

# Taunton Business Improvement District Feasibility Study



Prepared by



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## Taunton BID Feasibility Study

### 1. BUSINESS IMPROVEMENT DISTRICTS (BIDS)

BIDs were first introduced in Canada in the 1970s, quickly adopted by the US and they have since rolled out to countries in the European Union, Scandinavia, Japan and Australia. The Local Government Act 2003 and subsequent Statutory Instrument in 2004 enabled the development of the first BID schemes in England in 2005. There are now over 300 schemes in existence in the UK. In the SW there are more than 30 schemes in operation including city BIDs in Plymouth, Exeter, Truro and Bristol and many coastal towns, the most recent scheme is Minehead BID.

The majority of schemes are based in towns and cities, but they are becoming more important to commercial and trade parks on the edges of town, where there are specific issues to be addressed, such as security, environment and signage.

The legislation was amended in 2013 to accommodate the creation of cross-boundary BIDs where the BID area straddles more than one administrative boundary. This does not apply to the proposed Taunton BID area.

A BID is a formal mechanism to finance the delivery of an agreed business plan determined by, voted for, paid for and managed by businesses in the BID area.

Usually, a pre-existing public/private sector partnership is the vehicle for the development of a BID. Extensive consultation with local businesses within a prescribed area is undertaken to identify issues, priorities and projects. The results of this consultation are used by the partnership to develop a BID business plan or proposal setting out projects and services that will address the priorities they have identified.

Businesses in that area are then invited, through a formal, anonymous, postal ballot to vote on the business plan; if the majorities of turnout, (51%), by number and rateable value vote in favour, all eligible businesses in that proposed BID area are obliged to pay an annual levy that is ring-fenced for the delivery of the BID Business Plan.

The vote is conducted via postal ballot conducted by the Local Authority and sent to all eligible business ratepayers in the BID area who will be obliged pay the levy if the vote is successful, regardless of how they voted. This charge becomes a statutory charge upon the premises for the lifetime of the BID, a maximum of 5 years.

It is worth noting that most BID campaigns are successful where the business community leads the initiative, and the final Business Plan and its governance structure is a very clear reflection of the priorities identified, and of the business community that will be paying for the scheme.

### 2. TAUNTON BID FEASIBILITY STUDY

*Destination Marketing* is a professional, place management consultancy that has advised on all aspects of town management in Europe and the UK. We have been responsible for the development of numerous Business Improvement Districts Schemes (BIDs) over the past 10 years. These have included BIDs in cities, towns and coastal resorts We take a phased and thorough approach to this work, recognising that for a scheme to be successful the foundation work has to be comprehensive, based on broad consultation, face-to-face communication and in-depth survey analysis.

By tender in December 2018 Taunton Chamber of Commerce appointed *Destination Marketing* to conduct this Feasibility Study to provide information and a recommendation as to the viability

of reintroducing and developing a Business Improvement District Scheme for Taunton town centre.

The Feasibility Study has been conducted using both desk analysis and face-to-face consultation with those businesses located in the potential BID area and outside it.

Based on this evidence, which is set out in this document, the Study seeks to make recommendations on:

- The support and appetite for a BID scheme in Taunton. This sentiment is assessed through discussions both face to face, group meetings and via email with businesses in the BID area.
- The BID Boundary, i.e. the area within which eligible premises included on the NNDR List will be entitled to vote and obliged to pay a BID levy for the duration of the BID term should it receive a mandate. *Once set and mandated by ballot, this boundary cannot be changed in the lifetime of the BID without holding alteration ballot.*
- Any exemptions from that eligibility, either by Rateable Value, sector or perceived value added.
- The levy rate. The Statutory instrument for The Local Government Act 2003, stipulates that the BID levy rate cannot be more than 5% of Rateable Value. The rate for each BID is set at the discretion of the BID proposer, but must take into account the objectives of the BID Plan, the ability for businesses to pay and the prevailing attitude of those eligible to vote. *Once set and mandated by ballot, this levy cannot be changed in the lifetime of the BID without holding alteration ballot.*
- The headline priorities for any BID scheme in the given area. This data is attained through a thorough consultation with a sample, cross section of businesses from within the proposed BID area. At this stage the priorities will be high level rather than detailed plans.
- The study will also set out a draft timetable for taking Taunton BID through the 5. BID phases of development and delivery: 1. Foundation and Feasibility (this document) 2. Consultation / development 3. Local Authority stage, 4. Campaign and ballot. 5. Inception and Action planning.

### 3. TAUNTON TODAY

Taunton is the county town of Somerset. The centre is located just 2 miles North of Junction 25 of the M5. It had a recorded population of 69,500 in the 2011 census.

Taunton is the administrative centre for both the County and the District authorities. Taunton Deane Borough Council and West Somerset Council have merged to become West Somerset and Taunton Council. Taunton does not have a Town Council at the time of writing.

Taunton has seen major expansion in the last decade and is predicted to grow further; it has been awarded special Garden Town Status on the back of this growth.

There are several key development sites around the greater town area and one in the town centre itself at Coal Orchard. Identified for a mixed use, commercial and residential scheme.

Taunton has a vibrant town centre with representation from most of the key brands in the primary retail area and a strong independent retail sector representing high quality goods and services.

Taunton was ranked 3<sup>rd</sup> Healthiest High Street in the UK in a survey conducted by the Royal Society for Public Health in 2018, indicating that the mix of businesses in Taunton town centre

is sustainable and of good quality and that the quality of life offered here is good, only Edinburgh and Canterbury were considered better than Taunton.

Taunton is home to the Somerset County Cricket Club and the national women's team is based here. The Somerset County Museum is also located in Taunton as is the Brewhouse Theatre that sits on the River Tone, which flows through the middle of the town. The 4 \* Castle Hotel is an acclaimed regional hotel and restaurant set in the town centre. A main railway serves Taunton with a fast service to London (1hour 45 minutes).

Taunton had a BID scheme in 2007. The scheme included elements of Marketing, Street Scene improvements, enhanced security provision and business support. It operated on a levy rate of 1% yielding a budget of £245,000 per year. It covered the primary and secondary retail areas of the town. It failed to get a mandate for renewal in 2012 and again in 2014. This double rejection knocked the confidence of the business community at the time. Taunton Chamber of Commerce has spent the past 5 years working to rebuild support to reintroduce a BID to Taunton. This Feasibility Study will seek to assess that level of support.

Taunton has direct competition from Bristol and Exeter and to a lesser degree Clarks Village. All are within reasonable travelling distance of Taunton by either road via the M5 or rail direct service. In addition, as with all retail centres, Taunton as with all UK High Streets, is heavily impacted by the growing use of Internet shopping and home delivery.

In this context we have consulted and researched the possibility and potential for the development and delivery of a successful BID scheme for the commercial core of the town.

#### **4. DEFINING A BID AREA FOR TAUNTON**

In order to develop a BID it is important to have a firm foundation on which to build a proposal and opportunity to secure a "yes" vote in future. Taunton Chamber of Commerce needs to establish a clear understanding of current business priorities in the area as well as financial data and market analysis.

The information provided in this report will allow Taunton Chamber of Commerce to make an informed decision on whether to progress to the next stage of investing the time and resources to develop a BID proposal to put to a ballot of local businesses in Taunton.

The information has been gathered using the following methods:

##### **Desk research**

- Collation of business rates data for the area and analysis of:
  - Sector contributions
  - Levy payers
  - Boundary area
  - Distribution by street
  - Distribution by street value
- Please note that all the calculations in this study are based on the current information available, the 2017 Rating List, these will vary as the Rating List changes.

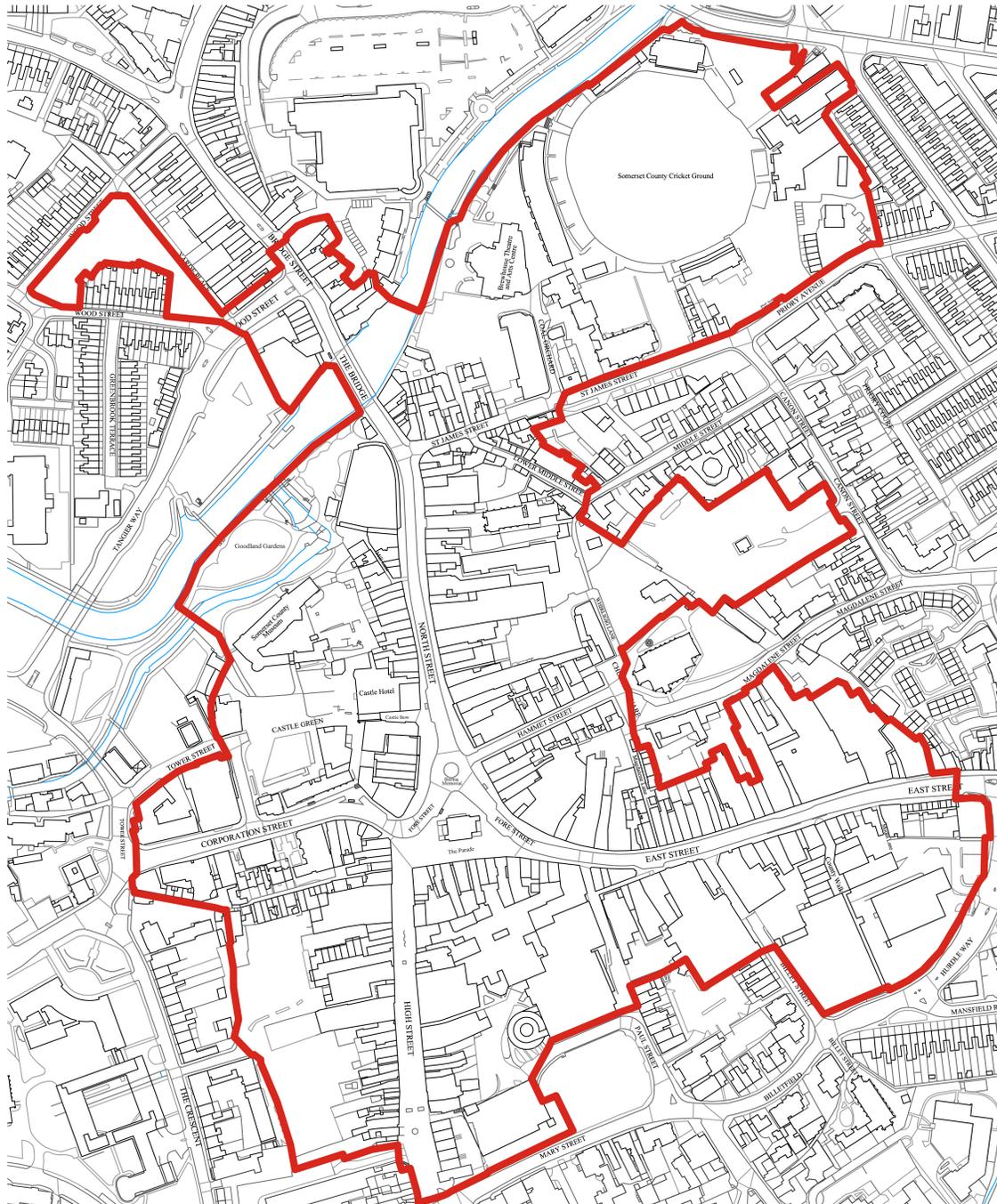
##### **Fieldwork**

- Detailed survey of the potential BID area

- Undertaking a series of face-to-face and group interviews with a cross-section of business managers and owners and key people/organisations with an interest in the town centre

This Map indicates the proposed BID area consequent to the fieldwork outlined above.

### Map of Study Area



The Previous BID covered a larger area to include the railway station, East Reach, and The Crescent. We have taken a view that given the changing nature of retail in 2019, and through

interviews with businesses at the periphery of the defined area, it is appropriate that the BID area should be more consolidated. The study area delineated by the red line shown on the map above, is the defined area used for the purposes of the Feasibility Study. With the information collated as part of the development work it will be possible to further define the most appropriate area for the BID proposal. **Please note that this area can be amended any time up to the publication of the final BID proposal document and voter list.**

This area has been defined as the potential BID area for the following reasons: -

- It includes the retail core of the town centre.
- It also includes Taunton's major assets: The County Museum, The County Cricket Club, The Brewhouse Theatre and the River Tone.
- It includes some of the proposed development sites that may well come forward in the lifetime of any proposed BID (Coal Orchard).
- The area includes the major retailers in the centre of the town and the historic areas of the town occupied in the main, by independent stores (St. James Street and Bath Place), that add value and interest to the overall offer Taunton presents
- The area connects the key sectors and geography of the town: corporate and independent retail, hospitality, professional services, the Cricket Club, The Theatre, The Museum and the river.
- It provides sufficient Rateable Value and therefore BID levy, to enhance the viability of a Taunton BID.
- It is relatively compact and includes a substantial clustering of independent retail outlets. The number of premises will be c 415 that is a manageable portfolio for the executive team.

The area excludes:

- The Northern end of Bridge Street, Station Road, East Gate, East Reach, The Crescent and the smaller streets within that area, because in the previous BID. In conversation with business in those areas it was clear that the additional funds generated by their inclusion were insufficient to be able to add value for those areas when spread over the greater area.

## Data Analysis

A key part of the development of any BID is to understand the composition of the business occupancy in the area, by: -

- Business type,
- Rateable values and breakdown
- Geographical and sector distribution.

This data will form the backbone for any future development of a BID. It will inform a comprehensive consultation and campaigning exercise, the development of the BID priorities, the ballot and the legal and financial framework upon which any future BID will be developed and delivered.

*The following data has been analysed and used -*

- i) The National Non-Domestic Rates List 2017 (NNDR) List was obtained for the study from Taunton Deane Borough Council. This list ultimately forms the legal basis of any voting rights and the consequent BID levy charge.
- ii) Analysis of total Rateable Value applying different exemption values (premises below these rateable values would not vote or contribute to the BID).
- iii) The NNDR list was checked and cross-referenced through a foot survey of the town and in consultation with Taunton Chamber of Commerce

The key information for the proposed BID area, from this analysis is set out below.

**Levy Options**

The Statutory Instrument that regulates the development of BIDs states that a levy rate of no more than 5% of rateable may be applied, In practice the levy is rarely set above 2% and many corporate companies have a policy that will not accept a level above 1.5%.

The table below illustrates the comparative levy income from three different levy rates (1% or 1.5% or 1.75%) and the number of premises excluded and loss of levy income when different levels of exemption are applied.

The table gives an indication of the annual levy that could be raised from the proposed BID Area if based on a percentage of rateable value. In assessing these figures a number of things need to be considered. Firstly, these are indicative figures, the final BID levy amount will be determined by the final definition of the BID area.

Secondly, it is worth noting that BID Companies operate independently from Councils so budget costs will need to include not only project costs, but also the overhead costs for implementation e.g. employment of staff or use of contracted agencies.

RV. Exemption levels	Number of premises in study area	Total RV £	BID levy @1% £	BID levy @1.5%£	BID levy @1.75% £
>£00.00	477	18,170,356	181,704	272,555	317,981
>£5000	416	18,033,950	180,340	270,509	315,594
>£7500	358	17,675,850	176,759	265,138	309,327
>£10000	313	17,292,150	172,922	259,382	302,613

We have calculated levy rates of 1%, 1.5% and 1.75%. It is tempting to opt for the highest of these options (1.75%), but we know from experience that many retail companies will not support a levy rate above 1.5%. It is also right that the BID should be aware and cognisant of the current weak position of many retail businesses and the High Street in general.

We therefore recommend that a uniform levy rate of 1.5% is achievable and justifiable in Taunton. This would provide sufficient funds to deliver an enhanced programme of activity particularly when used as seed-corn funding to draw down additional funds from elsewhere, such as grants, voluntary contributions, sponsorship or matched funding.

## Exemptions

It is common practice in most BIDs to make exemptions or exclusions to the BID process, usually setting a de minimis Rateable Value below which the businesses will not have a vote or pay the subsequent levy, it does not preclude them from making voluntary contributions to the scheme if they so wish.

In setting any exemption level consideration needs to be given to the following:

- Cost of levy collection
- Democratic inclusion
- Capacity to communicate
- Proving added value
- Maximising support
- Maximising budget

In the process of this Feasibility Study we have considered where any rateable value exemption threshold should fall. We have also asked a representative sample of businesses and Taunton Chamber of Commerce for their opinions. We conclude that the recommended level should be set at £5,000. At this level we will include the majority of small, independent, retail businesses, but exclude most storerooms, advertising hoardings, communication antennae and micro-businesses.

Our recommendation is that all premises with a Rateable Value under £5,000 should be exempt from paying the levy. This reduces the numbers of voters by 61 and the annual levy income by just £1300 based on the proposed BID area. This means that premises including very small retail units, lock up stores, small upper floor offices and advertising hoardings which will benefit very little from a BID in Taunton, will neither vote nor pay the levy. There is an opportunity however, for those that wish to be included to pay a voluntary contribution of not less than the minimum BID levy i.e. £75 per annum (=1.5% of £5000)

### Total estimated BID levy with RV exemption of £5,000 @ levy rate 1.5%

Exemption	Number of premises.	Total RV £s	Yield @1.5% £s	Total BID Over 5yrs
>£5,000 RV	416	£18,033,950	£270,509	£ 1,352,545

We recommend the inclusion of all charity shops if the rateable values of their units are above the exemption level of £4,999. The primary reason for not exempting charity shops is that they are part of the business community and will benefit substantially from the activities of a potential BID and therefore should contribute accordingly.

If the exemption rate is set at £5,000 RV as recommended above, the total number of businesses eligible to vote and pay the levy will be c 416 hereditaments.

### Distribution of Rateable Values by Geography & Sector

The following table indicates the distribution of levy payment to include all premises by rateable value from £5000- £\*855,000 (\*the highest RV premises in the proposed BID area).

Range £	Number of premises	Total RV value £s	% RV	% Number
<b>All Prems in BID area</b>				
*855,000 - 0	477	18170356.00	100%	100%
<b>Premises &gt;£5kRV</b>				
855,000 - 750,000	1	855000.00	4.71%	0.21%
749,000 - 500,000	1	540000.00	2.97%	0.21%
499,000-250,000	7	2080000.00	11.45%	1.47%
249,000-150,000	14	2489000.00	13.70%	2.94%
149,000-50,000	86	6458000.00	35.54%	18.03%
49,000-5000	307	5611950.00	30.89%	64.36%
Totals	416	18033950.00	100	100

This table clearly identifies that the top 23 or <5% levy payers (£855K - £150K RV), will be paying almost 33% of the total levy; This indicates that in order to secure the mandate based on RV it will be very important to ensure that these highest rate paying businesses are fully engaged and supportive of the BID.

However, to secure the mandate by number, the bulk of voters, 391 or 95%, are in the lower RV bands, illustrating that it is equally important to ensure that a broad spectrum of support is secured at an early stage from SME businesses to the larger corporate / High Street brands.

### Distribution of RV and numbers by street

The table that follows shows the voter population by rateable value and number by street. As explained above, the success of the BID relies upon achieving a mandate by both number and rateable value.

Not surprisingly East Street, North Street, and Fore Street have 51.5% of the aggregated Rateable Value, and consequently BID levy contribution. If a BID campaign is to be successful the development process, consultation and campaigning will need to be carefully focused to ensure that these voters' views are well represented. However there must be a balance ensuring that those streets that may not make such a significant contribution pro rata by Rateable Value, but very significant in terms of numbers, they hold 65% of the vote are represented in any BID proposal document.

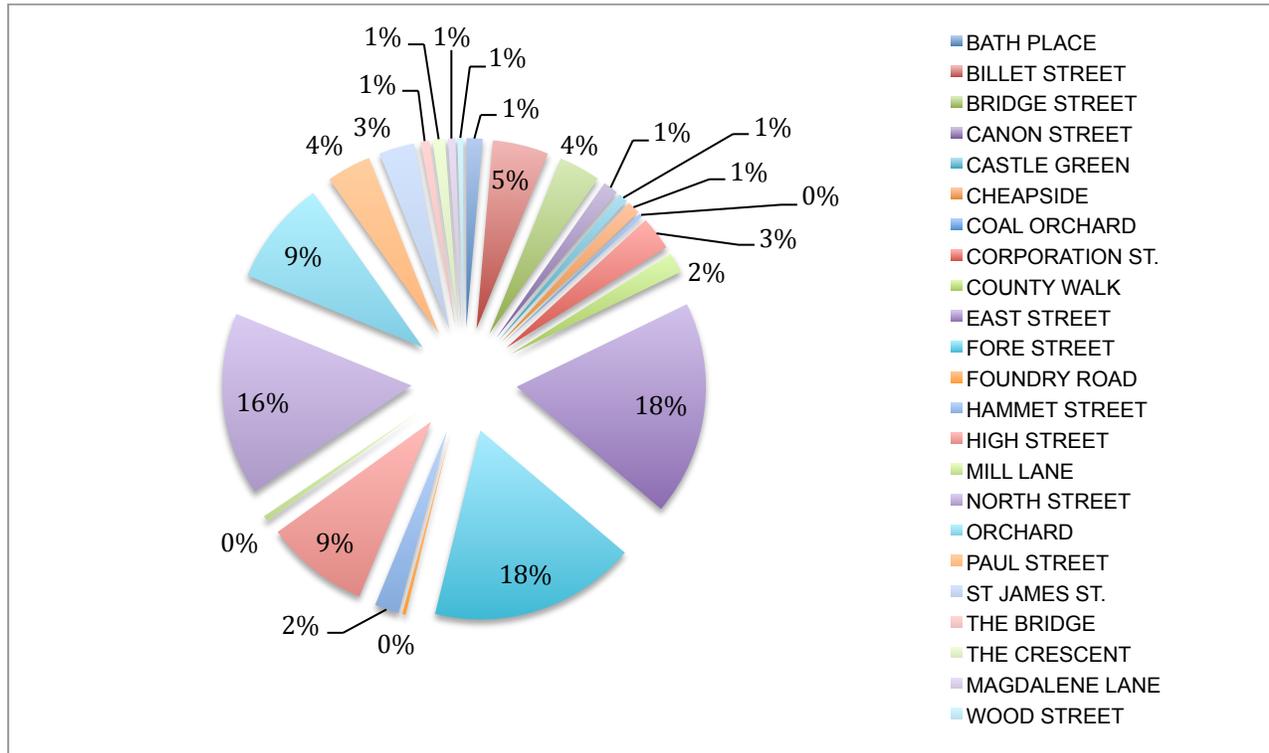
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STREET	TOTAL	% OF RV	NUMBER	% BY NUMBER
BATH PLACE	£247,900.00	1.37%	23	5.56%
BILLET STREET	£860,900.00	4.77%	2	0.48%
BRIDGE STREET	£642,250.00	3.56%	31	7.49%
CANON STREET	£231,000.00	1.28%	1	0.24%
CASTLE GREEN	£148,000.00	1.37%	1	0.24%
CHEAPSIDE	£197,000.00	1.09%	3	0.72%
COAL ORCHARD	£50,500.00	0.28%	1	0.24%
CORPORATION ST.	£518,750.00	2.88%	18	4.35%
COUNTY WALK	£316,000.00	1.75%	12	2.90%
EAST STREET	£3,313,150.00	18.37%	48	11.59%
FORE STREET	£3,187,400.00	17.67%	51	12.32%
FOUNDRY ROAD	£51,350.00	0.28%	5	1.21%
HAMMET STREET	£373,900.00	2.07%	24	5.80%
HIGH STREET	£1,598,100.00	8.86%	47	11.35%
MILL LANE	£82,000.00	0.45%	1	0.24%
NORTH STREET	£2,822,600.00	15.65%	46	11.11%
ORCHARD	£1,623,250.00	9.00%	31	7.49%
PAUL STREET	£684,550.00	3.80%	19	4.59%
ST JAMES ST.	£548,250.00	3.04%	32	7.73%
THE BRIDGE	£139,750.00	0.77%	7	1.69%
THE CRESCENT	£191,000.00	1.06%	1	0.24%
MAGDALENE LANE	£115,350.00	0.64%	9	2.17%
WOOD STREET	£91,000.00	0.50%	1	0.24%
Grand Total	£18,033,950.00	100.55%	414	100.30%

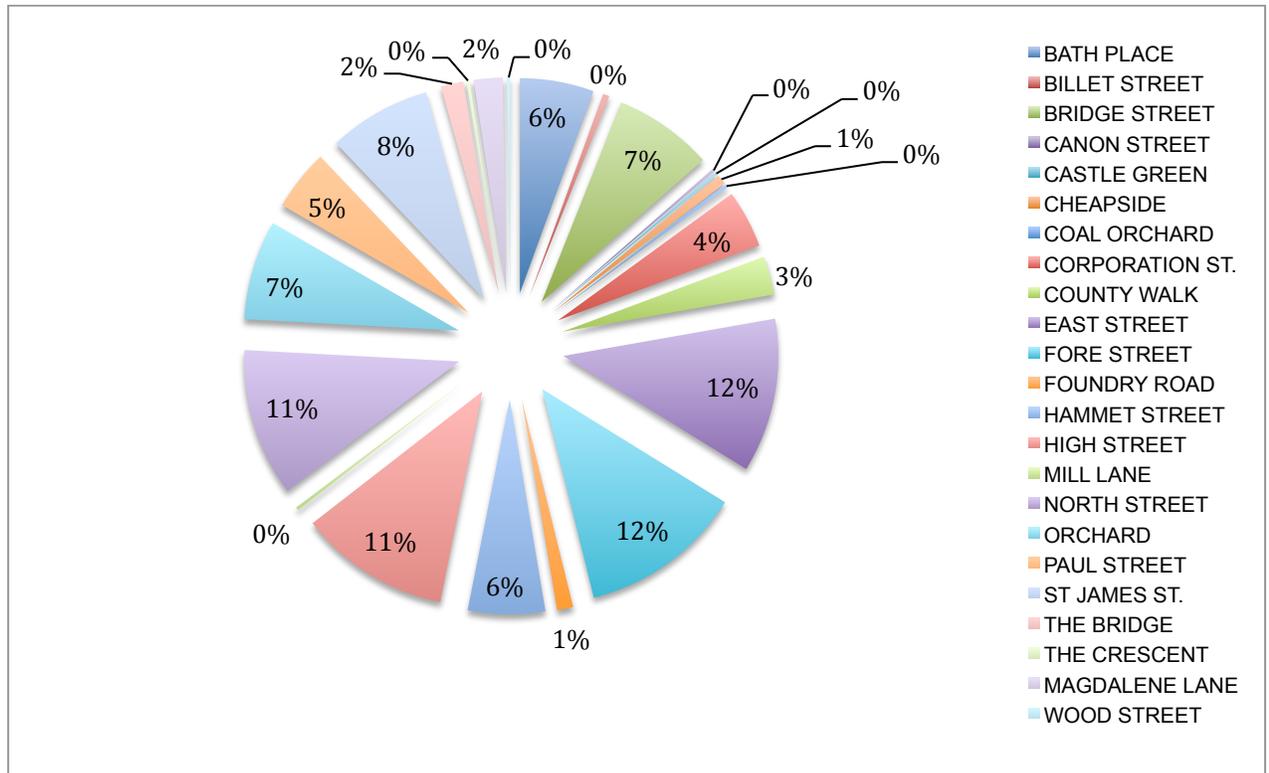
The pie charts below illustrate the table above in a graphic format to show the geographic distribution of BID voters by %-aggregated number and by % aggregated Rateable Value for each street or road in the proposed BID area.

These graphs clearly illustrate the need to convince both large and small business interests in all areas of the necessity and value of a BID to their business.

Street Occupancy By Rateable Value



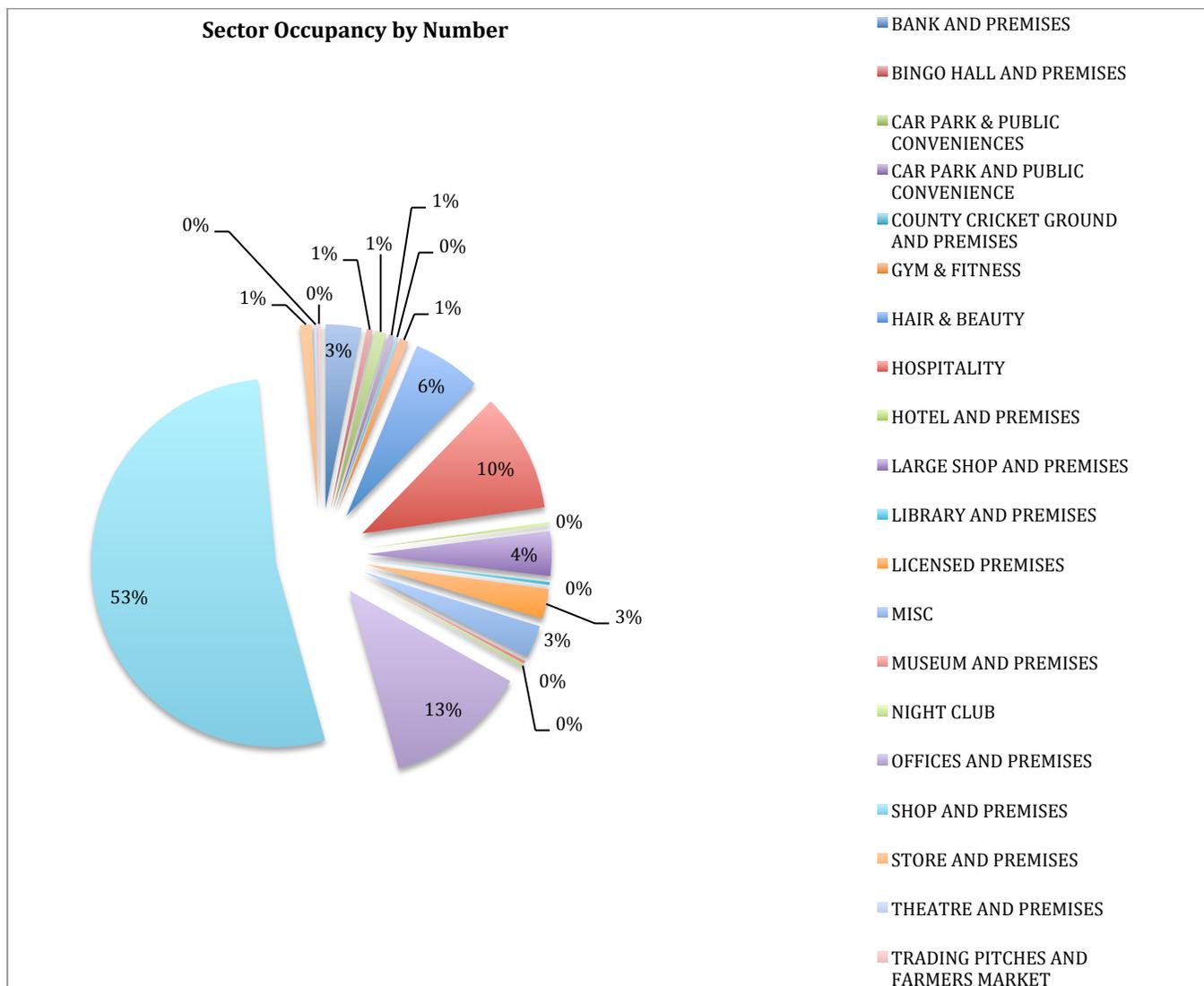
. Street Occupancy By Number

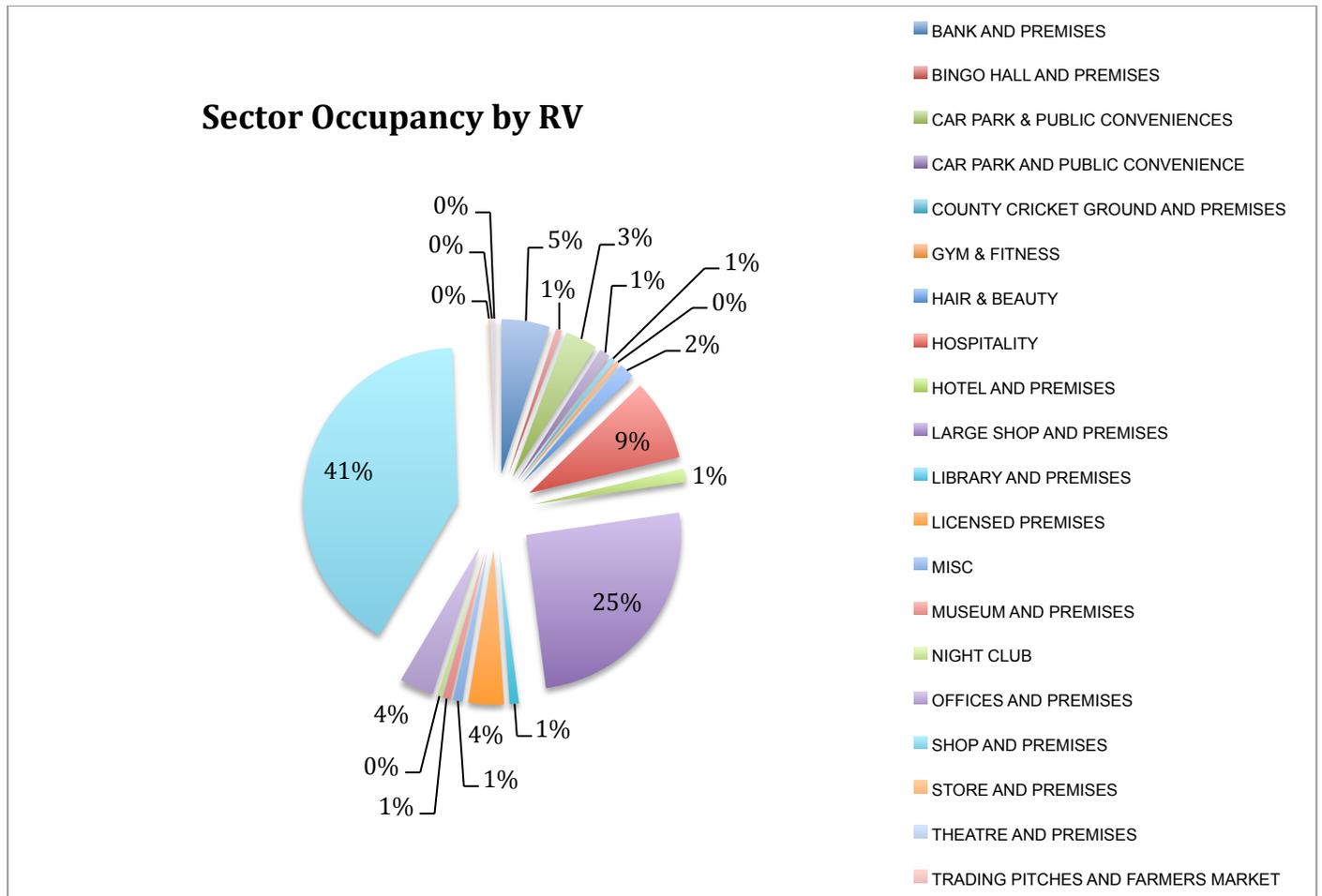


### Sector Occupancy Distribution By Number and Rateable Value

The following graphs illustrate the distribution of business types in the BID area both by number and rateable value. This information will help to inform the development of the potential business plan proposals in determining how projects should be distributed and what the likely priorities will be.

As expected in a town centre context, retail (both large (RV >£150K) and small aggregated), dominates in the BID area by both number (53%) and Rateable Value (66%). Hospitality and office/ financial premises hold the next largest portion by number and RV. The added value to a town like Taunton are its unique attractions; the Museum of Somerset The Brewhouse Theatre and the County Cricket Club, although these are numerically small (less than 1%) their value to the BID and to Taunton are disproportionately high. It is very important that these assets are included in the BID and their support is secured.





### Voluntary Contributions and Commercial Opportunities.

The BID legislation is clear and very supportive of BID organisations looking to maximise the Levy Fund through voluntary contributions and commercial activity.

In the case of Taunton, the BID boundary line includes some of the largest retail and county attraction, Business Rate payers in the area. However, there may be opportunities to work in collaboration with businesses outside the BID area on an ad hoc, project-by-project basis, in which case these businesses can be asked to make a voluntary or commercial contribution to the scheme. An example may be working on a joint project with Bridgwater and Taunton College, where the contribution may be financial or in-kind support.

There are also many opportunities for the BID Company to maximise the levy and its position to take advantage of commercial initiatives in the town centre. An example may be for the BID Company to organise markets in the town centre, and to charge and keep the pitch fees. Advertising opportunities on a new website or digital platforms can be lucrative income generators. In addition there may well be grants available for which the BID can apply for specific projects.

In co-operation with the Council the BID could be responsible for letting space in the town centre for concessions at a commercial rate, setting terms and conditions for use, ensuring that

quality and range of on-street retail and markets' activity is consistent with and complementary to, the brand values and activities delivered in the BID area.

There may be opportunities to grow this activity and benefit from this still further. This can be a useful source of income to augment the BID budget. In addition many BID companies manage the town radio-link service that in addition to generating income also ensures that there is full co-ordination with all town centre activities. In the case of Taunton this could be an opportunity offered through any new BCRP arrangements that may be forthcoming in the next few months.

### Retail Discount – business rates relief

In the 2018 budget the Chancellor announced a raft of measures to help the High Street at this time when they are under pressure from falling footfall, increased competition from on line retail and lack of investor confidence.

One element of that package was the introduction of retail business rate relief. This means that all retail premises with a Rateable Value of less than £51,000 will be eligible for a 33.3% discount on their rates payable for 2 years (2019/20 and 2020/21).

It is up to Local Authorities to define 'Retail'. In the case of Taunton Deane and West Somerset the definition is very wide to include:

- Shops
- Furniture /carpet stores
- Art galleries where art is sold
- Charity shops
- Opticians
- Markets
- Petrol Stations
- Post offices
- Hair & Beauty salons
- Shoe repairs
- Domestic appliance repair
- Ticket offices
- Dry cleaners
- Car hire
- Funeral Directors
- Travel Agents
- Photo processing
- DVD rentals
- Tool hire
- Restaurants
- Sandwich shops
- Pubs
- Coffee shops
- Takeaways
- Bars

Including those businesses in the proposed BID area with an RV under £12,000, which already qualify for 100% Small Business Rates Relief, on the current information, it is estimated that more than 249 businesses (65 % of the total voter list), will benefit from a rates' relief discount which may be worth £000s to many SME businesses. This offers an unique opportunity for the BID to benefit from those voters that may otherwise have considered the BID levy to be a bill too far' to be able to support the scheme. *(See the retail discount guidance note for further detail)*

### An example of the scheme applied - Mr. Miles' Tea Rooms High Street Taunton

Rateable Value	Rates Payable	Discount @33.3%	BID levy @ 1.5%	Balance
<b>£42,000</b>	C £21,000	£7,000	£630	C £6370

### Councils' voting liability

West Somerset and Taunton Council has 8 eligible premises within the proposed BID area, with an aggregated rateable value of £820,900 therefore a total levy payable of £12,313.50 pa @ 1.5% levy rate.

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Somerset County Council has just two eligible premises in the proposed area, The Library in Paul Street and the Registry Office at the Old Municipal Building with an aggregated RV of £199,250 The total levy liability would be £2988.75 pa @1.5% levy rate

It is important to ensure that Taunton BID has full support from both the Councils in any future BID development scheme, both to secure their vote and to ensure that they will support and enable the new BID Company to deliver the BID Plan.

### Council Premises in the Proposed BID Area

West Somerset and Taunton Council premises >£5000 RV @1.5% levy

PROPERTY ADDRESS	PROPERTY ADDRESS2	Post Code	RV	RV@1.5%
VISITOR CENTRE	MARKET HOUSE	TA1 1JD	5200	78
PUBLIC CONVENIENCES	PAUL STREET	TA1 3PF	5700	85.5
THE FARMERS' MARKET	HIGH STREET	TA1 3PG	25000	375
CAR PARK	WOOD STREET	TA1 1UP	91000	1365
CAR PARK	HIGH STREET	TA1 3PG	110000	1650
MULTI STOREY CAR PARK	PAUL STREET	TA1 3PF	162000	2430
CAR PARK	THE CRESCENT	TA1 4ED	191000	2865
CAR PARK	CANON STREET	TA1 1SN	231000	3465
			£820,900.00	£12,313.50

Somerset County Council Premises >£5,000 RV @1.5% levy

PROPERTY ADDRESS	PROPERTY ADDRESS2	Post Code	RV	RV@1.5%
LIBRARY	PAUL STREET	TA1 3XZ	167,000	2505
OLD MUNICIPAL BUILDING	CORPORATION STREET	TA1 4AH	32,250	483.75
			199,250	2988.75

### Consultation

An extensive sample consultation exercise was carried out for the Feasibility Study. We have spoken to 47 (11%) individuals representing £5,5m RV (30%), to include business owners, managers and council officers and members. The national recommended minimum at this stage is 5%. We have exceeded that recommendation in order to ensure a spectrum of opinion by business size (RV), type and location.

The intention of consultation at this stage is not to ascertain in detail what a BID might do, but to assess the support for a BID scheme and, in broad terms the priorities and initiatives that

may be considered as part of any BID. The details of the scheme will be part of a much longer, more intensive part of the BID consultation, development and canvassing process.

The consultation exercise was carried out between January and March 2019, and consisted of face-to-face meetings and email discussions with a wide range of business types and the council operating in the proposed BID area.

The purpose of these meetings was to:

- Explain the scheme
- Ascertain support for a BID
- Recruit BID champions and endorsement for a future scheme
- Discuss potential priorities for a BID scheme
- Confirm the proposed BID area.

In addition to the consultation exercise that was undertaken with businesses, meetings were held with key officers from Taunton Deane Borough Council to share information about the Council's obligations and commitments to the BID process and the key strategic and operational issues that might affect the development of the BID and its possible implementation in future.

The overwhelming majority (32) of those who were consulted during this stage was very supportive of the principle of BIDs in general, and in reintroducing a BID in Taunton, provided it reflects the needs of business in the town. Just one respondent was adamantly against the scheme and 11 were not sure at this stage. A number of those we spoke to are keen to be involved on any future BID development team/ steering group.

We also spoke to some notable sceptics of the proposal; we will need to keep these individuals fully informed as the process goes forward, and their inclusion in the scheme will be assessed as the BID develops. Their premises are mostly at the periphery of the proposed BID area so can be excluded if necessary.

Although there was a range of views presented during the consultation meetings held, the key priorities for any proposed scheme can be summarised as follows:

- **Safety**, rough sleepers and security were major issues, particularly among the corporate retailers. This is unsurprising given that they have the largest retail footprints in the town and the nature of their store layout and presentation makes theft and the safety of their staff a major issue.
- **Town centre access**, parking and navigation were also raised as obstacles to business. The key arterial routes into the town were identified as a major barrier to access through congestion and poor quality public realm (East Reach was specifically mentioned)

Many cited Town centre parking as being too expensive. Respondents suggested that free or discounted parking should be offered, particularly at the quiet times of trading (late afternoon early weekdays etc.)

- **Taunton's identity**. There was a strong contingent of respondent who felt that Taunton lacks identity and its position in the hierarchy of towns in the SW is unclear.

All the following assets were identified as positive attributes:

- County town
- Garden town,
- Riverside town

- Cultural centre
- County Cricket Club
- County Museum
- Significant S.W commercial centre,
- Access from the M5,
- **Strategic marketing** was seen as essential to define Taunton's identity, pulling together all the major assets of the town to present and promote a positive identity and proposition for Taunton, to meet strong competitive pressures from Exeter, Bristol, Cribbs Causeway, Clarks Village and on-line retail.
- **Events-** An annual programme of high-profile events to attract attention and improve foot fall, customer retention and repeat visits. Provision of more family orientated activities.
- **Lobbying and leadership**– representation and voice. There was criticism of the council's seeming lack of communication and delivery. The BID will need to be a clear and representative voice for business in Taunton.

What became very clear in the process of consultation and conversation with this sample of people was that for large retailers and the licensed businesses, the greatest priority for their businesses was security and antisocial behaviour. One of them even said, "that until the security of the town was sorted out there was little point in marketing Taunton or encouraging new customers to visit".

Smaller retailers and other businesses located away from the main retail core, saw increasing footfall through marketing and parking discounts as being the most important. In the stage of developing the BID Plan it is going to be essential that both these priorities are addressed to secure support for a BID in Taunton.

At this stage the purpose of the initial consultation is to identify only whether the suggested priorities could be carried out using the BID mechanism. There is much in the list above that can be delivered by a BID in Taunton. A full BID proposal development will require a much greater degree of consultation, engagement and research to identify the most tenable priorities and the most efficacious use of the funds and influence of the BID.

Many of the items on the list above are well beyond the scope of any BID scheme alone, but there are areas that the BID can work with other agencies to influence their delivery and ensure the voice of businesses heard and can influence decisions taken.

## 5. FEASIBILITY RECOMMENDATIONS

At this stage, the research carried out indicates that a BID for Taunton is a viable proposition. The area should be based on that discussed earlier in this document. We suggest a uniform exemption rate of £4999 Rateable Value; premises with an RV below £5000 will not vote or pay the levy in any future BID scheme. The uniform levy rate should be set at 1.5%. In the current economic climate it is not considered either desirable or sensible to exceed this levy rate; in a town the size of Taunton with its aggregated Rateable Value of c £18m, this will provide a sufficiently large fund of C£270,000 pa (c £1.35m over 5 years) to deliver change and influence well beyond what is possible with current resources available.

A proposed BID for Taunton has support from West Somerset and Taunton Council, Taunton Chamber of Commerce and a representative sample of Taunton businesses. In addition individual business people have expressed their qualified support for a scheme that will help to raise the profile of Taunton as a safe attractive and vibrant, centre for Somerset and the region. Each of these partners will have a vital role to play in any future scheme.

In summary our recommendations are:

- The BID area should be as illustrated on page 6.
- The levy rate should be at 1.5% for all premises in the BID area
- The Exemption Rate should be set at £5,000 RV below which a business will neither have a vote nor pay the levy
- There should be no blanket exemption for charities unless they fall below the £5,000 RV exemption threshold
- These parameters will give a total of c 414 BID voters/levy payers
- The total annual BID levy collected c £270k (£1.35m over 5 years)
- BID levy cost neutrality initiatives to be included (collective purchasing).
- Governance Structures should be addressed if Taunton Chamber of Commerce decides to proceed with a BID to the next stages
- Voluntary contributions to be sourced from organisations outside the BID area should be identified. The minimum contribution should be £75 (=£5,000 @ 1.5%)
- A dedicated resource should be appointed for the development and delivery of a BID for the town

The recommendation of this study and for this report is that Taunton should proceed to the next stage of developing a BID scheme.

## 6. GOVERNANCE AND COMPANY STRUCTURES

If Taunton Chamber of Commerce agrees to accept the recommendation to take forward the development of a BID for Taunton, there are a number of considerations. The next section of this report outlines the stages needed to take this scheme on to a successful conclusion.

### Governance

The Governance Structure and accountability for the BID will need to be considered, to ensure that a legally accountable body is in place to take the scheme forward.

Taunton has a very effective Chamber of Commerce that has delivered many successful initiatives for the town over the past decades. The BID will provide an opportunity for the organisation to become more strategic and influential in future town development. If the BID scheme receives a mandate from the business community the BID Company could be a part of the Chamber or a new organisation in its own right.

Setting up a BID requires there to be an organisation that will take legal and financial responsibility for the BID during its lifetime. BID regulations permit 4 types of person/organisation to put forward a BID proposal:

1. A business ratepayer in the BID area.
2. A land or property owner in the BID area
3. A partnership for the BID area e.g. Taunton Chamber of Commerce or a new Taunton BID company with its own Board of Directors.
4. The Local Authority

Almost all BIDs have been developed by some form of partnership and managed as companies limited by guarantee, but there are alternatives:

### Company Structures:

- *Local Authority BID Management* has not proved a popular option as some of the key selling points for a BID include independence from the control of established organisations. With local authority control it is also difficult to convince voters that the BID levy is not 'just another tax'.
- *Company limited by guarantee* is seen as the most appropriate vehicle with both public agencies and businesses comfortable with its structure and operation, as well as the capped liability.
- *Company limited by shares* is similar but designed more for profit distribution, which will not be the case for many BIDs.
- *Community Interest Companies* are relatively new and have been developed as a 'halfway house' between a limited company and a charity. It requires the same management as a company limited by guarantee or limited by shares, but with the additional requirement to submit an annual community interest statement. It also requires a cap on share profit.
- *Limited Liability Partnership* - this operates very much like a Company Limited by Guarantee or Shares but does not require formal memoranda and articles of association. It is becoming an increasingly popular choice where there are a number of partners in a firm who have worked together for a long time as it allows for flexibility and ease in changing terms and conditions. It is most suited to law firms, accountants and consultancy firms.

We would recommend the formation of either a CIC or a CLG either under the umbrella of the Chamber of Commerce or as new BID Company.

In setting up this company it will be very important that directors are s/elected from a range of sectors and across the town included in the BID area. These individuals should be at a senior level within their organisation and enjoy the respect of other business people from within the town area.

This company structure will provide flexibility for the organisation to be the strategic voice of the town and to deliver the priorities and objectives of Taunton BID (as set out earlier) and other operational functions.

Articles and Memoranda of Association will need to be drawn up, setting out clearly the terms and conditions under which this company will operate.

## 7. DEVELOPING THE TAUNTON BID

In order to secure a successful BID there are several stages to the process, these are outlined below.

### (i) Consultation and Development Phase

Having identified the potential for a BID, a robust development programme will need to be undertaken. This phase is likely to extend over a substantial period of time and will need to bring together all the elements necessary to produce a deliverable BID proposal which can be put to a ballot of local businesses.

A dedicated resource will be required to conduct this work. That resource will need to have extensive and effective communication and negotiating skills, to know and understand the

mechanics of the town centre and to understand retail in particular. Additionally knowledge of Taunton town centre and its businesses would be very advantageous but not essential.

***This phase will require: -***

- The appropriate governance structure to be put in place, which will be responsible for the scheme and legally and financially responsible for the BID project.
- In-depth research and support in all key aspects of BID development, to include extensive market research, structured consultation with potential BID voters, detailed project and services development, resource and financial planning.
- The development of a number of documents including Baseline and Operating Agreements and the BID business plan.

Detailed below is an outline guide to the key areas of work in this phase.

**Marketing and Communication**

Extensive marketing and communications and consultation activity will be essential during both the Development and Campaign Phases. Below is a guide to the tools that can be used. A combination of them is likely to be the most effective course of action and the available budget will dictate the extent and range of communication tools that can be employed.

- Identify Core Audience
- Other Audience (Chamber, Council, Trader Groups etc.)
- Face-to-Face
- Seminars (Officers, Politicians)
- Information & Consultation Packs
- Presentations (Council, Business Clubs, etc.)
- Press & Media
- Social media
- Newsletters
- Website
- Street Meetings (targeted at independents)
- Posters
- Postcard Campaign
- Exhibition
- **Business Plan**
- **Voter Summary**

(Items in **BOLD** are required under BID legislation)

**(ii) Business Planning Phase**

This section outlines the key areas that the BID Company will need to include in the BID Proposal / Business Plan.

***a. Welcome***

A brief history about why a BID was the route chosen and a call to support it (Chairman's statement)

***b. What is a Business Improvement District (BID)?***

A simple explanation about what a BID is, stressing that it carries out **additional** services to those provided by public agencies.

***c. Background to BIDs***

A brief national and international background of the initiative

- What is the BID and why is it needed in Taunton?
  - Explanation as to why the BID vehicle is most suitable for the purpose.
- How will the BID work?

An explanation of how the priorities were set, the levy rate, the ballot process and who would be liable to vote and pay.

***d. The Voting and Levy Arrangements***

Information on who will carry out the ballot and how. Details of the BID levy amount and any exemptions and conditions.

***e. The Management of the Scheme***

The governance vehicle for the BID and who/how to manage it.

***f. The BID Boundary***

A map to illustrate the boundary and the directory of streets.

***g. The BID Projects***

Set out the priorities and the project details including budgets and performance measures and a timetable for delivery.

***h. Benefits of the BID***

Setting out the benefits of the BID in a wider regeneration context and in relation to the community.

***i. Key Performance Indicators***

To include a list of easily obtained measurements that will be collated and analysed regularly to measure the impact of BID activities.

***j. Baseline Service Agreements***

Setting out what these are in summary with the full agreements available as an appendix or an indication of how they can be obtained either on line or as a physical reference document.

***k. Consultation Summary***

Summary of the consultation process used to arrive at the priorities presented in the BID plan.

***l. Financial Facts & Figures***

Clear exposition of the annual budgets to cover the lifetime of the BID to include: projects, overheads BID levy, voluntary contributions (actual and potential), and other income generation.

### *m. Timetable*

A schedule of activity from the ballot campaign to implementation of the BID

### **Legal Requirements for the BID**

Two key legal agreements will be required at the time of going to ballot with any potential BID.

### *Baseline Service Statements*

This will be a key part of the BID process and will provide the information to support the answer to one of the most common questions that will be asked - 'I already pay Business Rates so shouldn't the Council be paying for this?'

The BID legislation is clear that the levy should provide **additional** improvements and should not subsidise or replace existing public service provision.

In the best case scenario public agencies will sign a binding legal agreement to keep their service levels set for the lifetime of the BID. In reality most BIDs have baseline agreements that are not binding on the public agency in terms of their ability to change them. Although these may not be formally binding it enables the BID to set out very clearly for its levy payers, what the public agencies' responsibilities are and in the event of them not being fulfilled, the BID can guarantee that it would not replace them.

The areas that the Baseline Agreements normally cover are set out below. These can be agreed with all public agencies and where appropriate the private sector.

Cleansing & Maintenance, Licensing, Environmental Health, Car Parking, CCTV, Tourism, Marketing, Markets, Festivals & Events, Street Furniture, Street Lighting, Town Centre Planting & Landscaping, Public Conveniences, Highways & Roads, Policing.

The Baseline Service Statements are usually agreed through a Memorandum of Understanding, signed by the heads of each organisation. It will outline their commitment to ensuring the agreed levels of services and where possible, enhancing them. It will also agree any circumstances under which this may change and the process followed in order to agree this. In terms of the BID it will ensure that its services are over and above those outlined, and guarantee that it will not substitute, replace or fund any of the agreed levels of provision from the public agencies in the Baseline Statements.

In order that the Baseline Services Agreements are easily understood, best practice suggests that they should be set out in one-page pro-formas covering the following areas:

- Allocated Staff/Equipment
- Contract Specification
- Performance Measurements
- Non-Compliance Procedure
- Existing Value of Contract
- Boundary Area

### *BID Operating Agreement.*

An operating agreement is co-signed with the local authority. This will set out the procedures for collection and transfer of the BID levy as well as payment enforcement against non-payers.

More importantly it will also ensure that the BID Company can make provision for VAT. The BID levy bills sent out by the Local Authority to individual payers cannot charge VAT. However the

BID Company, which is in most cases an incorporated body, would be required to pay VAT on the transfer of these funds, and on its activities. This would normally mean that the BID organisation would lose income as it would have to make provision for VAT payments at the prevailing rate, without the ability to be able to charge it on the levy bills.

HMRC has agreed a solution. Specific wording in the Operating Agreement will allow the BID Company to invoice the Local Authority for the amount of BID Levy collected plus VAT. The Local Authority will then be able to claim this VAT back via the Section 33 mechanism applicable to Local Authorities.

The BID levy will be collected by the Local Authority through one of 2 routes.

- i) The National Non Domestic Rates (NNDR) system
- ii) The Sundry Debtors system

The NNDR system route was not originally favoured by BID organisations as the development costs and operation of the bespoke software was high. These costs have reduced significantly, and this method of collection is sometimes the better option. The NNDR system allows greater flexibility in the system to cover any reliefs or exemptions. It is a more sophisticated and established system, which generally allows for easier collection, flexibility, monitoring and any necessary recovery action.

Its disadvantage is that it normally requires the purchase of a 'bolt on' software system (costing up to £20,000). Also from a public relations stance voters may view the levy invoice as a 'rates bill'. This can be clarified simply by the issuing a separate bill.

Some Local Authorities use the Sundry Debtors System; BID levies are a simple calculation without the same complexities of reliefs and exemptions. This is a more cost effective option that allows flexibility in terms of billing dates and differentiates this invoice from the NNDR bill.

*Costs of collection* - different local authorities take different positions. Some provide this as a free 'in-kind service' and part of their contribution to support the BID. Others require the BID organisation to pay for the cost of collection which can range from £5-£18 per hereditament (BID levy bill), dependent on what level of service is provided, the higher figure includes such elements as the debtor court arrangements, and the issuing of summonses. Discussions need to be held with West Somerset and Taunton Council to discuss the level of charge to be applied.

*Accounts and Tax Exemption* - Proper accounting procedures will need to be initiated using a reputable firm. It is usual to gain Corporation Tax exemption status for a BID company, as the organisation is regarded as a mutual trading organisation between members.

(NB Templates of both these legal agreements can be provided)

### **BID statutory processes**

In summary these are:

- Notice of Intention of Ballot to Secretary of State & Local Authority - at least 84 days before Ballot Notice Issued
- Ballot Notice to be published and distributed to all BID voters - at least 42 Days Prior to Ballot Date
- Ballots sent out to all eligible voters - at least 28 Days Prior to Ballot Date
- The Ballot Date is the day voting finishes at 5pm.
- Ballot Result Announcement
- Veto period 28 days after Ballot Date to appeal vote result.

- Implementation must begin 365 days from the Ballot Date.

The ballot:

- It is a confidential postal vote carried out over at least 28 days
- It is carried out by a Local Authority Returning Officer or someone appointed by them e.g. Electoral Reform Services
- The Ballot Papers are sent to each Hereditament/Principal Address/Proxy.

One Ballot per Hereditament (Multiple Hereditaments = Multiple Votes).

### **(iii) Campaign Phase**

Effective campaigning for the business vote is crucial for the development of a BID. It will be essential to ensure that every opportunity is used to raise awareness of the need for businesses to exercise their vote as well as promoting the opportunities the BID Proposal offers.

The campaign plan will need to generate ideas and develop activities to build momentum and maintain interest throughout the 28-day ballot period. The voice of the BID organisation should be recognised as both authoritative and relevant. This stage is crucial and must incorporate all the elements of an election campaign from balloting arrangements to doorstep and Head Office canvassing.

### **(iv) Ballot**

When planning a campaign, it is essential to use the information collated to draw up a targeted campaign plan. It is important to remember that in an environment such as this, having just a 'good business plan' is not enough. The need to prepare a campaign with key saleable and easily understood messages, along with the right people delivering them, cannot be underestimated.

For the election campaign the following key issues must be addressed:

- The BID organisation must establish itself as the single, powerful, preferably independent voice for the BID
- The identification of projects which are easy to describe and to understand
- The production of interesting literature and promotional activity
- Facilitation of the Ballot
- Tracking voters and their intentions.

From the Feasibility Study key groups/sector/organisations can be identified. This will further be refined as the BID area/ project proposals and costs become clear. The requirement to get a YES vote in both number and rateable value means that the BID business plan must build consensus between the bigger businesses that will influence the rateable value, and the smaller businesses who will determine the numbers voting.

## **8. INDICATIVE TIMETABLE FOR TAUNTON BID**

The development of a BID is likely to take between 9 and 12 months from the start of the Consultation and Development stage. The timetable below sets out the key milestones the partnership would need to achieve if the decision was taken now to pursue the development of a BID within 12 months

**Key BID Development Milestones**

Phase	Decisions	Completed date?
Foundation	Feasibility Study	
	Secure funding for the development of the BID	
	Set up and incorporate Taunton Town Centre Company	
	Recruit BID Manager/ consultants	March 2019
Approve recommendations	Recruit consultant and secure a budget to take the BID plan forward.	April 2019
Consultation /Development	Recruit BID Champions	
	Launch the initiative	
	Comprehensive consultation with BID businesses	5 months
	Agree projects proposals and costs	
	Agree operating Agreement and Baseline Service Statements	
	Finalise BID area	
Campaign/ Ballot	Agree final BID proposal	
	Finalise ballot arrangements	
	Allocate areas/ sectors to BID champions	8 weeks
	Campaign period	
	Notice of Ballot	
	Voting period	
	Ballot day	
Inception phase	Elect the Board of Directors	
	Incorporate the BID company – agree the Mems & Articles	
	Set up a company bank account	3 months
	Recruit a BID Manager	
	COMMUNICATE with BID voters	
	Issue BID invoices	
	Agree phases of delivery/ Action Plan including early quick wins	

**This is an estimated timetable dependent upon resources.)**

**9. CONCLUSIONS AND NEXT STEPS**

Assuming that Taunton Chamber of Commerce chooses to accept our recommendation and move forward to the BID Development and Campaign Phase, the following key steps will be required in the immediate short term:

1. Formal decision taken to proceed with a BID for Taunton.
2. Recruitment of a BID Manager/consultancy to take the scheme through to ballot and inception.
3. Formal decision to review the governance structure to take legal and financial responsibility for the BID.
4. Recruit the BID Steering Group
5. Secure necessary resources for next phases through public and private sectors including costs for dedicated staff support and a project fund.
6. Engagement with media partners possibly recruit PR agency.

Taunton is a significant hub town in the SW. There are great opportunities for it to maximise its many assets to greater effect than presently. In order to achieve this it requires all the interested parties to work together focused on common aims and objectives.

The opinions we have gathered from business owners and managers in the town have been very encouraging. There is a real will on their part and that of the Chamber and the District Authority to see Taunton develop, grow, thrive and maximise its potential. The BID is an excellent vehicle to cement the relationships within the business community and with the public sector to achieve some common aims and very tangible initiatives to drive forward the vitality and viability of Taunton as a key commercial centre and role model for the SW

Author

Lucy Ball

Destination Management & Marketing



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