



REPORT TO:	Cllr Nick Worth, Leader of the Council
REPORT OF:	Assistant Director - Strategic Growth and Development
REPORT AUTHOR:	Louis Humphreys – Senior Strategic and Growth and Development Officer. Matthew Hogan - Assistant Director Strategic Growth and Development
SUBJECT:	Matters relating to Spalding Business Improvement District
PURPOSE:	To consider and agree the authority entering into the Operating Agreement between the Council and Spalding BID company. To approve the associated financial and contractual considerations as detailed within this report
KEY DECISION:	Y
WARD(S) AFFECTED:	Spalding Castle; Spalding St John's; Spalding St Mary's; Spalding St Paul's;
EXEMPT REPORT?	N

SUMMARY

This report seeks to formally agree to: the levy collection costs the Council will charge the BID, entering into a contract (operating agreement) between the council and Spalding BID company and, the approval of the budgetary commitment that the operating agreement places on the council.

RECOMMENDATIONS

It is recommended that:

1. The Council agrees to enter into the operating agreement between the Council and Spalding BID company, as detailed in Appendix A, noting the considerations associated with the operating agreement as detailed within this report.
2. The Leader approves the addition of £40,163 to the 2024/25 budget funded by the Investment and Growth reserve, and approves the addition to future budgets through

the annual budget setting process to cover the budgetary commitment the operating agreement with the BID places on the council as set out in paragraph 5.7.1

3. To authorise the Assistant Director – Strategic Growth and Development, in consultation with the Leader of the Council, to negotiate and conclude the Operating Agreement with the Spalding BID company.

REASONS FOR RECOMMENDATIONS

To enable the Council to enter into an Operating Agreement with the Spalding BID company, enabling mobilisation of the arrangements for the operation of the BID.

OTHER OPTIONS CONSIDERED

Do Nothing - The other option available is to do nothing which would mean that there is no formally agreed structure in place to deliver, administer, enforce or budget for the BID.

1. BACKGROUND

1.1 An ambition to develop and establish a Business Improvement District for Spalding first emerged in c2021 through the development of the Spalding Town Centre Improvement Plan. A key priority identified early in the Town Centre Improvement Plan (TCIP) initiative related to 'Supporting local business', with a small 'sub-group' of businesses formed as part of the TCIP initiative. This sub-group, chaired by a local representative of the Federation of Small Businesses (FSB) and involving a number of independent retailers (alongside representation from Springfields Outlet Shopping Centre) identified the formation of a Business Improvement District as a potential means of achieving the following;

- Consolidation business-led leadership within Spalding town centre, to amplify the business 'voice' in shaping long term planning in respect of Spalding Town Centre
- Generating both financial and time capacity within the business community, to take forward initiatives of common interest led by the business community
- Providing a basis from which other business-led activity can be pursued, including;
 - Marketing and promotion
 - Incentives and other initiatives to drive footfall and enhance consumer offer, across both the day and evening economy
 - Sponsorship and further funding applications

1.2 To this end, in 2021 the Council agreed to utilise an element of the TCIP budget for Spalding to provide financial support to the group in order to further develop the planning in respect of a Business Improvement District for the town. This support has principally revolved around supporting the business group to secure independent specialist advice on formulating a BID, funded by SHDC but ultimately working to the businesses involved. Through an iterative process, this support has provided the group with;

- An initial feasibility study which explored both the wider business appetite, coupled with the economic viability of a BID for Spalding. This feasibility study demonstrated

evidence of a wider business interest in developing such an initiative for the town centre, coupled with an indicative annual levy which would fund a viable programme of impactful activity.

- Support with facilitating a wider number of meetings involving town centre businesses, including two 'open' meetings for all town centre businesses, coupled with c10 meetings of the emerging 'Spalding Business Board' to plan a proposal in more detail.
- The development of a draft Business Plan, owned by the Spalding Business Board and circulated to the business community within the proposed BID area.
- Engagement with c80% of town centre businesses, to seek their involvement and/or views on the Business Plan.
- The development of a Business Improvement Plan 'Proposal', detailing how such a BID would operate (e.g. eligible properties, BID area, proposed levy, priority areas), which was formally submitted to the council on May 16th 2024.

- 1.3 In addition to supporting and enabling the businesses involved in the emerging BID proposals in accessing support and guidance to develop their plans for the town centre, the council has also played an active role in supporting the group from an economic development perspective.
- 1.4 The guidance for the government's recently announced Long Term Plan for Towns initiative, through which Spalding has been offered £20m in endowment-style funding, places significant positive value on the formation of Business Improvement Districts as a means of enabling business-led organisations to play a role in shaping a town's long-term plan, coupled with BIDs potentially playing a central delivery role in respect of any proposed investment.
- 1.5 Where the potential role of any Spalding BID in the delivery of the £20m Long Term Plan for Towns funding is yet to be explored in any detail, the formation of a business-led organisation working for the benefit of the town centre brings with it a strong synergy with the aims and objectives of the government's Long-Term Plan for Towns programme.
- 1.6 Furthermore, from the perspective of the council it is anticipated that the formation of a Business Improvement District for Spalding has the potential to deliver a wide range of local benefits. These include;
 - The opportunity to strengthen business-led leadership in the town centre, including in areas where businesses can bring real value and expertise to support the town i.e. marketing and promotion, incentives and initiatives.
 - The opportunity to raise and attract funding for initiatives that could provide 'additionality', over and above the services and functions provided by the local authority.
 - Business cost reduction, for example, from reduced crime and joint procurement
 - Improved liaison with the Council, County Council, the Police and other public bodies
 - Increased footfall and staff retention
 - Place promotion; and
 - Networking opportunities with other local businesses.
- 1.7 In light of the above, in June 2024 the council formally agreed to vote in favour of the formation of a BID for Spalding. The vote was carried, leading to the formal commencement of the BID on September 1st 2024. Since the vote in favour of the BID, the council has been preparing the activity that it needs to undertake in order to enable the bid to function. A

large degree of this focus has been on the development of an 'operating agreement' between the BID company and the authority.

2. REPORT

- 2.1 Work to develop the operating agreement is complete and therefore, the council is required to formalise the process of entering into the agreement and approving the relevant budgetary commitments the agreement places on the council.
- 2.2 The operating agreement (found at Appendix A) is a key document in ensuring a transparent and clear approach to running the BID for the duration of the BID term (5 years). The purpose of the operating agreement between the council and BID company is to set out the principles and processes for the BID including:
- Setting the BID levy.
 - The council creating and managing the BID revenue account (where the BID levy is collected).
 - The process for collecting the BID levy from eligible businesses.
 - The procedure for the council enforcing the BID levy.
 - Accounting and monitoring procedures.
 - Terminating the BID arrangement.
 - Dispute resolution.
- 2.3 The operating agreement also sets out the BID arrangement and levy rules, a map and description of the BID boundary and an appendix that sets out the council's costs for collecting and enforcing the BID levy.
- 2.4 Councils are permitted to charge BIDs a fee for levy collection and enforcement. The British Retail Consortium, the British Council of Shopping Centres, the Federation of Small Businesses and the Inter Bank Rating Forum recommend that Local Authorities should charge a BID £35 per hereditament or, 3% of the annual levy collected, whichever is lower.
- 2.5 The operating agreement for the Spalding BID is structured around the adoption of the 3% of levy collected charging methodology. This results in an annual charge in the region of £5,304 (adjusted annually to reflect inflation), which is less than charging £35 per hereditament and therefore consistent with the guidance provided.
- 2.6 Given that the actual costs of collecting the annual BID levy are higher than £5,304 per annum, adopting the 3% of levy collected charging methodology has a budgetary implication for the Council. These budgetary implications are captured in 5.7 of this report (alongside other, non-operating agreement related financial implications). Applying this methodology, however, is intended to minimise how much of the collected levy is spent on collecting the BID revenue, therefore enabling the BID to maximise investment in the delivery of its business plan (and investment into 'on the ground', value-add activity).
- 2.7 Consequently, given the authority's support for the formation of the BID for Spalding, coupled with the significant strategic value that the BID has the potential to bring to the wider initiatives designed to support the long-term economic health of the town (e.g. the £20m Long Term Plan for Towns fund, the South Holland Health and Wellbeing Hub, the recent decisions in respect of the long term use of the Sir Halley Stewart Field etc), the Operating Agreement is structured around the '3% of levy due' charging principle.

- 2.8 In terms of management of the operating agreement, the council and BID company are in the process of creating and establishing a monitoring group which will meet regularly throughout the BID term to discuss and check delivery of services and processes outlined within the agreement. Collection rates for the BID levy will also be reported through the council's performance management framework.
- 2.9 As set out within the previous decision back in June 2024, SHDC is a levy payer and therefore, this reports also seeks to secure the funding to cover the BID levy liability for the 18 SHDC hereditaments. The indicative figures for this element are included in point 5.7.

3. CONCLUSION

- 3.1 In conclusion, the report recommends that the authority enters into the BID operating agreement between the council and the BID company, noting the budgetary and contractual obligations as detailed within this report.

4. EXPECTED BENEFITS TO THE PARTNERSHIP

- 4.1 The report recommendations of approved are designed to enable a range of expected benefits not only to the partnership, but the local area. These expected benefits include:
- The opportunity to strengthen business-led leadership in the town centre, including in areas where businesses can bring real value and expertise to support the town i.e. marketing and promotion, incentives and initiatives.
 - The opportunity to raise and attract funding for initiatives that could provide 'additionality', over and above the services and functions provided by the local authority.
 - Business cost reduction, for example, from reduced crime and joint procurement
 - Improved liaison with the Council, County Council, the Police and other public bodies
 - Increased footfall and staff retention
 - Place promotion; and
 - Networking opportunities with other local businesses.

5. IMPLICATIONS

5.1 SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

- 5.1.1 None

5.2 CORPORATE PRIORITIES

- 5.2.1 The Business Improvement District accords with the strategic priority of the SELCP Growth and Prosperity Plan specifically, Vibrant Town Centres and Regeneration and, Supporting Priority Sectors and Business.

5.3 STAFFING

- 5.3.1 The council's management of its contractual relationship with the BID, as defined within the Operating Agreement, will be managed through the council's economic growth team.

5.4 WORKFORCE CAPACITY IMPLICATIONS

5.4.1 The council's management of its contractual relationship with the BID, as defined within the Operating Agreement, will be managed through the council's economic growth team.

5.5 CONSTITUTIONAL AND LEGAL IMPLICATIONS

5.5.1 As the council is providing financial support to the BID (covering remaining collection and enforcement costs), officers have sought advice on subsidy control which has confirmed that the support provided by the council does not have subsidy control implications.

5.6 DATA PROTECTION

5.6.1 None.

5.7 FINANCIAL

5.7.1 As set out within the report, the operating agreement between the Council and the BID does have financial implications for the Council as set out below. These figures are indicative. The costs below do not take into account the one-off purchase for software which have already secured funding from Investment and Growth reserves to the value of £39,160 (excluding VAT). The funding was secured prior to this report as it was necessary to facilitate the commencement of the BID term.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/2030	2030 and beyond (i.e post 1 st term term renewal, or in event of non renewal)
PSPS Staffing	£34,651.00	£44,264	£45,149	£46,052	£46,973	£47,913	TBC
Software		£3,444	£3,530	£3,618	£3,709	£3,802	£34,942.99
SHDC Levy Due	£6,593	£6,725	£6,859	£6,997	£7,136	£7,279	TBC
Other costs	£2,000	£2,040	£2,081	£2,122	£2,165	£2,208	£2,252
Total gross cost	£43,244	£56,473	£57,619	£58,789	£59,983	£61,202	£37,194
Total income (3%)	£3,081	£5,518	£5,629	£5,741	£5,856	£5,973	TBC
Total net cost	£40,163	£50,955	£51,990	£53,048	£54,127	£55,229	£37,194

5.7.2 If approved, these costs will be set out as part of the annual budget setting process.

5.8 RISK MANAGEMENT

5.8.1 In terms of risk management, the council and BID company are in the process of creating and establishing a monitoring group which will meet regularly throughout the BID term to discuss and check delivery of services and processes outlined within the agreement. Collection rates for the BID levy will also be reported through the council's performance management framework.

5.9 STAKEHOLDER / CONSULTATION / TIMESCALES

5.9.1 Consultation with the Leader of the council who is also portfolio holder. Consultation has been positive and supportive of the recommendations set out within the report. Officers have also been working closely with the BID company.

5.10 REPUTATION

5.10.1 There are a small number of risk considerations associated with the report that carry with them further consideration in terms of the council's reputation. These risks will be actively managed and assessed as the next stages of the project. The council and BID company are in the process of creating and establishing a monitoring group which will meet regularly throughout the BID term to discuss and check delivery of services and processes outlined within the agreement.

5.11 CONTRACTS

5.11.1 The operating agreement is a legal documents and contract between the council and BID company. The document seeks to define the processes, procedures, roles and responsibilities as well as the nature of the relationship between the council and BID company. There are, therefore, contractual implications associated with this decision.

5.12 CRIME AND DISORDER

5.12.1 Whereas BIDs play an active role in addressing Crime and Disorder issues, there are no known crime and disorder implications associated with the recommendations within this report.

5.13 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

5.13.1 There are no equality, diversity, human rights or safeguarding implications identified as part of the specific recommendations contained within this report.

5.14 HEALTH AND WELL BEING

5.14.1 None.

5.15 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

5.15.1 Where BIDs play an active role in addressing climate change and environmental issues (e.g. through business support), there are no known climate change and environmental implications associated with the recommendations within this report.

5.16 LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

MISSIONS

This paper contributes to the following Missions outlined in the Government's Levelling Up White paper.

Transport Infrastructure	By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.
Skills	By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.
Pride in Place	By 2030, pride in place, such as people’s satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing.
Crime	By 2030, homicide, serious violence, and neighbourhood crime will have fallen, focused on the worst-affected areas.
Local Leadership	By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement.

6. ACRONYMS

6.1 BID – Business Improvement District

APPENDICES	
Appendices are listed below and attached to the back of the report: -	
APPENDIX A	Draft Operating Agreement

BACKGROUND PAPERS
No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

CHRONOLOGICAL HISTORY OF THIS REPORT
<i>A report on this item has not been previously considered by a Council body</i>

REPORT APPROVAL	
Report author:	Louis Humphreys, Senior Strategic Growth and Development Officer
Signed off by:	Matthew Hogan, Assistant Director - Strategic Growth and Development

Approved for publication:

Christine Marshall, Deputy CEX Corporate
Development

FINANCE PROFORMA

PROFORMA FOR APPROVAL OF THE RELEASE OF RESOURCES

(CAPITAL AND REVENUE BUDGETS)

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS
IN RESPECT OF THE ATTACHED

REPORT: Matters relating to Spalding Business Improvement District
REPORT DATE: October 2024

OPTION 1	£ Year 1 2024/25	£ Year 2 2025/26	£ Year 3 2026/27	£ Year 4 2027/28	£ Year 5 2028/29
Revenue					
PSPS Staffing	£34,651	£44,264	£45,149	£46,052	£46,973
Software	£39,160	£3,444	£3,530	£3,618	£3,709
SHDC Levy Due	£6,593	£6,725	£6,859	£6,997	£7,136
Other costs	£2,000	£2,040	£2,081	£2,122	£2,165
Total Revenue Cost	£82,404	£56,473	£57,619	£58,789	£59,983
S151 approved use of reserve	(£39,160)	-	-	-	-
Income (3%)	(£3,081)	(£5,518)	(£5,629)	(£5,741)	(£5,856)
Total Revenue Income	(£42,421)	(£5,518)	(£5,629)	(£5,741)	(£5,856)
Net Revenue Cost	£40,163	£50,955	£51,990	£53,048	£54,127

Funding required:

Total capital cost £0

Considered by:

Enter committee here

Date:

Revenue cost £40,163

Enter Council or
Cabinet/Executive here

Financial Services Comments

The 2024/25 net costs presented in the table above will be an unbudgeted pressure to SHDC revenue. The intent is to meet this cost through an increase to the efficiency savings target. If this efficiency target is not met corporately, the financing will be approached through the Investment and Growth Reserve. Reserve funding for £39,160 for the business rates software and payment system software was approved via delegated authority by Section 151 officer.

Risk

As at Quarter 1 the forecast 31 March 2025 balance for the Transformation reserve was £115k, this proforma B request will use a sizeable amount of the reserves balance which can only be replenished with future revenue contributions. Reserve balances and efficiency target progress are closely monitored by S151 and Finance Portfolio Holder. Without funding approval BID will not be able to function as intended.

Procurement

None.

Value for Money Efficiency

None.

This FP is valid for 3 months from FP date	If this FP is no longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.
09/10/2024		