RUGBY BUSINESS IMPROVEMENT DISTRICT
TASK GROUP REVIEW

Review Report: January 2015
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Appendix 1: Map of the BID Levy Area
The Task Group consisted of the following members:

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Councillor Jim Buckley
Councillor Andy Coles
Councillor Graham Francis
Councillor Robin Hazelton
Councillor Tom Mahoney
Councillor Noreen New
Councillor Maggie O’Rourke
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The Group would like to thank everyone who contributed to the review, and in particular all those who took the time to respond to the call for evidence, including:

The group would also like to thank the representatives from Rugby First (Aftab Gaffar, Patrick Weir, Alistair George, and Mike O’Connor) and their accountant (Shirley Frankton) who contributed considerably by attending meetings, answering questions and providing information as requested.
As a task group we were charged with carrying out a review focused on the Council’s investment in the town centre, in particular through its relationship with Rugby First and the BID. While recognising from the outset that it would not be possible, or appropriate, for the task group to carry out a forensic scrutiny of the operation of a private company, as elected members we felt that we had a legitimate interest in the value achieved from the investment of public funds and the levy on businesses to fund the BID activities in the town centre.

Undeniably, the BID brings a significant amount of additional investment to the town centre that would not be otherwise available. We learnt that council tax would need to be raised by 10 per cent across the whole borough in order to generate an equivalent level of investment in the town centre as that raised from local businesses through the BID levy. This has made a visible difference to the cleanliness and security of the town centre. We received many endorsements of the work of Rugby First, including from the Association of Town and City Management, who told us that Rugby First is visited by a wide range of developing BIDs who seek to emulate the services delivered in their own areas. We should be proud of our BID’s strong reputation outside of the town.

At the same time, we heard from a number of local businesses who shared genuine concerns about the BID which are recorded in our report. Fundamentally we felt that many of the criticisms centred on an apparent lack of accountability and transparency around the work of the BID.

Understanding the complexities of the Council’s relationship with Rugby First and the role and governance of Rugby BID was no mean feat and much of our initial work focused on bringing clarity to some areas of confusion and misconception. Our hope is that by shining a light on Rugby BID, and by setting out our findings in this report, we have brought some much-needed transparency to the Council’s partnership with Rugby First and made some helpful recommendations that will enhance and strengthen that relationship going forward.

I would like to thank all the businesses and individuals who contributed to the review and responded to our call for evidence. We particularly appreciated Rugby First’s constructive engagement with the task group. They provided comprehensive written evidence and responses to all of our questions when additional information was requested, and their Directors took time, voluntarily, to meet with the task group. Finally I would like to thank the officers involved and all of the task group members for their input.

Councillor Belinda Garcia
Chairman
1. RECOMMENDATIONS

The Task Group proposes the following recommendations to Cabinet:

<p>| | |</p>
<table>
<thead>
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<tbody>
<tr>
<td>1.</td>
<td>The Council should continue its work to formulate a clear vision and strategy for the town centre to reflect current market trends. As far as possible, within the time available, the council should engage widely with Rugby First, local businesses, residents and other partners in developing the strategy document for the town centre.</td>
</tr>
<tr>
<td>2.</td>
<td>The Council and Rugby First should consider options for the production and implementation of a clear marketing strategy for the town and town centre.</td>
</tr>
<tr>
<td>3.</td>
<td>The Council should work with Rugby First to identify measures of success for the Town Centre, to be incorporated in the forthcoming BID prospectus and mandate as appropriate.</td>
</tr>
<tr>
<td>4.</td>
<td>Should the mandate for the BID be extended, the Council should seek to revise the Service Level Agreement between the Council and Rugby First in order to simplify and clarify the financial and operational arrangements of the relationship.</td>
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While recognising that the Council has no power to require the cooperation of a private company, the Task Group would also like to make the following recommendations to the Board of Rugby First:

<p>| | |</p>
<table>
<thead>
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<tr>
<td>5.</td>
<td>Rugby First is encouraged to maintain ongoing direct engagement with levy payers in developing their future mandate, including consultation on costed proposals for future priorities and activities.</td>
</tr>
<tr>
<td>6.</td>
<td>Rugby First and other stakeholders may benefit from improving the clarity and transparency of the published financial information relating to the BID, including redefining “voluntary contributions” in the income and expenditure notices to BID levy payers to clarify that this relates to Rugby Borough Council contributions under the baseline service agreement.</td>
</tr>
</tbody>
</table>
2. OBJECTIVES

2.1 Background

A review on the theme of Rugby town centre and Rugby First was proposed for consideration at the overview and scrutiny work programme workshop in March by a councillor. The review proposal focused on considering the extent to which the Council achieves value for money from its payments to Rugby First, particularly in view of the forthcoming vote on the renewal of the Business Improvement District (BID) mandate in 2015.

Overview and Scrutiny Management Board initially determined that the topic should be included in the work programme for 2014/15 as a light touch review to be carried out by the Customer and Partnerships Committee at a special meeting. However, it was subsequently suggested that the review may require a more detailed approach and, on 26 June 2014, the committee agreed that a member task group should be formed to undertake a detailed review. This would focus on the outcomes achieved from the Council’s investment in the town centre, and in particular the Council’s relationship with Rugby First and the BID.

It was agreed that a private workshop would be held for the new task group to explain the role and activities of Rugby BID and Rugby First and their relationship with the Council, and then to develop the one page strategy on the basis of this information. The resulting draft one page strategy was considered by Customer and Partnerships Committee on 11 September 2014.

It was recognised by the task group throughout the review process that Rugby First is a private, independent company with clear responsibilities to its members and the scope of the review was necessarily constrained by that fact. The task group had no statutory power to require the cooperation of Rugby First in its inquiry. Nevertheless the task group considered that, in their community leadership role, the Council had a legitimate interest in the prosperity of the town centre and the value achieved from the investment of public funds and the levy on businesses to fund the work of the BID. The review proceeded on that basis and the one page strategy was carefully drafted to focus on areas where the task group was able to have influence.

2.2 The One-Page Strategy

The one-page strategy is the name given to the scoping document for the review. It defines the task and the improvements being aimed for and how these are going to be achieved. The review’s one-page strategy is as follows:
What is the broad topic area?
Maximising the outcomes from the Council’s investment in the town centre.

What is the specific topic area?
The review will consider:
- the impact of the Council’s financial investment in the town centre through the partnership with Rugby First and the value to the local economy of the activities delivered through this partnership
- the implications for the Council and the town should the BID mandate not be renewed in 2015

The review will also seek to influence the shape of the next BID business plan to reflect the potential future role of the town centre as articulated in the Council’s emerging Local Plan, whilst recognising that this is ultimately a decision for the Rugby First Board and BID members.

What is the ambition of the review?
The review will achieve greater clarity and transparency about the Council’s partnership with Rugby First and inform that relationship going forward. It will also articulate the view of the council regarding the shape of the next BID in relation to the changing role of the town centre.

How well do we perform at the moment?
The current mandate for the Rugby BID expires at the end of October 2015. RBC currently pays almost £31,000 per annum in levy payments to the BID. The Council also is involved in other ‘non-BID’ activities with Rugby First.

The review will consider available performance data regarding the current BID activities, as well as comparative data from other BIDs where possible. This will include information about the current status of the other original BID pilot areas.

Who shall we consult about the current service and about how we can improve it?
The task group will seek to involve Rugby First, constructively, at an early stage in the review. A call for evidence will be issued to seek evidence from other stakeholders which is likely to be followed by a select committee-style meeting with selected consultation respondents, representing different sectors. The call for evidence will be sent directly to the following:

- Chamber of Commerce
- Federation of Small Businesses
- Individual town centre businesses (via BID newsletter)
- Warwickshire Police
- Warwickshire County Council
- Rugby Community Safety Partnership
- Clocktowers Management Company
- Town centre residents (via Community Information Update for Rugby Town Central priority neighbourhood)

The call for evidence will also be include on the Council’s website and promoted through social media and the chairman will write to the local newspapers. Responses to the call for evidence will be sought by early November 2014.
What other help do we need?
Support from lead officers (Head of Planning and Culture, Head of Environmental Services, Economic Investment Officer)
Input from Council’s representatives on Rugby First Board (Economic Development and Culture and Sustainable Environment Portfolio Holders)
Link to the work of the Planning Services Working Party on the Local Plan, in relation to the town centre.
Good practice and advice from UK BIDs National Advisory Service and British BIDs

How long should it take?
The review should report to Cabinet on 5 February 2015 at the latest. This will allow sufficient distance from the BID ballot to ensure the vote is not prejudiced or confused by the review and will enable any recommendations regarding council funding for non-BID activities to be incorporated within the 2015/16 council budget.

What will be the outcome?
The review will report to Cabinet, with the aim that the report will help to articulate the council’s view regarding the shape of the next BID. The review report will be a public document and as such it is hoped it will enhance the public accountability of Rugby BID.

2.3 Alignment with the Corporate Strategy

The review relates to the following corporate priorities:

Establish an environment that will attract new businesses into the borough and enabling existing businesses to flourish.

Facilitate the expansion of Rugby town by identifying and removing barriers to growth.
3. METHODOLOGY

3.1 Overview

The task group held a private informal workshop on 4 September 2014 where members received an introductory briefing from officers to establish an understanding of:

- what the BID is and how it was set up
- the current mandate for the BID and its governance arrangements
- the council’s relationship with the BID
- the partnership activities delivered between, with, by, and for the Council and Rugby First.

From this knowledge base, members developed a draft one page strategy for consideration by Customer and Partnerships Committee. Following this, the task group met on 1 October, 10 November and 27 November 2014. A final private meeting of the task group was held on 8 January 2014. Representatives from Rugby First were again invited to that meeting respond to issues raised through the call for evidence. Following this, the task group members considered a draft report of the findings and emerging conclusions of the review and discussed potential recommendations.

3.2 Documentary evidence

The group has considered key background information about Rugby BID and the council’s financial investment in the town centre, including:

- The prospectus of services on which businesses voted for the Rugby BID in 2010 (Rugby BID business plan, The next five years – 2010-2015)
- Details of financial transactions between Rugby First by Rugby Borough Council provided by the Head of Resources
- Statistics on BID levy income for the period 2010/11 – 2013/14
- Information on the baseline service agreement between Rugby Borough Council and Rugby First
- Details of emerging planning policy relating to the town centre, including relevant excerpts from the Local Plan Review Discussion Document (July 2013)
- Nationwide BID Survey 2013 and other national contextual information
- Rugby First Limited Directors’ Report and Financial Statements for the Year Ended 31 October 2013
- Rugby First annual income and expenditure notices (provided to BID levy payers).

3.3 Oral evidence

The group held a meeting with representatives of Rugby First:

- Aftab Gaffar, Managing Director
- Patrick Weir, Operations Manager
- Alistair George, Chairman
• Mike O’Connor, Director

This meeting included an introductory presentation about the role and work of Rugby First, followed by questions from task group members. The focus of the meeting was on:

• performance against the current Rugby BID mandate
• the future direction and strategy of Rugby BID
• the BID levy
• management, accounting and governance arrangements for Rugby First
• engagement of Rugby First with stakeholders.

Additional information was requested from Rugby First following this meeting, and written responses were provided and considered by task group members at their subsequent meeting.

3.4 Consultation

The task group issued a ‘call for evidence’, which was sent directly to the organisations listed in the one page strategy for the review and placed on the council’s website. It was also promoted in the BID newsletter (sent to all BID levy payers) and in the community information update for the Rugby Town Central priority neighbourhood. A letter from the task group chairman about the call for evidence was also published in the Rugby Observer and an article about it was featured in the Rugby Advertiser.

16 responses were received. Nine of these responses were from businesses in the BID area and represented independent retailers, a national retail chain and non-retail businesses. It is recognised that this reflects a very small proportion of well over 600 properties in the BID area. The other responses were from the Rugby Safer Neighbourhoods Team, Rugby Community Safety Partnership, Warwickshire County Council and Rugby Clocktowers Centre. Submissions were also received from two private individuals and from the BID Programme Manager at the Association of Town and City Management.

3.5 Access to evidence

The task group review papers are available online at www.rugby.gov.uk in the section ‘agendas, reports and minutes’, and can be found by selecting Rugby BID Task Group Review. This does not include papers relating to the private workshop held at the start of the review, nor any information considered in private by the task group, either at the request of the respondent or because it disclosed personal information. (Please see papers for 27 November 2014 meeting for further information).
4. FINDINGS

4.1 Context and background

4.1.1 Rugby BID

BIDs are independent companies run by and for businesses in a defined geographical area. Rugby was one of 22 locations in England and Wales that piloted BIDs during the period 2002-2005. The programme was co-ordinated by the Association of Town Centre Management, working with the then Office of the Deputy Prime Minister, and was designed to help shape government legislation.

The first Rugby BID started in 2005 and ran for 5 years, after which time businesses in the town voted to continue with a BID for the next 5 years. The current Rugby BID delivers services in accordance with the prospectus on which businesses voted in 2010. The area covered by the current BID is shown in appendix 1.

The BID is funded by a mandatory levy payable by all businesses within the BID area, with the exception of those that are exempt. The levy is ring-fenced and used only to deliver an agreed set of activities voted on by the businesses within the BID area.

Each business ratepayer within the BID area has a vote on the BID mandate, provided they are listed on the National Non Domestic Rates List for the defined area. Each person entitled to vote has one vote in respect of each hereditament in the defined area where business rates are payable. The exception to this is those hereditaments with a rateable value of less than £7,299, which are exempt from the BID levy and also ineligible for voting.

According to the organisation British BIDs, there were 150 BIDs in England, Wales, Scotland and Ireland by 1 April 2013. 130 of these were town centre BIDs and 20 were industrial.

It was explained to the task group that there had originally been two companies – Rugby First (the BID Company) and Rugby Town Centre Company. These had been merged as one company as it was seen to be simpler and more efficient to have one Board and thus avoid duplication of work. The merged company – Rugby First Limited – is organised into two Divisions for accounting purposes, these being the Town Centre Division and the Rugby BID Division. The management board regularly reviews separate profit and loss accounts for each division and the profit and loss breakdown for the BID levy is issued to levy payers on an annual basis.

4.1.2 Rugby Borough Council’s relationship with Rugby First

It was made clear to the task group that the Council does not run or control the BID, although the two organisations do have a close relationship. Rugby Borough Council:
- has a number of premises in the BID area, each of which carries a vote and a BID levy, totalling around £31,000
- collects the BID levy and is responsible for enforcing against non-payment
- delivers baseline services in the BID area
- funds additional services and activities delivered by Rugby First
- has two seats on the Board of Rugby First.

The Council has a baseline service agreement with Rugby First based on the level of services provided before the establishment of the BID. This includes baseline street cleansing services, grounds maintenance and a contribution towards the annual cost of CCTV, reflecting the cost of the basic CCTV system owned and operated by the council prior to 2005 (adjusted by RPI). As further detailed below, the Council is legislatively required to make this baseline service provision.

4.2 Impact of Rugby BID in the town centre

4.2.1 What does the BID do?

The current priorities of Rugby BID are safety and security, creating a clean town centre and bringing visitors into town.

Rugby First presented detailed information to the task group about the range of activities they deliver in respect of these priorities, including the following:

Cleaning services
- Three cleaners covering the period 6am to 4.30pm over five days
- Specialised equipment for deep cleaning, graffiti and gum removal
- Hit squad providing 5 minute response to specific requests for cleaning

Safety and Security
- Rangers: seven rangers (5 full-time and 2 part-time) covering Monday to Saturday, 8am-6pm
- CCTV with 24/7 monitoring (meeting British Standard and endorsed as a national exemplar)
- Shopnet and Pub Watch systems
- Help points and speakers

Marketing
- Events (increasing footfall in the town)
- Promotions (gift vouchers, loyalty cards, parking)
- Initiatives to improve the appearance and ambience of the town centre (including dressing and cleaning vacant shop fronts)
- Measures to address town centre vacancies, including work with the council on the moving-in grant scheme
- Web and social media promotions and support for businesses

The legislation establishing BIDs required that the BID and the projects it carries out cannot replace those services statutorily provided by public agencies such as the Police and Rugby Borough Council. As one respondent to the call for evidence
stated, it is evident that “the BID has provided additional funds for delivering initiatives that directly support businesses in the town centre”.

4.2.2 What benefits has Rugby BID brought to the town?

Almost all respondents to the call for evidence commented on the improvements to safety, security and cleanliness in the town centre that have been brought by Rugby BID. The Association of Town and City Management stated in their response that Rugby First is delivering “a high standard of projects” and indeed is viewed as a model of good practice by emerging BIDs who “seek to emulate these services within their own BIDs and centre”.

Evidence was provided of measurable and significant reductions in crime levels in the BID area, attributed to the impact of CCTV and Rangers. The CCTV operation has been instrumental in securing a number of significant prosecutions. For example, Rugby Community Safety Partnership submitted evidence that:

- crime and disorder incidents across the board have fallen from about 100 per month in 2009/10 to 85 per month now.
- vehicle crime in the Bid areas has halved in the period 2009/10 to now.
- crimes of violence have reduced from an average of 22 per month to 12 over the same period
- criminal damage incidents have fallen from a monthly average of 10 to 5 now over the same time frames.
- fraud and forgery levels have remained the same
- shop theft is the only crime category that has risen from a monthly average of 10 to 17 now
- other thefts have reduced from a monthly average of 20 to 10 now over the same period.
- incidents of ASB are slightly up from 33 to 38 per month.

The CCTV surveillance and Pubwatch system is seen as being valuable to the night-time economy, while the Rangers provide a reassuring presence in the daytime.

Respondents also stated that the town is much cleaner, with no graffiti or chewing gum, and business frontages are kept clean and welcoming. This makes the town centre an attractive place to visit. The current vacancy rate in the town centre is 6 per cent compared to the national average of 13.5 per cent. Several respondents shared the view that “without the BID, Rugby could be in a worse position than that it finds itself in now”.

This feedback from the call for evidence was corroborated by survey evidence presented to the task group by Rugby First. This indicated 91% satisfaction amongst town centre businesses with the overall range of services offered and significant increases in satisfaction amongst customers in relation to:
- cleaning of the town centre (75% November 2013 compared with 33% March 2006)
- removal of graffiti / chewing gum (70% November 2013 compared with 23% March 2006)
- safety and security in the town (78% November 2013 compared with 45% March 2006)

Rugby First also presented survey evidence indicating strong support from visitors to the town centre for their initiatives, including:
- 83% rating Rugby Rangers as useful / very useful
- 82% rating CCTV as useful / very useful
- 79% rating deep cleaning of streets as useful / very useful
- 73% rating marketing (ie. events, activities) as useful / very useful

4.3 Value for money

4.3.1 BID levy

The BID levy is payable by all business-rate payers within the BID area, with a number of exemptions (see below). There is no distinction between occupied and non-occupied premises. Tenants are responsible for the payment, unless the premises is vacant, in which case the cost falls to the landlord.

4.3.2 BID levy rate

The Rugby BID levy is set on a banded basis. The following table shows the amount levy payers pay based on their rateable value (RV), and how this has increased over the past 4 years.

<table>
<thead>
<tr>
<th>RV</th>
<th>Levy 2010/11</th>
<th>Levy 2011/12</th>
<th>Levy 2012/13</th>
<th>Levy 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 7,299</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
<td>£0</td>
</tr>
<tr>
<td>7,300 – 12,999</td>
<td>£332.46</td>
<td>£351.08</td>
<td>£360.21</td>
<td>£371.74</td>
</tr>
<tr>
<td>13,000 – 18,499</td>
<td>£552.22</td>
<td>£583.14</td>
<td>£598.30</td>
<td>£617.45</td>
</tr>
<tr>
<td>18,500 – 23,999</td>
<td>£777.62</td>
<td>£821.17</td>
<td>£842.52</td>
<td>£869.48</td>
</tr>
<tr>
<td>24,000 – 31,999</td>
<td>£1,070.64</td>
<td>£1,130.60</td>
<td>£1,197.12</td>
<td>£1,197.12</td>
</tr>
<tr>
<td>32,000 – 41,999</td>
<td>£1,493.25</td>
<td>£1,576.87</td>
<td>£1,617.87</td>
<td>£1,669.64</td>
</tr>
<tr>
<td>42,000 – 61,999</td>
<td>£2,028.57</td>
<td>£2,142.17</td>
<td>£2,197.87</td>
<td>£2,268.20</td>
</tr>
<tr>
<td>62,000 – 81,999</td>
<td>£2,716.04</td>
<td>£2,868.14</td>
<td>£2,942.71</td>
<td>£3,036.88</td>
</tr>
<tr>
<td>82,000 – 119,999</td>
<td>£3,719.05</td>
<td>£3,927.32</td>
<td>£4,029.43</td>
<td>£4,158.37</td>
</tr>
<tr>
<td>120,000 – 199,999</td>
<td>£5,184.13</td>
<td>£5,474.44</td>
<td>£5,616.78</td>
<td>£5,796.52</td>
</tr>
<tr>
<td>200,000 – 299,999</td>
<td>£8,125.56</td>
<td>£8,580.59</td>
<td>£8,803.69</td>
<td>£9,085.41</td>
</tr>
<tr>
<td>300,000 – 399,999</td>
<td>£16,453.99</td>
<td>£17,375.41</td>
<td>£17,827.17</td>
<td>£18,397.64</td>
</tr>
<tr>
<td>400,000+</td>
<td>£19,158.76</td>
<td>£20,231.65</td>
<td>£20,757.67</td>
<td>£21,421.92</td>
</tr>
</tbody>
</table>

A number of respondents to the call for evidence commented that the Rugby BID levy rate (and income) is high compared with other areas, with some suggesting that other areas achieve more on a lower levy and that the overheads of Rugby BID are higher than other BIDs for salaries and premises. The view was also expressed that the banding system for setting the BID levy disguises the percentage rate and makes it difficult to make comparisons with other BID areas.
Concern about the apparently high BID levy rate in Rugby was to some extent supported by evidence from the Nationwide BID Survey 2013.

The table below shows that the vast majority of BIDs have a levy rate of 1.5% or less of rateable value. Though the banded rate means the percentage rate in Rugby varies, in every band the percentage rate is higher than 1.5%, and in some cases considerably higher. It was noted that the Industry Criteria & Guidance (published annually by British BIDs on behalf of the British Retail Consortium, Inter Bank Rating Forum and Federation of Small Businesses) states that up to 1% is the expected norm for larger sites, with some allowances made for up to 2% in smaller locations. According to this data, only 8 of the town centre BIDs operate a banded levy system, and Rugby is cited in the report as one of just two English BIDs charging on this basis.

<table>
<thead>
<tr>
<th>Base Levy Rate</th>
<th>Number of BIDs</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1%</td>
<td>2</td>
</tr>
<tr>
<td>1%</td>
<td>45</td>
</tr>
<tr>
<td>&gt;1% to &lt;1.5%</td>
<td>13</td>
</tr>
<tr>
<td>1.5%</td>
<td>23</td>
</tr>
<tr>
<td>&gt;1.5% to &lt;2%</td>
<td>3</td>
</tr>
<tr>
<td>2%</td>
<td>10</td>
</tr>
<tr>
<td>4%</td>
<td>1</td>
</tr>
<tr>
<td>Banded</td>
<td>8</td>
</tr>
<tr>
<td>Variable</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
</tr>
</tbody>
</table>

The task group asked Rugby First to explain their levy framework and received the following response:

*In the first BID mandate, the bandings were spread over rateable values in steps of £5000, increasing to £10,000 and £15,000. The levy in each band was devised to give a reasonable spread across the town centre to provide enough funds to deliver the first mandate.*

*In the second BID term, the Government rateable values changed with a majority increasing. Rugby First responded to this by amending the bands, to ensure that the majority of businesses paid the same levy, or less. If the bandings were not changed, most of the businesses would have moved up a band in relation to rateable value, therefore increasing their BID Levy.*

*Rugby Town businesses wanted a definitive levy cost, therefore a banded levy gave Rugby BID the ability to provide this, rather than a percentage. The system is supported by the majority of Rugby Town businesses who know exactly what they are paying, and what they get for their money.*

Rugby First representatives also explained to the task group that the original levy had been set at a level that reflected what services the businesses wanted. It was also noted that levy payers receive a free Shopnet radio, which has a value of £500. In many cases this reflects a significant proportion of the levy actually paid by the business.
4.3.3 BID levy income

The table below sets out headline data for the past four years regarding the BID levy income collected by the Council on behalf of Rugby First:

<table>
<thead>
<tr>
<th>Year</th>
<th>Charged Levy</th>
<th>Collection rate</th>
<th>Properties in BID area</th>
<th>Paying</th>
<th>Exempt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>£596,627</td>
<td>99.3%</td>
<td>672</td>
<td>470</td>
<td>202</td>
</tr>
<tr>
<td>2011/12</td>
<td>£646,588</td>
<td>97.7%</td>
<td>664</td>
<td>464</td>
<td>200</td>
</tr>
<tr>
<td>2012/13</td>
<td>£641,378</td>
<td>98.2%</td>
<td>661</td>
<td>456</td>
<td>205</td>
</tr>
<tr>
<td>2013/14</td>
<td>£647,380</td>
<td>96.6%*</td>
<td>653</td>
<td>458</td>
<td>195</td>
</tr>
</tbody>
</table>

*latest position October 2014

By way of comparison, the table below shows the annual levy income range for 2012/13 for BIDs nationally, as reported in the Nationwide BID Survey 2013. Rugby’s BID levy income for that period places it in the "<£700,000 - > £400,000" income range and in the top third for income nationally.

<table>
<thead>
<tr>
<th>Annual Levy Income Range</th>
<th>Number of BIDs</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;£1 million</td>
<td>7</td>
</tr>
<tr>
<td>&lt;£1m - &gt;£700,000</td>
<td>14</td>
</tr>
<tr>
<td>&lt;£700,000 - &gt;£400,000</td>
<td>23</td>
</tr>
<tr>
<td>&lt;£400,000 - &gt;£200,000</td>
<td>40</td>
</tr>
<tr>
<td>&lt;£200,000 - &gt; £100,000</td>
<td>30</td>
</tr>
<tr>
<td>&lt;£100,000</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>129</td>
</tr>
</tbody>
</table>

The Nationwide BID Survey noted that 26 of the sample appeared to have applied inflation to their base levy rate. This is the case in Rugby. The task group discussed with Rugby First representatives the possibility of freezing the BID levy to help local businesses.

4.3.4 Discounts and exemptions

The following exemptions apply in Rugby:

- hereditaments with a rateable value of less than £7,299
- voluntary non-retail charities (with over 75% volunteer staff) are entitled to 100% relief
- all schools with charitable status and nurseries are entitled to 50% relief.

Voluntary charities applying for 100% relief must confirm that they use the premises wholly for voluntary sector purposes and give evidence that 75% of all employees work on a voluntary basis. National charities and voluntary groups do not qualify and the organisation must have no retail only outlets within the area of benefit. Currently (October 2014) 16 charitable organisations within Rugby BID area receive full relief on this basis and four receive 50% relief as educational establishments.
The rateable value below which hereditaments are not charged a levy varies nationally. From a sample of 110 BIDs in the Nationwide BID Survey, the thresholds range from nil (24 BIDs) to £100,000+ (6 BIDs). Of the 110 responses, 54 provide no discounts for charities. 12 give a 100% discount to all; 12 give a 100% discount except for retail/trading charities; 21 give 80% discount; 8 give 50% discount and 3 give a different discount.

4.3.5 Rugby Borough Council’s financial investment through Rugby First

As detailed earlier, the Borough Council is a significant BID levy payer due to the location of a number of premises within the BID area. Aside from this the Council makes a number of other payments to, and through, Rugby First. Some of these payments are reflected in the baseline agreement between the Council and Rugby First that the council is required to maintain while the BID exists.

In 2014/15 the Council has clearly identified budgeted revenue expenditure of £282,700 allocated to Rugby First. Less the income\(^1\) budgeted to be received from Rugby First of £13,640, this gives a total net position of £269,060, in addition to the other ad-hoc items mentioned below.

In terms of annual revenue payments to Rugby First the Council had the following amounts budgeted for 2014/15:

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town Centre CCTV and Management</td>
<td>£239,190</td>
<td></td>
</tr>
<tr>
<td>Woodside CCTV</td>
<td>£14,510</td>
<td>However the SLA has recently lapsed and the terms of the arrangement still to be agreed</td>
</tr>
<tr>
<td>Contribution to Festive light switch on</td>
<td>£9,000</td>
<td></td>
</tr>
<tr>
<td>Festival of Culture</td>
<td>£15,000</td>
<td>This budget has increased from £10,000 in 2013/14</td>
</tr>
<tr>
<td>Festival of Food</td>
<td>£5,000</td>
<td>This is a new budget for 2014/15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£282,700</strong></td>
<td></td>
</tr>
</tbody>
</table>

In addition to the above there are some non-budgeted ad hoc payments that are made to Rugby First, which range between £700 and £2,600 per year, primarily in relation to services provided to the Visitor Centre.

The Council also pays Moving in Grants to Rugby First, which are met from the Council’s capital budgets and used to support new businesses setting up in the town centre. The amounts paid annually vary depending on the size of the programme. In 2014/15 the Council had a budget of £15,000, whereas in 2012/13 and 2013/14 the Council made payments of £16,000 and £22,000 respectively.

\(^1\) Budgeted amounts of income for 2014/15, which can be attributed to Rugby First, relate to the contribution towards running the BID scheme, the lease of Rounds Garden Aerial, and other non-contractual payments (for example for receipt of fuel, Trade Waste services, or repairs of Street Sweepers).
In 2013/14 the Council also had a one off £10,000 capital budget for Town Centre Initiatives that was paid to Rugby First.

4.3.6 CCTV

Rugby First took over the running of the CCTV system ten years ago. At that time the Council recognised that the equipment was no longer fit for purpose and invested a one-off capital sum (£530,000 stated in the 2010 BID prospectus) to fund its replacement. The council also provides ongoing revenue funding to support running costs, but Rugby First owns the equipment and is responsible for its maintenance and replacement as necessary. If the BID ended, the equipment would revert back to council ownership.

Specific concerns were raised in response to the call for evidence about accountability for the contribution Rugby Borough Council makes for the operation of the CCTV system and whether the costs attributed to the operation and maintenance of the CCTV system in the annual income and expenditure notices for the BID provide a fair reflection of the actual costs.

The task group sought clarification from Rugby First on this point, including asking what proportion of the £461,198 reserves listed in the 2012/13 published accounts related to CCTV, and what would happen to the reserves in the event of the BID being dissolved. The following response was received from Rugby First:

The reserves are BID division £457,673 and Town Centre Division £3,525. The figures are for the whole of Rugby First which include the asset value of the CCTV system. Rugby BID needs enough reserve to pay for costs at the end of year as most of the levy is collected at the beginning. The reserves are put towards the capital replacement programme for the CCTV equipment which the Council are not doing anymore.

In the event the BID dissolves, any surplus, after the cost of dissolution e.g. redundancy cost, asset decommissioning and disposal etc. have been settled would be returned to the levy payers. The BID regulatory position on this is that if there is more than £5 per hereditament in reserves then it needs to be given back pro rata to each levy payer.

In response, the task group sought further clarification about Rugby First’s provision for the CCTV replacement programme and details of expenditure on ongoing maintenance and replacements. Rugby First advised that it had spent £25,000 per year on a maintenance agreement and provided details of a further £117,000 spent over the past 5 years on replacements and upgrades.

The task group were assured that, should Rugby First not achieve its third mandate, the CCTV system in its entirety would return to the council in a position that it could operate a reasonable system.

The task group remains unclear as to what proportion of the CCTV costs are funded, respectively, by the council and Rugby First. One indication was that the split is
60:40 (RBC /Rugby First) while advice from council officers suggested 75:25 might be a fairer estimation.

4.4 Accountability and governance

4.4.1 Financial information

Although there was no specific question on this point in the call for evidence, three of the businesses who responded commented on a lack of accountability and transparency within Rugby First. While recognising that Rugby First is meeting its statutory requirements in relation to the publication of financial information, the task group members agreed that Rugby First could find clearer ways to present this information to public stakeholders.

The task group required professional support from within the Council to interpret the accounting information available publicly and to levy payers, and felt that Rugby First should be more publicly accountable for its use of BID levy and public funding. For example, the income and expenditure notices provided to BID levy payers included a line entitled “voluntary contributions” which relates to Rugby Borough Council’s contributions under its baseline service agreement. The task group felt that the terminology used was misleading. The lack of public information on the separate divisions of the company also created some confusion.

4.4.2 Engagement and communication

The task group also received criticisms from some town centre businesses about a lack of effective engagement and communication with the BID membership and task group members shared their own concerns about communication with town centre residents. Addressing these points, Rugby First highlighted that their independent surveys indicated a satisfaction rate of over 90% with the overall range of services they offer. To support communications they have regular newsletters and emails as well as offering one-to-one meetings with Rangers, BID management or the Board. They explained that annual meetings are held for levy payers and that all businesses are able to attend board meetings as observers.

In addition to these communication mechanisms, it was reported to the task group that a new networking opportunity for town centre businesses had been launched over lunchtime on the first Thursday of each month. There was also a voluntary scheme for those businesses exempt from the levy who wished to become BID members. The Rangers were cited as the main means of communication with town centre residents, following the disbanding of the residents association.

Rugby First argued, however, that they had a responsibility to communicate effectively with their members, but beyond that it was questionable whether resource should be focused on communication and promotion of BID activities to a wider audience.
4.4.3 Board of Directors

The task group noted the evidence from the Nationwide BID Survey 2013, which highlighted Rugby First’s high number of Board members. From the 103 BIDs that responded, the majority (64) had between 10 and 16 Directors. There are 9 BIDs with 5 or less Directors and 8 BIDs with 20 or more Directors. Rugby First had the eighth highest number of directors:

<table>
<thead>
<tr>
<th>Board Members</th>
<th>Directors</th>
<th>Observers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham Retail</td>
<td>22</td>
<td>0</td>
</tr>
<tr>
<td>London Kingston</td>
<td>22</td>
<td>2</td>
</tr>
<tr>
<td>Heart of London</td>
<td>22</td>
<td>2</td>
</tr>
<tr>
<td>Loughborough</td>
<td>21</td>
<td>7</td>
</tr>
<tr>
<td>Huntingdon</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>London Croydon</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>Nottingham</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>Rugby</td>
<td>20</td>
<td>4</td>
</tr>
</tbody>
</table>

Rugby First provided the following explanation to the task group for the size of the Board:

There is no ruling on the amount of Directors for a BID. In the National BID Survey 2014 the average numbers are between 7 and 17. Rugby First has 20 Directors, which consist of a diverse range of businesses that represent different skills to offer their experience to the BID. It is very rare all Directors are present at all meetings, so keeping a number reasonable for attendance helps the board to make decisions.

Any vacancies for Directors are publicised in the newsletters, and we currently have applications on file when the vacancies arise.

Rugby First representatives further explained that the company is governed by the Companies Act and that its directors are elected in accordance with the Memorandum and Articles of Association, which set out a maximum number of directors for each representative sector. Applications to fill vacancies are considered and determined by a committee and ratified by members at the next Annual General Meeting of the company. Directors must agree to uphold the aims and objectives of the company. Observers are accepted at board meetings and any business wishing to attend would express their interest by letter to the chairman.

4.5 Implications of the BID mandate not being renewed in 2015

4.5.1 Sunset clause

The ‘sunset clause’, articulated in the 2010 BID prospectus, was based on a shared view between the council and Rugby First at the time of the last BID vote. This is due to be reviewed ahead of the next mandate.
As things stand, the implications of a failure to secure a third term BID in 2015 include:

- the town centre ranger service would cease, as this is exclusively provided by the BID
- the free Shopnet and Pubnet service would cease. It is possible that the service may be delivered by another provider at a charge
- free call-out service would cease
- the council could not fund the CCTV running costs above its current commitment and therefore running costs would have to be less than at present. This would be likely to mean a reduction in staffing levels, removal of 24/7 monitoring and removal (or running down) of all of the core town centre cameras
- enhanced cleaning services would no longer be provided, included regular steam cleaning of the streets, removal of gum / graffiti and the personalised cleaning service to individual business frontages
- additional BID investment in marketing would cease (c.£158,700 in 2013/14)

The task group also received evidence from Rugby First about wider potential implications. For example, a loss of confidence amongst shoppers, visitors and staff as a result of the loss of the BID rangers, an increase in crime levels in the town centre and a dirtier town, which may lead to a reduction in footfall. One of the Directors of Rugby First, who is also a local business owner, spoke powerfully about the issues facing retailers prior to the establishment of the BID, including gangs, dirty streets, regular thefts and low prosecution levels.

The only savings that the council would realise in the event of the BID mandate not being renewed would be around £31,000 levy payment that the council is currently required to pay. Any service provision above what the council currently provides would come at a direct cost to the council and in some cases would bring additional pressures as the council responded to higher expectations of local businesses and the public, as they now take for granted the levels of safety, cleanliness and events that the BID company have provided.

4.5.2 What is the alternative?

It is clear that the BID generates considerable additional income for investment in the town centre that would not be otherwise available. The council does not have any powers to charge a levy or additional business rates on businesses in the town centre other than through the BID mechanism. The task group therefore identified the following alternative scenarios / sources of funding:

- local residents fund investment in the town centre through an increase in council tax
- funding through local businesses – although business rates are set nationally, the council has some discretion over business rate reliefs and retains a proportion of business rates locally, so could allocate money from this budget to the town centre
- leave the prosperity of the town entirely to market forces.
The task group sought views on this in its call for evidence. There was a clear view from many respondents that “leaving it to market forces is not an option” and that, with the expansion of out of town shopping, this would result in further degeneration of the town centre. Most agreed that a combination of public and private investment was needed to attract wider investment in the town centre. Two respondents indicated that a small increase in residential council tax could be justified.

4.6  Shaping the future BID

4.6.1 Future of the town centre

The Council is in the process of reviewing the Core Strategy and producing a new Local Plan for the Borough. This requires a review of the policies that relate to the town centre. This is in the wider context of the Leicester Road planning applications and the arrival of Debenhams, which have obvious implications for the town centre.

In general, the strategy agreed with councillors is to try to reduce the amount of control and regulation that planning policy places upon the town centre, in order to provide flexibility that will allow adaptation to new market contexts. The proposals focus on shrinking the areas in which planning policies will control the change of use in the town centre, but also continuing to prioritise areas such as the Market Place to ensure that the character of the Rugby town centre is preserved.

4.6.2 BID priorities

Rugby First presented survey evidence from local businesses about their views of the BID priorities. This demonstrated high levels of support for the main BID activities, as presented below

The task group also sought evidence on whether the current BID priorities (safety and security, creating a clean town centre and bringing visitors into town) were the right ones in their own call for evidence. Four of those who responded to this question agreed wholeheartedly that the current priorities are the right ones. They
argued that having a safe and clean town centre is key to increasing footfall and that the presence of Rangers and good CCTV surveillance is increasingly important.

A repeated view from those who did not agree with the current priorities was that insufficient priority is given to marketing the town. Some argued that the priorities have not changed to reflect the shift in retail habits and respond to expansion of out of town retail parks.

It was suggested by one respondent that the BID should draw together the "confidence, energy and support of the Town, developing cost-effective improvement plans and delivering them in coordinated and measurable ways". Town centre events and activities should be informed by market research and aimed specifically at attracting the target market of ‘ABC1s’ into the town centre.

Five of the businesses who responded specifically questioned the value of the Rangers, or suggested that there were too many Rangers for a town the size of Rugby. Equally the high number of cleaners employed by the BID was also questioned. Others felt that too much of the budget was weighted towards spend on the CCTV provision.

Respondents made a number of constructive suggestions of new priorities and activities that could be considered by Rugby First as they develop their future mandate. These included:

- work with partners to use business rate relief to encourage new businesses to set up in town (including quality independent shops) and retain existing businesses
- using empty shops to create pop-up spaces for start-up / creative businesses
- expanding the existing range of events to attract people to the town centre
- developing the market / Farmers’ Market, which could bring increased income for BID and be used to attract ABC1s to the town
- promoting tourism, building on the heritage of the town
- addressing car parking charges and provision of an adequate coach park
- playing a strategic role in developing the evening economy to maximise the opportunities this can bring to the town
- liaising with developers and investors at a strategic level to shape the town centre for the future.

4.6.3 Developing a vision for the next Mandate

The task group asked Rugby First representatives to set out their vision and plans for the future. Their response focused on the feedback received from their own surveys of local businesses which suggested that businesses like the services provided currently and that 75 per cent wish the BID to continue as it is. While the economic and retail trends were acknowledged they felt that the services required by town centre businesses would remain the same. There was nevertheless recognition that Rugby’s status as ‘Proud Home’ for the Rugby World Cup 2015 had the potential to be a catalyst to greater partnership work to sell the town better and make the most of its historic value and leisure benefits.
Amongst those responding to the call for evidence, there was considerable consensus that the BID should shift its emphasis towards marketing, with nine respondents making this point and a further two asserting the importance of marketing the town centre. Several suggested the need for a marketing professional to be employed to enable a more proactive response to the expansion of out of town retail parks and to the (housing) growth in the borough. It was argued that the BID should seek to capitalise on the uniqueness of the retail offer and ‘experience’ of town centres.

4.6.4 Strategic Leadership

It became apparent in discussions with the Rugby First representatives that they saw their role as being to look after the town centre and operate BID services over and above the benchmark set by the council. It was the council’s responsibility to lead the development of the future vision, though clearly with a strong input from Rugby First.

The Council has most recently set out its vision for the Town Centre in the 2011 Core Strategy and is currently working to review this approach. It was noted that a considerable amount has changed since 2011 in relation to retail and town centres. Locally, large-scale out of centre retail developments have been permitted and nationally, retail markets continue to change and evolve.
5. CONCLUSIONS

The task group has drawn the following conclusions from the evidence it received:

5.1 Impact of Rugby BID in the town centre

The BID has brought a number of clear benefits to the town centre. The town is demonstrably cleaner and crime levels have reduced. The safety, security and reassurance provided by the 24/7 CCTV monitoring, Pubnet and Shopnet systems and the Rangers are clearly valued by businesses and customers. The CCTV operation is a national exemplar, the vacancy rate compares favourably with the national average and footfall is increased by successful town centre events. There is a risk that these positive impacts are now taken for granted.

5.2 Value for money

The task group was not able to make an evidenced assessment of whether or not the Council receives value for money from its investment in Rugby First as they were unable to identify any clear success measures linked to the Council’s investment. The task group were also unable to identify any other BIDs in similar sized towns that provide a similar range of services to make an appropriate comparison.

The Council’s investment in Rugby First takes the form of levy payment (around £31,000), baseline service agreement payment (for CCTV – £239,190 in 2014/15) and discretionary payments for specific activities (see 4.3.5 above). Each of these areas would have a different assessment in relation to value for money. The review explored whether the Council could achieve the same service levels as Rugby First without any increase in council expenditure, and it was clear that this could not be achieved.

It was clear from the evidence presented to the task group that the Rugby BID levy rate (and income) is high compared with other BID areas, but also that the Rugby BID delivers the services its members wanted, with the levy set at a level to reflect the budgets required to deliver those services. The second mandate indicated clear support for the BID from town centre businesses and it is indisputable that the BID has enabled increased investment in the town centre without having to call on public funding.

5.3 Transparency and accountability

Members felt that Rugby First could be more transparent in the way it presents its accounts. There could be clearer descriptions of expenditure – particularly in the income and expenditure notices prepared for levy payers – and wherever possible specific information on the BID finances could be made publicly available on the Rugby First website.
5.4 Implications of the BID not continuing

£647,380 was collected in BID levy income in 2013/14. This income from businesses for investment in the town centre would be lost if the BID failed to secure a third term. As a direct result, the Rangers service and enhanced street cleansing would not continue. It is unclear what level of CCTV operation could be supported by existing council funding levels. There is also uncertainty regarding which organisation would have the capacity to continue to deliver the events that are provided as part of the marketing activity in the mandate, including well-appreciated activities such as the Festival of Culture, Food and Drink Festival and the Christmas lights switch-on fun day.

5.5 Shaping the next BID business plan

Rugby First’s focus in developing their plans for the next mandate is on meeting the needs of town centre businesses. Their own survey evidence suggests high levels of satisfaction with the range of services currently delivered and there is a view that the needs of town centre businesses will remain unchanged. On the other hand, there was a clear consensus emerging from respondents to the task group’s call for evidence that there should be a shift in emphasis in the BID priorities (see 4.6.3 above), with greater priority given to marketing the town centre to enable a more proactive response to the expansion of out of town retail parks, the increasing leisure focus and to the (housing) growth in the borough.

Given the changing role of the town centre and the wider retail and leisure trends, these views resonated with the task group and members felt they warranted further testing. Members suggested there would be value in Rugby First continuing to engage directly with levy payers in developing their future mandate. This could include consultation on costed proposals for future priorities and activities, with clarity as to what levy charges would be required to fund the different options.

5.6 Strategic leadership

The task group recognised that the Borough Council has a responsibility to set a clear vision and strategy for the future of the town centre, which will help to inform the priorities of the BID in its third term mandate. The Council is in the process of developing this vision and will continue to engage widely in developing that vision and, where possible, identifying measurable outcomes for which partners could be held accountable. The responses to the call for evidence demonstrated an appetite from a number of individuals for constructive engagement in developing a future vision for the town centre.
Rugby BID area

Rugby BID will cover the following streets:

Albert Square
Albert Street
Bank Street
Barby Road (to Horton Crescent)
Bloom Place
Caldicott Park
Castle Mews
Castle Street
Chapel Street
Chestnut Field
Church Street
Churchside Arcade
Church Walk
Clifton Road (numbers from 1-55 including Lawrence Sheriff School)
Clock Towers Shopping Centre
Corporation Street
Drury Lane
Eastfield Place
Elisee Road
Evans Way
Gas Street
Henry Street
High Street
Hillmorton Road (numbers 1-38 including Lawrence Sheriff School)
Horton Crescent
James Street
Lawrence Sheriff Street
Little Church Street
Little Elbrow Road
Manning Walk
Market Place
Market Place
Moultris Road
Newbold Road (numbers 1-43 including the police station)
North Street
Northway
Railway Terrace (numbers 2-128 (even) and numbers 1-123 (odd))
Regent Place
Regent Street
Sheep Street
St Matthew Street
Swan Centre
Warwick Street
Westway (including Netto)
Whitehall Road
Windsor Court

Business premises on or inside the red line are deemed to be within the BID area

www.rugbybid.com