Council to undertake the activities detailed in this report.
- 7.2 The regulations allow for Councils to deal with BIDs jointly where the BID area includes areas which form part of more than one local authority area.

- 7.3 The regulations allow one authority to nominate another authority to operate as the lead for the purposes of setting up the BID (including the holding of the ballot) provided the BID includes an area which is also within the Lead Authority's area.
- 7.4 The legislative framework creates a legal function which is to be discharged by this local authority in the event that a BID proposal is received. However, the nomination of City Of London as the lead is not a delegation of this local authority's legal function as under the legislation Tower Hamlets remains responsible for ensuring compliance with the legislation, albeit through City Of London's activities.
- 7.5 However, as this is a legal function and by virtue of the Executive Arrangements in place and also the fact that this function is not one which is reserved to full Council under the constitution, it is appropriate for the Mayor to make the decisions referred to in the recommendations.
- 7.6 There are no immediate legal issues arising in respect of the Equality Act 2010.
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Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- Appendix 1 - TAP Bid Proposal
- Appendix 2 - BID proposal Boundary Map
- Appendix 3 - Business perception survey

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE.

Officer contact details for documents:

N/A