

Committee: Cabinet

Date: 13th February 2017

Agenda item:

Wards: All

Subject: South Wimbledon Business Associations Business Improvement District (SWBA BID) Proposal

Lead officer: James McGinlay, Head of Sustainable Communities

Lead member: Councillor Martin Whelton, Cabinet Member for Regeneration, Environment and Housing

Forward Plan reference number:

Contact officer: Sara Williams, FutureMerton, Programme Manager for Business and Economy

That Cabinet support

- A. South Wimbledon Business Association (SWBA) proposal and timetable to ballot for a new Business Improvement District (BID).
 - B. If ballot leads to a yes vote that any future decision on a BID renewal beyond 2022 is delegated to Chris Lee, Director of Environment and Regeneration in consultation with the Cabinet Member Councillor Martin Whelton.
 - C. That the Council will charge the BID for the costs for business rates staff in collecting and administrating the levy estimated in region of £7.50 plus VAT per rateable charge and the on-going software costs of £1,175 plus VAT annually.
 - D. That the Council recover the cost of the BID renewal ballot from the proposers if the renewal ballot is unsuccessful.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report outlines the proposal to support the creation of a Business Improvement District (BID) on the industrial estate managed by South Wimbledon Business Association Ltd (SWBA), also historically known as Morden Industrial Park. See appendix A showing the map of the proposed BID.
- 1.2. This report explains how a BID vote takes place, how a new BID would be managed and it identifies the Council's role in the proposed BID formation and the costs that will incur should the BID be successful.

2 DETAILS

- 2.1 Cabinet (8th December 2008) considered a report on possible BID's with the borough of Merton. It was agreed that formal BID proposals be received for Willow Lane Industrial Estate, (where a successful vote in 2009 led to the formation of the Willow Lane BID, South Wimbledon Business Area (Morden Industrial Estate) and Wimbledon Town Centre. It proposed that these be supported for a formal ballot process on the following basis:
- (a) Provision of the business rate listing in a potential BID are free of charge.
 - (b) Recovery of the costs if the BID is unsuccessful (if it is successful the council is obliged to pay the cost of the ballot) estimated at £2,000 for each BID area to be contained within the Regeneration Partnerships resource (now futureMerton).
 - (c) Full cost recovery for collecting the BID levy (estimated at £3000 for each BID area).
 - (d) Provision of on-going in-kind support for a successful BID to be contained within the Regeneration Partnerships resources (now futureMerton).
- 2.2 These processes are in place for the Love Wimbledon BID.
- 2.3 A BID is a not for profit company set up by businesses in a location to improve the area. It is an independent body voted in by, directed by and funded by the local business community to enhance the trading environment.
- 2.4 A BID is a legal body which can come into being, following a successful ballot in which all eligible businesses have a vote on proposals to improve the district. If successful, South Wimbledon Business Association BID term will be for 5 years from 1st July 2017 to 1st July 2022. After that date a further ballot would need to take place to continue as a BID.
- 2.5 The development of a Business Improvement District for SWBA has been under consideration for a number of years. Since late 2015, the South Wimbledon Business Association Ltd (SWBA) also known as Morden Industrial Estate, has been working with futureMerton towards the opportunity for a BID ballot.
- 2.6 Representatives of Merton Abbey Mills (MAM), the historic creative arts location next to SWBE, have approached SWBA to be part of the proposed BID. As a result, representatives of MAM have been involved in the BID development process and are also members of SWBA Board. However on reflection, a significant number of very small hereditaments at Abbey Mills, the majority of which fall below the proposed levy threshold make it unviable to include MAM within the proposed boundary of the BID. What has been agreed is MAM, as an adjoining business area, would be considered in any mutual benefit to the

businesses at Abbey Mills and to companies on the SWBE if the ballot is successful.

- 2.7 As with the two BIDs currently operating in the Merton, the SWBA BID will benefit from the main advantages raising funds from additional business rate levy to finance a range of projects which improve the physical environment, trading condition and opportunities for the businesses in the proposed BID area.
- 2.8 The South Wimbledon business estate is the second largest industrial estate in Merton. There are over 240 companies located on the estate - ranging from small independents to large national and international companies. The companies on the estate employ nearly 3000 people.
- 2.9 The proposed SWBA BID is led by John Simpson, Managing Director of White Light Ltd and the Chair of the current South Wimbledon Business Association Ltd.
- 2.10 Established in 2007 by John Simpson and a group of companies on the estate, SWBA Ltd has an excellent track record of working with the Council and championing the needs of the estate and businesses in the areas. It has established management and governance arrangement including legal structures.
- 2.11 The proposed BID boundary has been defined by the SWBA Ltd and this includes 185 eligible businesses and 265 hereditaments¹. Please refer to Appendix 1, which is a map of the proposed BID boundary.
- 2.12 The SWBA BID will raise approximately £96,600 per annum through its BID levy. The proposed BID levy percentage is 1% of the rateable value of each defined ratepayer in the BID area. The money raised is spent exclusively on projects and services within the BID area.
- 2.13 SWBA Ltd voted and agreed that only businesses with a rateable value of £8,000 or more for any one hereditament would be required to pay the levy. This equates to approximately 73% of business rate payers on the estate. These businesses will be paying between £85 and £420 per year. From the £96,600 collected there will be a need to deduct the costs of administration and management of the BID, this is currently unknown but will be included in the annual accounts and will be a responsibility of the BID Board to keep this to a minimum.
- 2.14 Those businesses which are not eligible to become a BID Member (i.e. their rateable value is too low) can join voluntarily to benefit from the BID services. SWBA Ltd agreed membership rate for voluntary members will be £80 per year.
- 2.14 If the BID ballot is successful a new Board will be voted in and a representative from the Council will be invited to sit on the Board but in a non-voting capacity

¹ A hereditament is a term used to describe a business premise unit.

- 2.15 BID levy payments will be due in July each year and are collected by the business rates team on behalf of the BIID. These funds are placed in a ring-fenced BID account by the Council and are transferred to the BID Company.
- 2.16 There are no council properties on the estate.

3 ALTERNATIVE OPTIONS

- 3.1 The Council could decide that the potential benefits from the SWBA BID are not sufficiently great to justify the provision of the financial resource identified and the input of officer time.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1 A ballot will be required to invite all of the eligible businesses within the BID location to vote for or against the proposal. The SWBA will be marketing the BID proposal.
- 4.2 Many of the SWBA members are already canvassing locally to get a good idea if the proposal is being received favourably by local businesses. There is a strong level of support from businesses to date.
- 4.3 For a BID to be successful it must be won on two counts:
- A straight majority by the number of those voting
 - By a majority in the rateable value of those voting

5 TIMETABLE

- 5.1 The proposal is to carry out a ballot in April 2017 and if successful then operational commencement in July 2017. The Council will be required to collect the BID levy payments.
- 5.2 The ballot timetable is currently suggested as follows:
- 13th April 2017: Businesses sent a notice of ballot
 - 27th April 2017: Businesses sent the ballot paper
 - 16th May 2017: Deadline for applications for proxy votes
 - 25th May 2017: 5pm deadline for Votes to be cast
 - 26th May 2017: The ballot result will be announced
 - 1st July 2017: If YES vote, SWBA BID commences operation

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 The development of the BID has been supported by £25,000 funding from the council as part of the Economic Development Strategy (EDS). The Council also

provides £6,000 per annum towards SWBA management also funded from the EDS monies.

- 6.2 We are proposing that the Council will recover the ongoing cost for collection at a fee of £7.50 to cover costs of staffing.
- 6.3 SWBA BID will produce annual accounts for each financial year and these will be available to all the BID levy payers and the council. The BID Board will decide how any unspent or additional income should be utilised.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1 The legislative framework for the establishment of Business Improvement Districts is contained in the Local Government Act 2003 with the regulations governing the BID development process and Statutory Instrument No. 2443-The Business Improvement Districts (England) Regulations 2004.
- 7.2 SWBA will enter into baseline and operating agreements with the London Borough of Merton to ensure that improvements and services carried out by the BID represent true additionality and will not replace services that should already be performed by the Council. The agreement will clearly define the level of provision by the council and ensure our commitment to maintaining and improving the level of service during the BID.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. There are no direct implications arising from this report.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. There are no direct implications arising from this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1 There is a risk that some increased business costs such as the high rateable values in Wimbledon and the additional costs of the Supplementary Business rates to pay for Crossrail that there would be insufficient support for the establishment of the SWBA BID. The board are aware of the issues and intend to address the concerns during the promotion phase.
- 10.2 The lack of support of the BID could lead to some resentment from local businesses and possibly the view that the council was not supportive of local business.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix 1 – SWBA BID Boundary Proposal

12 BACKGROUND PAPERS

12.1. Cabinet report dated 8th December 2008 agenda item 6 entitled Business Improvement Districts found here:
http://www.merton.gov.uk/democratic_services/w-agendas/w-fpreports/686.pdf