



**Redditch TCP
Feasibility Study
April 2018**

MAKING PLACES **WORK**

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Contents

- 1) Executive summary**
 - 1.1 Key recommendations and conclusions
- 2) SWOT analysis**
- 3) The project plan and the i5 Stages**
- 4) Project Timeline**
- 5) Feasibility objectives**
- 6) Potential BID Income**
- 7) Sector and area splits**
 - 7.1 Top 20 levy payers
 - 7.2 Organisations with most hereditaments
 - 7.3 Sector split
- 8) On-the-ground research**
 - 8.1 Who was surveyed?
 - 8.2 Survey conclusions
- 9) Strategic Plans and previous BID documents**
- 10) Conclusion**

1) Executive Summary

Central Management Solutions has carried out a Feasibility Study on behalf of Redditch Town Centre Partnership (TCP), examining the issues that are important to businesses within Redditch town centre in order to ascertain the degree to which a Business Improvement District (BID) could be a viable model for increasing and enhancing the provision of services to businesses within the town.

A BID is business-led and funded through a levy charge on businesses within a defined geographical area and they provide additional services designed to improve the local trading environment.

It is important that the limitations of a BID Feasibility Study are understood. It is designed only to advise clients as to whether the development of a BID is viable and whether it is likely to be able to deliver the type of projects and services that businesses in the area feel would be beneficial. It provides initial financial modelling and assesses the willingness of the local authority to support a BID Proposal, if submitted. Finally, it assesses local capacity to assist with delivering a BID Proposal and resultant ballot process.

A Feasibility Report comes with health-warnings. It does not conclude financial modelling or eventual projects and services. Equally, it does not provide estimates as to likely voting outcomes. This is all obtained in the next stage, the Planning Stage. At conclusion of the Feasibility Stage, clients can only conclude that a BID may be worth further investigation and so proceed to the Planning Stage.

From the analysis of the data gathered in Feasibility, CMS recommends progressing to the next stage of BID development in Redditch.

1.1 Key recommendations and conclusions

1. A BID could be viable in Redditch, certainly the areas where businesses have suggested that improvements could be made around the level and the impact of the marketing is an area where BIDs in other localities have had real success.
2. The 'on-the-ground research' suggests that knowledge of BIDs is extremely low. This is not surprising given this Feasibility Study is the first attempt at the introduction of this concept in Redditch.
3. A BID would be financially viable in the location at the upper end of the recommended BID Levy Rate (1.75% - 2%). Given the relatively small budget available it is likely that the BID will need to focus on the delivery of one or two core service areas e.g. improved marketing, in order that it can most successfully use the resources that are available to it.
4. The town centre is clearly dominated by the Kingfisher shopping centre and a clear balance will need striking between the needs and concerns of the centre tenants and those outside of the centre. Any communications plan in the lead up to ballot will need to be mindful of the BID not appearing to be 'Kingfisher centric' whilst appreciating its significant place within the town centre.
5. CMS recommends that because of the above factors, the Town Centre Partnership should progress the research to the next stage of development planning, allowing for a more in-depth study of the exact issues and likely projects that a BID for Redditch could deliver.

2) SWOT Analysis

The following SWOT analysis is designed as an overview of Redditch town centre and will be developed further if the decision is to progress towards a ballot. The Steering Group will need to be certain by the time it triggers a ballot that the strengths and opportunities presented by a BID outweigh the threats and can start to tackle some of the weaknesses.

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Good quality shopping centre • Over branding because of Kingfisher Shopping Centre • Above expected level of retail index • Parking • Accessibility 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Perception • Dominance of Kingfisher Shopping Centre • General appearance outdated • Hidden old town • Ring road • Lack of short stay parking • Signage • Lack of identity • No specialist markets
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Outside events • Adapt to change outside town centre • Outside markets from funding • Shift in perception • Palace theatre • Signage • Increasing affluence of local market 	<p>THREATS</p> <ul style="list-style-type: none"> • Longbridge • Grand Central • Bromsgrove – evening economy

3) The Project Plan and the i5 Stages

The i5 stages of BID development are a recent progression on the CMS Five-Stages of BID Development. They not only set out the tasks that need to be undertaken but also how the project team (a Steering Group and their chosen contractor) should be acting throughout each Stage. This Feasibility Stage has been about 'investigation', and it is during the more in-depth Planning and Local Authority Stages that real 'insight' will be gained and a likely ballot outcome determined. The Stages are;

- 1. Investigate** (Feasibility Stage) - Establish the need, situational analysis, SWOT analysis, assess business interest and insight, gauge public and private sector support, crude viability test, financial assessments, including development costs, assessing capacity locally, raising awareness, communications.
- 2. Insight** (Planning and Local Authority Stages) – Develop the purpose, proposition and vision, primary research (various methods) at local level, consultation (including head offices), communications, operating agreement, baseline agreement(s), service level agreement(s), ballot processes, voter database and CRM, contingencies for failure, Proposal and rules, financial modelling, 'Go-ahead' moment.
- 3. Inspire** (Campaign Stage) - Visual identity, Business Plan, communications strategy and collateral, campaign launch, monitoring the ballot, handling objections, winning the ballot.
- 4. Implement** (Establishment Stage) – Delivery plan and budget (Year 1), governance arrangements, contract procurement, staffing and HR, financial controls.
- 5. Interrogate** (Establishment Stage) – Establishing a culture of improvement, setting performance measures, annual review process, independent review(s), billing processes, levy payer communications, including billing leaflet.

The i5 Stages to BID Development

FEASIBILITY	PLANNING & LOCAL AUTHORITY	CAMPAIGN	ESTABLISHMENT	
Investigate	Insight	Inspire	Implement	Interrogate
Building the picture by gathering knowledge	Detailed planning and research using results to determine the strategy	Stimulating interest, enthusing and encouraging participation	Turning ideas into realities	Establishing a culture of constantly measuring, reviewing and improving throughout the term of the BID
<ul style="list-style-type: none"> • Establish the need • Situational analysis • Competitor/SWOT analysis • Assess business interest and insight • Gauge public and private sector support • Crude viability test • Financial assessments, including development costs • Assessing capacity locally • Raising awareness • Communications 	<ul style="list-style-type: none"> • Develop the purpose, proposition and vision • Primary research (various methods) at local level • Consultation (including head offices) • Communications • Operating agreement • Baseline agreement(s) • Service level agreement(s) • Ballot processes • Voter database and CRM • Contingencies for failure • Proposal and rules • Financial modelling • 'Go-ahead' moment 	<ul style="list-style-type: none"> • Visual identity • Business Plan • Communications strategy and collateral • Campaign launch • Monitoring the ballot • Winning the ballot 	<ul style="list-style-type: none"> • Delivery plan and budget (Year 1) • Governance arrangements • Contract procurement • Staffing and HR • Handling objections • Financial controls 	<ul style="list-style-type: none"> • Establishing a culture of improvement • Setting performance measures • Annual review process • Independent review(s) • Billing processes • Levy payer communications, including billing leaflet

Improve via interrogate

4) Project Timeline

If the Steering Group progresses to the next stage, timelines must remain indicative to allow the BID to develop at the right pace for the area. Sufficient contingency must be allowed to ensure that each Stage is completed fully and satisfactorily. The easiest way to come unstuck whilst developing a BID is to rush the process, thereby failing to build support locally prior to ballot. With these caveats in place, an indicative timeline for Redditch to reach a ballot might be:

Five-Stages of BID Development Timeline			
Investigate	May 2018	to	July 2018
Insight	August 2018	to	November 2018
Inspire	November 2018	to	February/March 2019

This suggests that a ballot could be achieved in Redditch by the Easter of 2019. It is important to note that there are three times during the year where statistical evidence suggests it is best to go to ballot to maximise chances of success. These are:

1. February to March/April (depending on Easter) – in 2019 this is achievable for Redditch.
2. May to July (subject to Bank Holidays in May and school holidays in July) – this is the contingency.
3. October to November (completing the ballot prior to Christmas trading) – This is also an option in 2019.

With this in mind, the likely start date for a new BID, allowing 3 months after ballot for the Establishment (Implement) Stage would be July 2019.

5) Feasibility Objectives

CMS has been instructed by Redditch TCP to conduct a Business Improvement District (BID) Feasibility Study of the area.

As part of this Feasibility Study CMS has:

- Reviewed the work already undertaken, supplementing and refreshing where necessary, whilst working within the widest possible area for any BID to ensure maximum inclusivity. As the research and consultation progresses, the area may change and will, most likely, then shrink rather than expand.
- Gathered a response that is a representative sample (representative of both the types of businesses to be included and the geography of the draft BID area) to ensure that at least 10% of businesses have been contacted.
- Carried out initial work on the ratings extract. This is an analysis of the business rates list and will start to gauge the likely levy yield taking into account likely discounts, exemptions, thresholds, caps etc. used in the first instance as the data for first contact.
- Carried out basic financial modelling across proposed levy rates, most likely between 1% and 2% of rateable value.
- Other models to a BID may need to be considered. CMS will compile a report that documents the modelling work done, business feedback and next steps and will recommend other models if necessary.
- The data available will need to be reported to demonstrate:
 - (a) the business types within the catchment
 - (b) responses received (by sector)
 - (c) the most influential voters by rateable value, and
 - (d) the most influential voters by number of hereditaments
- Feasibility Stage - Required Outcomes:
 1. An overview that a BID is worth exploring
 2. Council support for the process
 3. Commonality of interest amongst businesses
 4. A database of ratepayers
 5. Initial financial modelling demonstrating viability.

6) Potential BID Income

It is often easy to assume that establishing your likely BID income is as simple as picking the highest possible levy rate that you believe businesses will be willing to vote for.

In reality, there are a number of considerations when establishing the correct parameters for ensuring the correct set of levy boundaries. Primarily though, the rate at which your levy is set should be based on the income needed to provide the services that businesses want but should be within those recommended in the British BIDs National BID Criteria (updated version published in January 2018).

In reviewing the potential BID income it should be emphasised that the figures represented are indicative only. Rateable values and occupiers change frequently and a collection rate of 95% has been assumed. The two variables examined from the information currently available were:

1. Levy rate
2. Rateable value (RV) threshold above which business pay a levy

Threshold (£)	No. Hereditaments	Levy Rate (%)				
		1	1.25	1.5	1.75	2
5000	378	£171,318	£214,148	£256,978	£299,807	£342,637
7500	337	£169,016	£211,271	£253,525	£295,779	£338,033
10000	302	£166,150	£207,688	£249,226	£290,763	£332,301
12500	272	£162,989	£203,736	£244,483	£285,230	£325,978
15000	253	£160,599	£200,749	£240,899	£281,049	£321,199

The thresholds below which businesses do not have to pay have been reviewed at £2,500 variables between (and including) £5,000 to £15,000. This would mean the BID might be made up of a minimum number of hereditaments of circa 253 and a maximum of circa 378. These figures are lower than the industry average number of levy payers in a BID area. It may therefore be likely that a higher headline levy rate is required in order to ensure any BID has enough income to deliver projects of value to the businesses.

From the above analysis, a BID for Redditch could generate an annual income between £160,599 and £342,637. Further analysis will be required during the Planning Stage to establish the level of income needed in order to meet the expectations of businesses.

Based on a levy rate of 2%, a business in a hereditament with a rateable value (RV) of £10,000 would pay £200. A business with a RV of £100,000 would pay a levy of £2,000 and a business with an RV of £500,000 would pay a levy of £10,000.

It is common for BIDs to have a discounted levy policy for businesses who are tenants of shopping centres. This is because certain services the BID may provide for the whole area, like extra cleaning or security services, may already be provided by the shopping centre as part of their tenancy agreement.

Some BIDs also offer discounts for hereditaments owned by charities. If it is decided that a discount should be given to shopping centre tenants in Redditch, given the large number of hereditaments housed within the Kingfisher centre, this is likely to have a significant impact on the levy available.

It is also worth noting that on average, BIDs collect 10% of their income from voluntary contributions from businesses or organisations that do not qualify to pay the levy but that benefit from its services. Further modelling of this can be included in the Planning Stage survey on request.

Factors that may eventually influence hereditament numbers and levy include:

1. The final BID area
2. Any discount applied to charities
3. The actual cost of services required
4. Changes to the British BIDs National BID Criteria (Revised January 2018)
5. Potential or planned developments in the area during the term
6. Any threshold applied (lower end)
7. Any cap applied (top end)
8. Any other discounts or exemptions allowed (e.g. consideration needs to be given to the fact that, unusually, there are two separately rated car parks in the top five levy payers).
9. Local factors required to make a successful ballot

7) Sectors and Areas

7.1 Top 20 levy payers

Business	Local Address 1	Rateable Value (£)
Debenhams	19 Walford Walk B97 4EE	500000
Redditch Borough Council	The Town Hall, Alcester Street, , B98 8AH	460000
Marks & Spencer PLC	1 Walford WalkB97 4HJ	425000
The Range	14-18 Park Walk, B97 4HD	405000
Primark	76 Evesham Walk, Evesham Walk, B97 4EX	392500
Wickes	Redditch Ringway, REDDITCH, B98 8DU	382500
Heart of Worcestershire College	New College, Peakman Street, B98 8DW	370000
H & M	45--47 Evesham Walk,, B97 4ET	352500
Boots	1-4 Kingfisher Walk, B97 4EY	352500
Dunelm	Unit 3a 60 Grove Street, B98 8AY	342500
Kingfisher Limited Partnership	Car Park 2 Silver Street,, B98 8AH	297500
The Governor of Trinity High School and Sixth Form Centre	Trinity College/ 6th Form, Centre, Easemore Road, REDDITCH, B98 8ER	231000
Aldi	Unit 1 Trescott Road, Trafford Park,, B98 7AH	228000
HM Court Service	Magistrates Court, Grove Street, B98 8DB	228000
Wilko Retail Ltd	7 Kingfisher Square, Kingfisher Centre,, B97 4EQ	225000
Lidl (UK) G.M.B.H	Unit 3b 60 Grove Street, B98 8AY	198000
TK Maxx Ltd	Evesham Walk, B98 8AH	180000
Petsmart	Unit 2 Trescott Road, Trafford Park, B98 7AH	170000
Bensons for Beds	Redditch Ringway, B98 8DU	166000
Holiday Inn Express	Hewell Road,, B97 6AE	157000

CMS believe that the top 20 hereditaments are unlikely to cause serious problems for the establishment of a BID, provided that discounts are provided for charitable institutions (including colleges and theatres), and that attempts are made to engage with them all in the planning process.

7.2 Organisations with most hereditaments

Occupiers Name	Number of Votes
Kingfisher Limited Partnership	26
Nansen Properties Ltd in Members Voluntary Liquidation	5
ATM Site (Notemachine) at Morrisons PLC	4
Worcestershire County	3
Redditch Borough Council	3
Warwickshire & West Mercia Community Rehab Company	2
Vodafone Limited	2
Thomas Cook Retail Limited	2
The Dow Surgery	2
Telefonia UK Limited	2
Poundstretcher Limited	2
J D Wetherspoon Plc	2
Bullivant Media Limited	2
Buildbase Limited	2
Boots Opticians Professional Services Limited (3062)	2
Ali Azhar Potia T/A S R Fones	2

There are a relatively low number of multiple voters within the proposed BID area. Despite this, a significant amount of the overall votes sits with the Kingfisher shopping centre and any BID that is to be successful will need to ensure it meets the needs of the centre and the wider town. If the support of the Kingfisher centre is gained prior to ballot, success will be vastly more likely.

7.3 Sector Split

Businesses have been placed into four categories. These sectors have been pre-judged by the researchers and are not, necessarily, indicative of how occupiers may view themselves. However, it is useful to ascertain the predominant audience and levy payer for the BID. It is also important to note that an analysis of this type is only helpful on the 'simple majority' side of any future ballot. It does not presently take into account the size of premises as judged on the 'majority by rateable value' side:

1. Retail (where purchase is not for consumption on the premises)
2. Leisure (where an activity or product is for consumption on the premises)
3. Office (where a transaction is highly unlikely on the premises and the location is primarily a place of work)
4. Other (i.e. car parks)

The town centre composition is shown below:

Sectors	Number of hereditaments	Percentage
Retail	237	62.6
Leisure	51	13.5
Office	80	21.2
Other	10	2.7
Total	378	100

*Note: The above is total businesses above a threshold of £5,000.

Commentary on the Proposals going forward.

8) On-the-ground Research Survey

The initial 'on-the-ground' feasibility questionnaire is designed as a prompt for businesses to start to understand their priorities for additional services, regardless of whether these are delivered by a BID or not. It also helps to assess knowledge of, and the appetite for, the principle of a BID.

Often, once the Planning Stage is completed, the priorities change. At this stage, however, the research is only undertaken to ascertain whether there is:

1. Business appreciation of what improvements may be available.
2. Some consensus as to the benefits of improvement.
3. Some willingness to work towards such improvements.
4. A likely range of services and projects that could be delivered by a BID.

Additionally, more detailed research is required during the next Stage to establish not only business priorities but also project specifics and engagement of head office voters.

8.1 Who was surveyed?

At present 43 of the 378 businesses have been surveyed giving an overall response rate of 11% across the area, with a clear mixing being drawn from inside and outside of the Kingfisher centre. The sample also reflects the split the town has between Retail and Leisure premises but more work will be needed to further engage with the office sector within the town.

Responses to the survey were received in the following sectorial splits:

Sector Split	Number of hereditaments represented in responses	Percentage of response
Retail	38	88
Leisure/Food/Drink	4	10
Office	1	2
Other	0	0
Total	43	

The findings of the feasibility survey come with significant 'health-warnings'. They represent only 11% of total hereditaments; they do not include head offices; they may not include all of the relevant 'influencers'; the ratings list will change and the sectorial split is not entirely representative.

8.2 Survey Conclusions

- The research indicates that crime and the perception of crime as well as the availability of parking spaces are core issues to the businesses community but issues where the general consensus is that they are issues that are being well-managed already.

- Other issues that were of concern to businesses included rough sleepers and begging and marketing of the place. More research will be needed to ascertain the degree to which rough sleeping and begging are being responded to but generally businesses appear to be suggesting that the standard of marketing and the level of marketing need to be both increased and improved.
- Businesses responded very favourably to the amount of and quality of events being put on in Redditch.
- The cost of parking scored the least satisfactory rating in the survey and is an area for more research as the project develops.
- When asked to describe the town centre the most common response was “quiet” and ‘boring” but supplemented with a general view that the town is “clean”.
- A significant number of respondents also mentioned that they felt the town appeared to be dated.
- A large majority of respondents in the survey stated that they would like to be more actively involved in the town centre, which is encouraging. The survey suggests that engagement in town centre events by businesses is relatively high and this also bodes well for business.
- 49% of respondents felt that they would recommend Redditch to a friend, with 21% saying “maybe” and 30% saying “no”, suggesting that a good proportion of those working in the town see value and pride in their place.
- 93% of responders had no knowledge of what a BID was or what a BID does prior to completing the survey, meaning a key objective for the next stage of research will be to grow knowledge and support for the concept of a BID for Redditch town centre.

9) Strategic Plans

Redditch Council plan 2017-2020

The Redditch Council plan 2017-2020 includes a specific section titled “Help me to run a successful business” (P8&9), the aspirations set out in this section include:

1. Enhancing the retail, leisure and residential offer
 - Produce a regeneration prospectus setting out key investment, development and improvement opportunities in the Town Centre
 - Aim to bring forward development in the Town Centre on opportunity sites at Edward Street and Church Road
 - Develop the Town Centre, including proactive engagement with the owners of the Kingfisher shopping centre
 - Identify options to improve access into the town Centre
 - Improve the vibrancy and variety of the outdoor market
 - Work with Worcestershire County Council to improve signage and way marking in Redditch
 - Work with landowners to identify / progress development opportunities in the district centres
2. Positively promote Redditch as a place to live, work invest and visit and encourage new inward investment
 - Work with partners and the local business community to promote Redditch to external investors
 - Work proactively with existing landowners and developers to promote available employment sites and premises
 - Work with the Kingfisher shopping centre to promote Redditch Town Centre
 - Bring forward the appropriate development of the Redditch Gateway site

These priorities could be supported well by a BID for Redditch that provided a method of funding additional marketing of the place helping to complement the above aims and objectives and with a real focus on bringing consumers into Redditch by highlighting its core offer as a secondary and easily accessible shopping destination.

10) Conclusion

Redditch is the oldest of the “new towns” located in the north-east of Worcestershire, England, approximately 15 miles south of Birmingham. Its close proximity to such a large city brings with it both significant benefits and challenges.

As a retail destination, it must ensure that its offer is understanding of the fact that local consumers have the option to visit Birmingham very easily and that it will not be able to compete with the overall offer that Birmingham can provide. Instead a real focus should be given to giving its local catchment reasons to come into Redditch instead of travelling the additional distance.

The convenience of having such a large amount of secure off-street parking is clearly a pull factor for Redditch, although the initial survey suggests that the cost of parking is an issue many businesses are concerned about.

In 2003-2004, government passed legislation permitting the creation of BID's to England (with the rest of the UK to follow). Since that time and the creation of the first BID in Kingston-Upon-Thames in January 2005, the UK has seen over 290 BID's created, most in town and city centres, although with a minority in industrial and commercial districts. Today, BID's generate over £75 million a year from levy (source; Nationwide BID Survey 2016, British BID's) and are delivering beyond place management and are becoming instrumental to the reshaping of places in order that they are equipped for the next decade and beyond.

Whilst there has not been any investigation into the principle of a Business Improvement District for Redditch prior to this feasibility study, there is a strong town centre partnership in place bringing together the local business community, the public sector and the wider organisations including faith groups.

It is also clear that issues commonly seen in other locations including a lack of good quality parking and delivery of events are being delivered well in Redditch. The early indication is that for a BID to be successful within Redditch and with a modest income of circa £250,000, it will need to focus its delivery into one or two key areas of delivery to ensure maximum value. The very early indications are that the area that could have most support and also the greatest effect is marketing.

CMS recommends that at this stage there is no reason to suggest that a BID wouldn't be successful in Redditch and could meet the specific needs of the place well. As a result of this it would seem appropriate to move to the next stage of research into a BID, the 'insight stage', including a far more in-depth on-the-ground research piece with a focus on exploring specific marketing services which a BID could provide in Redditch and would gather the support of the business community.