

***Report On The Feasibility Of A Business  
Improvement District (BID) For Acton***

***Prepared By Revive & Thrive Ltd***

***On Behalf Of Ealing Council***

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## **1.0 Executive Summary**

In summer 2017, Revive & Thrive was commissioned by Ealing Council to work with them on the production of a feasibility study for the implementation of a Business Improvement District (BID) for Acton.

Officers from the Council conducted face-to-face surveys with businesses across Acton, including retailers on the high streets, office-based businesses and those operating in the industrial areas. This was complemented by a series of electronic newsletters and BID information sheets disseminated to all businesses in Acton.

In order to establish the feasibility or otherwise of a BID in Acton, two fundamental principles have needed consideration:

- 1) That a BID for Acton has the broad support of the business community. As BIDs are inherently business-led and -driven, any potential BID would need the buy-in of the majority of businesses.
- 2) That a BID for Acton is financially viable. Whilst levy income for BIDs varies significantly from area to area, it is a commonly held principle that an area which cannot generate a minimum of £100,000 per annum is not suitable for a BID.

Further on in this document, you will see some income modelling which demonstrates that a BID in Acton would be financially feasible. This report also sets out the outcomes of the business survey, in which over three-quarters of respondents were in favour of the idea of testing a BID for Acton at ballot.

These two considerations suggest that a BID for Acton is sufficiently viable for the business community, in partnership with Ealing Council and Revive & Thrive to progress to a detailed consultation and development phase, with a ballot likely to take place in spring 2018.

The consultation phase will result in a business plan, which businesses will be asked to vote to adopt and will set out in specific detail:

- The boundary for the proposed BID area
- The levy that businesses will be asked to pay (as well as any caps or exemptions)
- A baseline of services already being provided by the public sector
- The thematic areas and projects that a BID for Acton will deliver
- How the BID will operate

## **2.0 Background**

Acton is a large area within the London Borough of Ealing and consists of four wards: Acton Central, South Acton, East Acton and Southfields.

The key areas in Acton where businesses are located are:

- Acton town centre – (493 hereditaments) which falls within the Acton Central and South Acton wards and is one of Ealing’s key district town centres. It is located along the Uxbridge Road corridor between Ealing Broadway to the west and Shepherds Bush to the east. The two major shopping areas within the town centre, stretching from east to west, are High Street and Churchfield Road and these are linked by the town square at The Mount/King Street.
- Three industrial locations located close to each other south of Uxbridge Road/The Vale, including:
  - Acton Park Estate – Eastman Road/The Vale (161 hereditaments)
  - Stanley Gardens/Warple Way/Allied Way (167 hereditaments)
  - Acton Vale Industrial Estate, Cowley Road (35 hereditaments)
- The Rowley Industrial Estate in South Acton encompassing: Bollo Bridge Road, Stanley Road, Roslin Road, Stirling Road and Bollo Lane (102 hereditaments)

There is not currently a formal business association/group. Acton Business Forum was set up by Action Acton (now Action West London) over 10 years ago which aimed to bring the local business community together, act as a voice for local businesses and provide collaborative working and networking opportunities. When the group was initially set up, local town centre retailers joined the forum however although the forum ran for a number of years, retailer membership declined significantly mainly as the forum activities focused more towards B2B networking events and this was not of interest them.

In 2010 and 2014, Ealing council facilitated some trader’s group meetings – aimed to engage with town centre retailers, to encourage and support them to form a constituted association to act as a voice for the business community and work together on joint initiatives that would benefit them collectively and individually for example organising town centre events and joint promotional activities. Although a number of successful events were held achieved good outputs, business participation in meetings and with the organising of events was limited. Although businesses wanted more initiatives to improve footfall in the town centre, business availability and involvement in the delivery of these was difficult to maintain, largely due to business capacity, focusing time on the delivery of their own individual business activities.

There is a need for a sustainable town centre management model for Acton, this has been demonstrated by feedback from local business and this has been reflected in the results of the recent business survey as well as a survey undertaken in 2015.

### **3.0 Business Improvement Districts**

Since the introduction of Business Improvement District legislation in 2003, over 215 Business Improvement Districts have been created across the UK and the Republic of Ireland. Within the London Borough of Ealing there are two existing BIDs, West Ealing BID (In West Ealing) and Ealing Broadway BID (Make It Ealing).

The majority of BIDs focus upon town and city centres, although they are not confined to these areas, with many being formed in out of town industrial or commercial areas.

BIDs operate through the levy of a small percentage on national non-domestic rates (commonly referred to as business rates), with the actual levy percentage varying depending on the area in question.

In most towns and cities, the BID levy tends to lie between 1% and 1.5% of rateable value (RV), meaning that a business would pay an annual levy of between 1% and 1.5% of the rateable value of their business premises. There are locations where this figure is higher, although a higher levy risks receiving less support from businesses and so we would not generally recommend setting the level above 1.5%.

All BIDs have a clear and focused role, contained within a business plan which all eligible businesses are asked to vote upon in a ballot. The development of the plan will almost always have been led by the business community within the area in question and will have involved extensive consultation to ensure that it includes the priority improvement actions identified by local businesses, which tend to include:

- **Marketing and promotional activities**
- **Car parking improvements**
- **Public event management and development**
- **Streetscene improvements**
- **Public safety and security initiatives**
- **Business cost reduction projects**
- **Local priority improvement actions**

Under current law, any BID needs to be established via a ballot of those eligible business listed on the rating database held by the local billing authority and the vote is conducted entirely by post. The votes are sent to either the tenant of the business or the landlord (in the case of vacant units), within a defined boundary and this report highlights several potential boundary options for the Acton BID.

For any BID ballot to be successful, there needs to be a majority of positive votes within the total number of votes cast and these positive votes also need to form a majority of the total aggregate rateable value of all the votes cast.

It is important to note that the intention of a BID is to add projects and activities to a town or city over and above those which are already taking place. A BID is not, therefore, a mechanism for any public or private sector body to cease to provide established activities.

The maximum term covered by a BID business plan is 5 years and the continuation of any BID beyond its initial term is reliant on the production of a renewed business plan and a renewal ballot of the businesses within the BID area. Over 80 BIDs have achieved a successful renewal ballot and several are within their third BID term, having achieved two subsequent reballots.

The growth in the number of BIDs continues to rise and they are increasingly considered as the model of best-practice for high quality town and city centre management.

There are already approximately 70 existing BIDs across the Greater London area, comprising retail, office, commercial and mixed BIDs.

Some are already into their third term and they range in size from small, industrial BIDs with incomes in the tens of thousands of pounds to large, central BIDs with incomes in the millions of pounds.

The number of hereditaments within each BID also varies vastly, from fewer than 100 to nearly 1,000. The majority, though, have around 300-400 levy paying businesses within them.

Within the Borough of Ealing, there are two existing BIDs, Ealing Broadway BID and West Ealing BID:

	Term	Dates	Levy %	Income	Hereditaments	Project Themes	Board
Ealing Broadway BID (Make it Ealing)	3 <sup>rd</sup> Term	2016-2021	1%	£350,000	447	Improvements Events Business Support Safety Reduced Costs	12 Directors
West Ealing BID (In West Ealing)	1 <sup>st</sup> Term	2014-2019	1.07%	£175,000	330	Environment Promotion Crime Reduction Reduced Costs Business Support	15 Directors

Whilst these two BIDs differ significantly in terms of age and income, levy percentages, Boards of directors and, importantly, project themes are all similar.

BIDs generally involve the creation of a company limited by guarantee, which limits the financial liability of any company director. A board of between 12-16 company directors is usually formed from BID levy paying organisations to create a representative and business-led group of directors to oversee the financial, managerial and operational arrangements for the BID.

In Acton, we have identified an appropriate group of business representatives who have expressed an interest in forming a shadow BID board and we are confident that this group could consider and oversee any proposals for a Business Improvement District in the town.

#### **4.0 Business Survey**

Following on from an initial business survey carried out in 2015, Revive & Thrive refreshed the questions, with a greater emphasis on the appetite of the local business community to test a BID at ballot and seeking to begin prioritising potential project areas for inclusion in a BID business plan.

Over the summer of 2017, representatives from Ealing Council surveyed businesses across the potential Acton BID area and this was supplemented by electronic communications explaining the reasoning for carrying out a survey and linking to it, as well as an open business meeting.

The survey was designed to include the following:

- **Background information on BIDs and the benefits they can bring about**
- **The ability for key business information to be gathered**
- **The inclusion of suggested BID projects, with respondees able to rank their priority importance**
- **Extensive opportunities for businesses to provide further information and feedback – including their views of the town, their attitude towards a BID and their willingness to engage further in the BID process**
- **Bespoke questions relating to Acton town centre, with respondees able to include their views on competitor towns and possible BID boundaries**

A full summary of the survey responses is included as Appendix 1, with the key findings being:

- Over 80% of survey respondents operated independent businesses, with these covering a wide range of business types, from traditional retail to manufacturing, construction and specialist business services
- Business confidence in Acton is generally good, with only 11% of respondents expecting levels of trade to drop in the short-term
- Exactly half of respondents thought that Acton had improved over the last five years, although priorities to improve the area further focussed on accessibility, business mix and the quality of the local environment
- Only a quarter of businesses asked knew what BIDs were, despite there being two existing BIDs in the Borough
- The majority of respondents (over 70%) felt that a potential BID for Acton should include all commercial areas of the town
- The top 10 most important issues facing businesses in Acton were:
  - 1) Rent and overheads
  - 2) Competition locally
  - 3) Poor quality of the local environment
  - 4) Lack of customers
  - 5) Car parking
  - 6) Business finance
  - 7) Security issues
  - 8) Quality/size of premises
  - 9) Staff recruitment and retention
  - 10) Poor accessibility
- Issues such as childcare, location, transport links, and competition from other areas were deemed to be less of a barrier to operating a successful business in Acton
- The top 10 “best” aspects of Acton were:

- 1) Safety during the day
  - 2) Range and quality of sports, leisure, entertainment, arts and cultural facilities
  - 3) Quality of public open spaces
  - 4) Liveliness of the area
  - 5) Quality of shops and services available
  - 6) The way that businesses work together
  - 7) Maintenance and management of the town centre
  - 8) Condition of the built environment
  - 9) Crime and security
- Car parking, events in and marketing of the town, litter, rents and business rates were deemed to be among the worst aspects of running a business in Acton
  - When asked what measures could be employed to further improve the area, the answers were ranked as follows:
    - 1) Cheaper/more flexible parking
    - 2) Increased choice/range of shops
    - 3) Improved street cleaning
    - 4) More quality restaurants/cafes
    - 5) Improved security
    - 6) Improved public spaces
    - 7) More independent/specialist retailers
    - 8) More arts or cultural facilities
    - 9) Improved traffic management
    - 10) Greater promotion and marketing of the town/town centre
    - 11) More national retailers
    - 12) More organised events
    - 13) Better street lighting
    - 14) Expansion of the shopping centre
    - 15) More sports/leisure/entertainment facilities
    - 16) Improved public transport
  - Other suggestions included:
    - 1) Making better use of the town square and improving the quality of the market
    - 2) More litter bins
    - 3) More community engagement
    - 4) Improving the tube station
    - 5) Looking at how other areas (e.g. Ealing Broadway) have improved
    - 6) Using the library as a centre for community activities
    - 7) More healthy food options
    - 8) Better entertainment
  - In a free text question asking how income from a BID could be most effectively spent, over 80 ideas were put forward which, broadly speaking, fell into the following categories:
    - Crime, security and safety
    - Accessibility and car-parking
    - Marketing and events
    - Improving the business (primarily retail) mix
    - Improving the appearance of the area
    - Business support initiatives

## **5.0 Boundary Options**

There are three potential boundary options for the proposed BID area:

- 1) The primary retail area only
- 2) The primary retail area plus one or more of the industrial areas
- 3) A BID boundary that covers the core retail area as well as the three industrial areas

Further consultation is needed with businesses across all parts of the potential BID area to establish which of the options above is most likely to meet the needs of the local business community, is a logical and easy to define BID area, is likely to see its businesses benefit from BID projects, produces the most viable income opportunities for the BID and is likely to result in a positive result at ballot.

Indications from the business survey, however, show that, of those businesses responding to the survey, the majority were in favour of all business types from all parts of Acton's commercial core being included within the potential BID area.

The potential BID area that businesses will be asked to vote on will be refined during the next phase of the BID development, with the final boundary being included (including a list of all streets falling within the area) in the BID business plan



## **6.0 Levy Options**

Industry guidelines and best practice state that levy rates should be both kept to a minimum and should assure value for money for levy payers.

Given the likely income levels for Acton, a proposed levy of up to 1.5% would fall well within these guidelines and, depending on which of the boundary options is finally decided upon, income for the BID is likely to be between £198,000 and £434,000.

Potential income for an Acton BID is further complicated by other considerations:

- Exempted listings. BIDs are designed to support and improve businesses trading within the BID area. As such, “rated” items such as telecommunications masts, advertising hoardings and other inappropriate items are generally removed from BID listings
- Many BIDs also exclude smaller rated business premises (usually with a rateable value of less than £5,000). This is typically because it is not cost effective for the local billing authority to collect these smaller amounts
- Schools, especially primary schools are usually removed from BID listings as they, generally, provide no commercial activity
- Businesses that already pay some form of management fee, such as those on industrial sites or in shopping centres often benefit from a discount on the standard levy imposed. For Acton, both of these scenarios could potentially arise
- Early BIDs often offered concessions or exemptions to businesses with charitable status. Over time though, and given the vital role that charity retail in particular plays on the UK’s high streets, these concessions are becoming less frequent, with generally only smaller local and regional charities that do not have a retail operation being exempted from the BID levy
- It is not uncommon for BIDs to include within their rules a maximum payment cap, where otherwise a small number of businesses would be required to pay a levy that is disproportionate to the BID’s overall income

All of the considerations set out above, including various percentage options will be fully refined and consulted upon with the business community in Acton in the next phase of the BID’s development and final BID levy rules will be included within the BID business plan.

It is important to note that the BID levy and BID boundary are the only two rules within BID proposals that cannot be altered without asking businesses to vote in an alteration ballot.

Based on the various options and considerations set out above, income levels for an Acton BID fall within the following broad parameters:

## 7.0 Financial Income Modelling

			levy @ 1%	levy @ 1.25%	levy @ 1.5%	mixed levy - 1% ind, 1.25% other	mixed levy 0.75% ind, 1% other
total RV, all areas	28897100		<b>288971</b>	<b>361213.75</b>	<b>433456.5</b>		
RV Warple	3436050		34360.5	42950.625	51540.75	34360.5	25770.375
RV Cowley	546250		5462.5	6828.125	8193.75	5462.5	4096.875
RV Acton Pk	745500		7455	9318.75	11182.5	7455	5591.25
RV Rowley	4349000		43490	54362.5	65235	43490	32617.5
Town Centre	19820300		198203	247753.75	297304.5	247753.75	198203
						<b>338521.75</b>	<b>266279</b>

It is anticipated that the majority of the BID's income will be derived from the BID levy over the five-year term of the BID. Generally, collection rates for BID levies are good and Acton should expect to receive 95-98% of the total levy available.

It is considered best practice for BIDs to supplement their levy income to provide additional value for money for their levy payers. Whether through grants, sponsorship, voluntary business contributions or trading activity, the likelihood is that the Acton BID should generate an additional 10-20% income by the end of its first five-year term.

## **8.0 BID Projects**

In terms of the results of the business survey, several themes were consistently highlighted as being major issues or problems that were affecting businesses or that they would like to see addressed. Primarily, these were issues around car parking, the cost of doing business, the business mix in the area and the external environment in Acton.

These are thematic areas that are highlighted in BID areas up and down the country and whilst they tend to be issues that are harder to address or resolve easily, or even within a five-year time period, they are areas where BID have successfully delivered projects elsewhere.

The majority of businesses responding to the survey indicated that they would like to see more joint (or joined-up) marketing of the area and also that more investment should be made into better events, two areas that BIDs focus on which are designed to generate footfall and additional traffic.

We would suggest that a focus should be made on developing projects under the following five themes:

- 1). Representation
- 2). Environment
- 3). Business Support
- 4). Marketing Acton
- 5). Events

Specific projects will need to be developed within each thematic area and will need to be done in conjunction with businesses in Acton.

In other BID developments carried out by Revive & Thrive, we have carried out a successful “post-it note” exercise, whereby businesses are invited to attend a workshop and simply write down ideas on different coloured post-it notes for each category of potential projects.

These can then be written up and form the basis of projects, to be further refined, via consultation with the Steering Group and other businesses, prior to completing the business plan

## **9.0 Regulatory Milestones**

For a BID development to proceed to ballot, there are a number of statutory milestones that must be met:

- Notification to the Secretary of State for Communities and Local Government of the intention to hold a BID ballot and request to the local billing authority to hold the ballot. This needs to take place a minimum of 84 days before the Notice of Ballot is issued
- The request to the local billing authority should include details of the BID proposals, including details of consultations undertaken, financial proposals and proposed financial management arrangements
- A Notice of Ballot must be issued and sent to both the Secretary of State and voters a minimum of 42 days before the date of ballot (this being the last date on which votes can be received and counted)
- Ballot papers must be issued to all eligible voters a minimum of 28 days prior to the date of ballot
- The results of the ballot must be issued publicly once they are known

## **10.0 Next Steps**

To progress the Acton BID from an initial level of interest by businesses in the area to test the concept at ballot to a fully worked up set of proposals that businesses can be asked to vote on, the following, important next steps will need to be taken:

- Develop and strengthen a BID Steering Group, equipping its members with the skills to make important decisions as to how the final BID will look and encouraging them to champion the BID to the wider business community
- Carry out sustained, in-depth consultations with all business types across all areas of the potential BID area to establish business needs and the BID boundary
- Implement a further business survey to refine BID themes, project areas and priority projects for the BID
- Implement an agreed plan of one-to-one business visits
- Finalise the BID database
- Establish a communications plan for the coming months up to and including the ballot
- Agree key dates and meet statutory deadlines
- Develop the BID's digital marketing – creating a website and growing social media channels
- Refine project plans to incorporate into a comprehensive final business plan which businesses will be asked to vote on

## **11.0 Risks**

Notwithstanding the next steps required to progress the BID to ballot, there remain a number of key factors which will need to be considered throughout the development phase:

- 1). Timescales – The current project plan suggests a BID ballot in March 2018. This leaves a little over four months to finalise the business plan, establish a steering group/shadow board and engage in meaningful consultation with businesses in Acton who will be asked to vote in a ballot.
- 2). Engagement & Consultation – It will be vital that the majority of businesses in Acton support the BID proposals and play a central role in developing them. There will be much work to be done to strengthen support from the business community for the BID to ensure a strong turn out and positive outcome at ballot. Within the project plan, it has been agreed that this will be delivered by Ealing Council and this will need to be supported by the local business community
- 3). Council Processes – support for the BID will need to be secured at the highest level within Ealing Council and experience of working with other local authorities has shown that this can be a time-consuming process. Additionally, the BID will need the support of the Council’s Revenues, Legal and Elections departments for specific elements of the BID development along with information from several other departments to ensure that baseline agreements are in place by the time the ballot begins
- 4). Boundary – the boundary options for the Acton BID remain open to refinement as the BID may ultimately incorporate just the retail core of the area or one or more of the industrial areas. For the BID to succeed at ballot, it will be imperative to understand the support that the Bid has from businesses in all parts of the proposed BID area.
- 5). Budget – a budget has already been agreed between Ealing Council and Revive & Thrive to take the BID through to ballot. In addition to this, marketing, design and print and other development costs will need to be identified and agreed. Subsequent to a successful outcome at ballot, the Council should consider a bridging loan to the BID to enable it to start operations prior to coming into effect. This will include company start-up costs, such as office accommodation, equipment and recruitment costs and can be recouped via the first tranche of levy payments.
- 6). Failed ballot – the outcome of a BID ballot can never be assured or assumed. There is always the chance that businesses will vote against implementing a BID. In the unlikely scenario that this becomes the case in Acton, the Council and BID proposers will need to consider alternative arrangements for future support to the business community in Acton as well as the reputational impacts on both the Council and BID proposers. A failure at ballot is the most inherent risk in any BID development.

## **12.0 Recommendations**

Having analysed the responses to the business survey, and based on our knowledge and experience of BID developments in other towns, Revive & Thrive offers the following recommendations:

- Develop plans for the BID to cover the widest BID area, incorporating all of the industrial areas and narrow the BID boundary if it becomes apparent that certain geographic areas of Acton are likely to be against forming part of a BID
- Implement a mixed levy to reflect the business make-up of the area and likely return on investment. We suggest a 1.25% levy for high street businesses and a 1% levy for industrial areas
- Implement a further discount for tenants of serviced properties of 0.25%. This will apply equally to shopping centre tenants and industrial estate tenants
- Apply exemptions to any business property (hereditament) with a rateable value of less than £5,000
- Review the timescale to ballot to ensure that all parties are confident of achieving a successful outcome given human and financial resources available to the project
- Agree and adhere to an extensive consultation plan to ensure that all businesses are engaged throughout the BID development process
- Develop a business plan for a full five-year BID term and ensure that it contains projects and themes that will offer opportunities for a return on investment for all businesses in the BID area
- Investigate opportunities for additional income for the BID, to include commercial activity, sponsorships and voluntary membership contributions

These recommendations would therefore result in:

- Approximately 800 business premises being part of the BID
- An annual BID levy income of approximately £330,000
- A total BID levy income over five years of approximately £1,650,000