

## **Committee: Cabinet**

**Date: 13<sup>th</sup> February 2017**

Agenda item:

Wards: All

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

**Lead officer:** James McGinlay, Assistant Director for 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

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### **That Cabinet support**

- A. South Wimbledon Business Association (SWBA) proposal and timetable to ballot for a new Business Improvement District (BID) and any future decision on a BID renewal is delegated to Chris Lee, Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Environment and Housing, Councillor Martin Whelton.
  - B. That the Council will charge the BID for the costs for business rates staff in collecting and administrating the levy estimated in the region of £7.50 plus VAT per invoice collected, and the on-going software costs of £1,175 plus VAT annually.
  - C. 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) in South Wimbledon Business Estate (SWBE) managed currently by the South Wimbledon Business Association Ltd (SWBA).
- 1.2. It also identifies the Council's role in the proposed BID and the costs that will incur should the BID be successful.

## **2 DETAILS**

- 2.1 Cabinet (8<sup>th</sup> December 2008) considered a report on possible BID's in Merton and agreed that formal BID proposals are received for Willow Lane Estate, where a successful vote in 2009 led to the formation of the Willow Lane BID and a successful renewal in 2015. Wimbledon Town Centre where a successful vote led to formation of Love Wimbledon in 2012 and renewal in 2016. It also mentioned South Wimbledon Business Area (Morden Industrial Estate). It proposed that these locations 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 ballot 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 A BID is a not for profit company set up by businesses in an area to improve the area. It is directed and funded by businesses to make improvements to the trading environment.
- 2.3 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 and will end 30<sup>th</sup> June 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 in SWBE 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. SWBA are specifically looking to develop a staff discount card to promote MAM businesses on the estate.

- 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 (SWBE) 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 Business Association (SWBA).
- 2.10 Established in 2007 by John Simpson and a group of companies on the estate, SWBA 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 and this includes 184 businesses (that are within the £8k business rates threshold) and 365 hereditaments<sup>1</sup>. Please refer to Appendix 1, which is a map of the proposed BID boundary.
- 2.12 The Merton Chamber of Commerce (MCC) is project managing the BID under the SWBA direction with support from the Council and are considering the BID levy, business plan, base services agreement and other activity. 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.
- 2.13 The SWBA BID will raise approximately £121k per annum through the BID levy. The levy will be 1% of the rateable value of each defined ratepayer in the area. There are approximately 184 eligible businesses in the proposed BID area. The money raised will be spent exclusively in the defined BID area in line with the wishes of the businesses paying the levy.

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<sup>1</sup> A hereditament is a term used to describe a business premise unit.

- 2.14 The majority of the businesses (73% of levy payers) would be paying between £80 and £500 per annum. SWBA have agreed to set a cap of £3,000 levy payable per annum by any one business and 80% levy reduction for charitable organisations in receipt of mandatory or discretionary rates relief. From the £121k 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.
- 2.15 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. This will be done at the same time as the existing Business Rates Collection, due 1<sup>st</sup> April of each year.
- 5.2 The ballot timetable is currently suggested as follows:
- 13<sup>th</sup> April 2017: Businesses sent a notice of ballot
  - 27<sup>th</sup> April 2017: Businesses sent the ballot paper
  - 16<sup>th</sup> May 2017: Deadline for applications for proxy votes

- 25<sup>th</sup> May 2017: 5pm deadline for Votes to be cast
- 26<sup>th</sup> May 2017: The ballot result will be announced
- 1<sup>st</sup> 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 and the software license annual cost (£1,175 per annum). A collection fee of £7.50 per collection is proposed 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 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 8<sup>th</sup> December 2008 agenda item 6 entitled Business Improvement Districts found here:

[http://www.merton.gov.uk/democratic\\_services/w-agendas/w-fpreports/686.pdf](http://www.merton.gov.uk/democratic_services/w-agendas/w-fpreports/686.pdf)