



the
mackinnon
partnership

**Hainault Business Park
Business Improvement District
The Renewal Ballot, March 2011**

**A report to Redbridge Council, HBP Ltd, and
Hainault businesses**

October 2010

Saunders House, 52-53 The Mall, Ealing, London W5 3TA
020 3356 9736
iaian@themackinnonpartnership.co.uk
www.themackinnonpartnership.co.uk

1. Introduction

- 1.1 At the request of Redbridge Council, we have prepared this document for the Council itself, for the board of Hainault Business Park Ltd, and for businesses on the park that are to be invited to vote to give the Business Improvement District a second five-year term.

Introduction

- 1.2 We have divided the document into two parts: first, a brief overview, then, a draft of the core of what will become the formal Prospectus for a second term for the BID, on which businesses will be asked to vote early next year.
- 1.3 The purpose of the document is to invite comment, so that the Prospectus which will later be based on it, fully reflects the views of the business community on the park. If you have any comments, please address them to Chris Wyles or Jim Ridley (whose contact details are on the last page)

Review of the pre-ballot questionnaire

- 1.4 A little earlier this year, the BID Board wrote to all the 150 businesses on Hainault Business Park inviting them to complete a questionnaire asking what they think of the existing Business Improvement District, and what they want to see in future. 80 businesses responded: a 53% response rate, which is very high indeed for a postal questionnaire. The businesses that responded represent 59% of the rateable value on the estate.

Pre-Ballot Survey: Key Points¹

Extent of support: Support for the BID is very high: 93% of survey respondents favour the continuation of the BID for a further five-year term.

Size of the levy: There is strong support for an increase in the levy above the current 1%. 72% support an increase and 54% favour an increase to 2% or more; (in detail, 18% favour an increase to 1.5%; 46% favour 2%; 5% favour 2.5% and 3% support a rise to 3%).

BID Management: Nearly every respondent was positive about BID management: 96% said that they were either “very satisfied” (65%) or “satisfied” (31%) with current BID management. 75% are in favour of a paid management structure for the BID.

BID Projects:

- projects attracting the highest satisfaction are those related to security, signage and recycling;

¹ If you want a copy of the full report on the survey, which was prepared independently by The Mackinnon Partnership, please ask Jim Ridley, who will gladly supply one.

- projects with lower levels of satisfaction are work placements, and discounts and sponsorship (with more firms saying that they are either not aware of them, or that they are not relevant to them);

What's important to businesses?

- security tops the list, with delivery and vehicle access coming second.
- on-street parking ranked lowest, but was one of the highest in terms of priorities for future work.

Evidence of success

- 1.5 The independent evaluation of the additional funding secured from the London Development Agency, had this to say in the summary of its final report, earlier this year:

The major success of the BID has been the improved security on the Park. This has been achieved through the installation of CCTV, improved perimeter fencing and fostering a better relationship with the police and the local community, leading to better communication and a more visible police presence on HBP. This success has led to the Park no longer being regarded as a crime hotspot by the police.

A consequence of the improved security is that the tidiness and appearance of the Park has improved. There is less vandalism, and fly tipping and burnt out cars are no longer a problem. The declining level of crime has allowed funds to be spent in other areas, allowing landscaping of land on the Park to take place.

The changing BID context

- 1.6 The new Government looks set to continue to support Business Improvement Districts, with no change in the arrangements. Indeed, the current period of austerity means that it is very likely that BIDs will continue now throughout the lifetime of this Parliament – which is much the same as the lifetime of Hainault BID's second term.

Scope for using external funding

- 1.7 The prospects for Hainault Business Park drawing in further public sector funding are very poor and probably non-existent. HBP Ltd has already spent quite a bit of effort exploring the scope for further funding from the London Development Agency, to add to the £347,000 it secured for the three years from April 2007 to March 2010 – but without success. The LDA is being abolished as a separate entity and its budget cut substantially.

- 1.8 As to central Government, and the funds which might be available through its agencies (such as Business Link and various regeneration and economic development bodies), the Government has made clear that it is looking for savings of at least 25% in virtually every area of Government, and the Chancellor will set out his plans in the Autumn Statement later this month. Realistically, there is no prospect of HBP Ltd securing additional external funding of any significant size for the foreseeable future: it will have to rely on what it can raise from businesses.
- 1.9 The excellent reputation HBP Ltd has developed with its sponsors should mean that sponsorship income should hold up, but - though very welcome - it represents quite a modest sum in comparison to money raised through the levy.

2. Draft Prospectus

Please note that what follows is simply the words for the core of the Prospectus: separate work will be done to present the document attractively, and there are further sections to be added to meet legal requirements, such as detail of how the ballot will be conducted.

The Story so far

- 2.1 Hainault Business Park is the second largest employer in Redbridge, home to 150 or so companies, ranging from large international companies through to much smaller businesses.
- 2.2 Before Hainault Business Park Ltd was set up the estate was sliding into gradual decline: we had too many empty premises, vandalism and burglary were rife, and fly tipping and burnt out abandoned vehicles scarred the estate. The whole place needed a good sort out.
- 2.3 The first stirrings of what has become Hainault Business Park Ltd came in October 2002 with a meeting organised by the local Crime Prevention Officer. That led to an invitation from the Council the following June to form a partnership to improve the estate and make it a safer place to work for business owners, their employees and visitors. The first, tentative, step was new signage.
- 2.4 Our first big project was to install a CCTV system, which went live in December 2004, thanks to the commitment of businesses which raised £25,000 between them. We used that money to bring in matching funds from Redbridge Council and Business Link (the Government's small business support agency). The CCTV made a big difference in reducing crime and the Metropolitan Police were able to remove the park from its list of crime "hotspots" – a great signal that we were making progress.
- 2.5 When we made further progress in tackling vandalism, fly tipping and abandoned cars, the partnership made the decision to become formally recognised as a Business Improvement District (BID). Redbridge Council supported our proposal and provided the much needed financial and expertise support needed to reach BID status. At that stage, all the BIDs in Britain were in town centres, so we had little to guide us in applying the idea to a business park, but we thought the idea would suit Hainault well.
- 2.6 The idea of Business Improvement Districts is that every business within a defined area pays a small levy on top of their business rates, using the proceeds to pay for services which they think are useful, but which public agencies like the Council, the Government or the Police don't have to provide (and are therefore very unlikely to provide).
- 2.7 Once local firms vote to have a BID, every business has to pay the levy, regardless of how they voted. And to keep everything fair, businesses get a chance every five years to say if they want the BID to continue, and to agree its programme.
- 2.8 That's what this booklet is about: the first five years ends in March 2011, so you get the chance to vote on what happens next.

What has the BID done for you so far?

2.9 Rather a lot!

- our top priority has been to achieve increased safety and security, for everyone working here and for property. We have achieved that by improving the perimeter fencing and walls, by installing CCTV cameras throughout the park, and by erecting gates ;
- we have improved the parking on the park;
- we have improved the cleanliness of the park – and maintained the new levels of cleanliness;
- we have introduced new - *free* - recycling services;
- we have improved the signage at the entrances and on the park itself;
- we have run networking events which now typically attract 50 or so businesses, opening-up new opportunities for businesses on the park to sell to their neighbours – which hardly happened at all before the BID;
- we have attracted other funding, and used it to extend the range of services we provide to businesses;
- we have attracted commercial sponsorship and through it secured valuable discounts for businesses;
- we have run training courses and set up work experience opportunities;
- we have kept an eye out for the success of the park, tackling new problems as they arise and grabbing new opportunities to help businesses as they come up;
- we have made the Business Park look cared-for – because it *is* cared-for.

2.10 But it's more than just projects, very valuable though they are. Having a BID on the park means that through the BID Board, businesses speak with one voice when they speak to the Council, to London government, and to others.

2.11 It is a big advantage to us all to have that voice. It means that the Council is now doing what it should do in providing services to Hainault Business Park, and it means that when Chris Wyles or Jim Ridley, on behalf of the BID, have something to say to the Council, politicians and officers both listen. Indeed, HBP is increasingly listened to beyond Redbridge too, and that can only benefit businesses on the park.

LDA funding and Sponsorship

2.12 The BID Board used the excellent base provided for us by the BID levy income to bring in an additional £347,000 from the London Development Agency (LDA), £170,000 in other funding (notably from the London Borough of Redbridge) and £45,000 from commercial sponsorship – making £562,000 in total. In other words, for every £1 raised locally by firms on the park through the levy, your Board has been able to add almost £3.

2.13 What is clear, however, is that whatever the position with commercial sponsorship, there is no real prospect of getting any more funds from public sources for the foreseeable future. Current sponsors are:

LB Group	accountancy
Nat West	banking
M & K Cleaning Services	cleaning
Towergate	insurance
Jobcentre Plus	recruitment
Secom	security
Windsor Signs	signage
Mullis & Peake	solicitors
BT Local Business	telephony

What do you plan to do in the next 5 years?

- 2.14 We will carry on with the wide range of projects and initiatives which we have run over the last five years (and listed above), and we will continue to keep an eye out for the best interests of the park, and businesses on the park.
- 2.15 Building on what we have done so far, we will be looking for opportunities to extend networking opportunities – ie opportunities to make new contacts and create business leads – both within the park, and beyond it, for example in other business parks.
- 2.16 We want to extend the CCTV system to include new ANPR (automatic number-plate recognition) cameras, which will increase security.
- 2.17 We want to explore the scope for more energy-saving initiatives – because we know that energy costs are high for many firms and getting higher.
- 2.18 And we will keep on looking-out for new opportunities and responding positively to ideas suggested to us by businesses.

What will my money be spent on?

- 2.19 Spending will fall into three broad categories:
- maintaining what has been achieved so far (such as the CCTV);
 - doing new things (eg exploring the scope for energy savings)
 - providing core running costs so the BID can function (something which we have used other income for until now – income no longer available).
- 2.20 Broadly speaking, we propose to spend 30% of the BID income on maintaining existing initiatives, 50% on new initiatives for the benefit of businesses, and 20% on core running costs for the BID.

What happens if we vote against the BID?

- 2.21 If businesses on the park vote against the renewal of the BID for another five-year term, HBP Ltd will have no income to maintain any of the improvements which we know most firms value, and no income to make any of the further improvements we know businesses want to see.

- 2.22 HBP Ltd has no other income, and in the current economic climate the prospects for raising any further grants from public sources are very poor indeed. Poor enough, in truth, even if the vote is 'yes', but public authorities are hardly likely to want to put money into the park when they know that businesses on it have rejected the opportunity to extend the successful BID which they have enjoyed for five years.
- 2.23 The very strong likelihood, therefore, is that if businesses vote against the BID, existing projects that require attention would not get it, the CCTV would not be watched, no new improvements would be undertaken and no new initiatives would be started - and the park would slowly slide back to how it used to be. None of us wants that.

Which businesses are covered by the BID?

- 2.24 The BID applies to every business within the area designated on the map below – ie exactly the same businesses as are covered by it today:

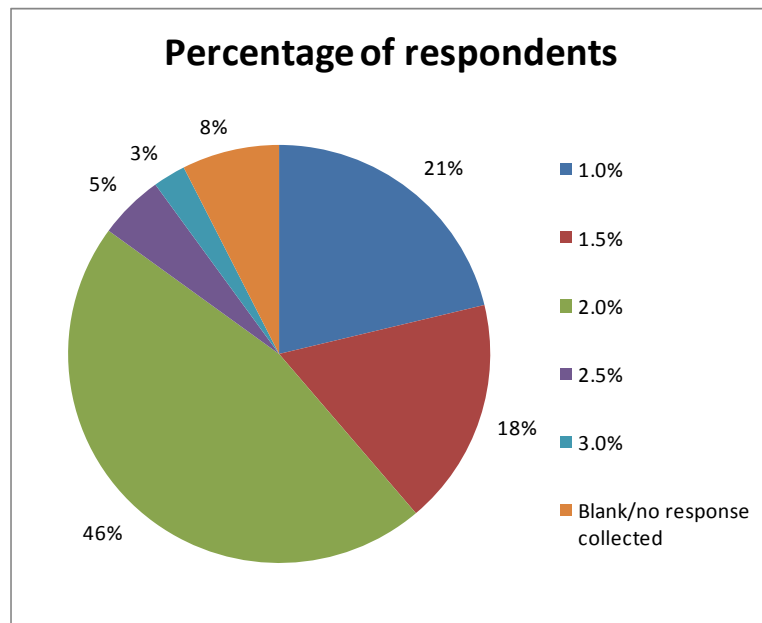


© Crown Copyright. All rights reserved. LB Redbridge 100017755, 2010 13/05/2010

Financial arrangements

- 2.25 Your board set the levy for the first five years of the BID at 1% of the rateable value for each firm, capped at £1,000 per firm. That brought in around £40,000 pa. We used that to get further income from the London Development Agency for three years, which we have used to make a big difference, but that money stopped a year ago. Given the state of public finances there is very little chance that we will get any more from the LDA, or indeed from any other public body. But much remains to be done.
- 2.26 For the second term, 2011-16, the Board therefore tested the waters by asking businesses in the questionnaire, which went out over the summer, whether they would consider paying a higher levy. A very clear majority favour a substantial increase, as this chart from the (independently-produced) survey report shows:

What do you believe to be a fair levy percentage to deliver a new five-year term, providing a well managed safer, more successful business park?



- 2.27 Analysing the results by rateable value shows a higher proportion in favour of a 2% levy or higher: 58% rather than 54%.
- 2.28 The HBP Board therefore seeks your support for a 2% levy, which would raise some £115,000pa for the benefit of businesses on the park.
- 2.29 In the first five years of the BID we capped the 1% levy at £1,000pa (ie no business paid more than this, however large it was), and we propose to follow the same principle with the 2% levy: payments would be capped at £2,000pa.
- 2.30 If businesses vote for the renewal of the BID on Hainault Business Park, Redbridge Council would collect the levy as it does now, and pass the funds to the BID Board.
- 2.31 You can find the rateable value of your premises on your business rates invoice, or go to the Valuation Office Agency website at www.voa.gov.uk.
- 2.32 The calculation of the BID levy does not affect your business rates in any way (or any appeal related to your business rates).

Who's in charge?

- 2.33 Business Improvement Districts are backed by law, with legal responsibility in the hands of local authorities. Redbridge Council has appointed Beverley Stratton to look after the two BIDs in the borough (Hainault Business Park and Ilford Town Centre). Her contact details follow on the last page.

- 2.34 On Hainault Business Park itself, arrangements are in the hands of Hainault Business Park Ltd, whose directors are:

Chris Wyles, Joint Chairman	PC&D Services
Robert Lock, Vice Chairman	Maypole Press
Vinod Thakrar	Whistle Stop
John Timbs	Lodge Group
John Barker	B&B Sealed Units
Sue O'Brien	Pettex Ltd
Keith Hulme	Starna

- 2.35 HBP Ltd appointed Jim Ridley as Business Park Manager and for the first five years of the BID we have been able to use funding other than the levy to pay for his services - an option no longer open to us.
- 2.36 In the pre-ballot questionnaire conducted during the summer we tested the proposition that the BID should have a paid management structure, and 75% of those who responded to the survey were in favour. 15% of those who responded were against the idea, representing 8% of the rateable value on the park.
- 2.37 For the second five-year term, the Board of HBP therefore proposes to have a paid management structure, to ensure that we protect the gains made during the first five years of the BID, and keep on creating successful opportunities for businesses on the park.

How does the levy work?

- 2.38 To be approved, every BID must get a majority in a formal ballot of every business within the boundaries it proposes. A simple majority of votes cast is enough (there is no minimum turnout rule), but it must be a majority of both votes cast and a majority of the rateable value. That “double key”, as it’s called, is designed to stop the result being dictated by either a few large firms or a lot of smaller ones.
- 2.39 Once the vote has been passed, the result is legally binding: ie every firm within the BID area must then pay the levy for the next five years, whichever way they voted.
- 2.40 The local authority – in our case Redbridge Council – then arranges to collect the levy on behalf of the BID team. Demands usually go out at the same time as ordinary Council Tax demands, and they are collected in the same way.
- 2.41 In keeping with the way the business rates system works in Britain, business *occupiers* pay the levy, not property owners.
- 2.42 To make sure that local councils do not use the BID system to evade their responsibilities, BID partnerships make formal agreements with them that guarantee the level of service they will provide in the area. That way, you know that your levy money goes on services that are truly additional to what you would have got anyway.

How long will it last?

- 2.43 The current Hainault BID agreement expires on 31 March 2011. If the ballot results in a “yes” vote, the new BID will run from 1 April 2011 to 31 March 2016, when another ballot would be needed for the BID to continue.

How the ballot will be conducted

- 2.44 Redbridge Council will manage the arrangements, to ensure fairness and objectivity. On 11 February, the Council will send a formal notice of the ballot to every business eligible to vote, and the ballot will be undertaken over a month, starting from 21 February 2011 and finishing on 21 March. The result will be declared on 21 March and, if the result is positive, the new BID will start straightaway, from 25 March.

Contact details

- 2.45 In accordance with the legislation, Redbridge Council is managing the renewal process. The contact there is Beverley Stratton, Town Centres and BID Manager. Bev can be contacted on 020 8708 2079 or Beverley.Stratton@redbridge.gov.uk.
- 2.46 For Hainault Business Park itself, contact either Chris Wyles, HBP Joint Chairman, or Jim Ridley, Business Park Manager:

Chris Wyles: 020 8501 2266; CWyles@pcds.co.uk

Jim Ridley: 07944 489733; jim@jwrcomms.co.uk

Consultation

The reason for circulating this draft now is to check that the HBP Board has properly understood what businesses want to happen next.

If you have any comments on anything in this document, please let either Chris or Jim know, by phone or by e-mail, or in person.