

Committee(s): Policy and Resources Committee	Date(s): 02 May 2019
Subject: Aldgate Business Improvement District	Public
Report of: City Surveyor Director of the Built Environment	For Decision
Report author: Simon McGinn, City Surveyors Department	

Summary

The purpose of this report is to advise on the outcome of a perception analysis that was undertaken in the Aldgate area to inform the development of a formal Business Improvement District (BID) for the Aldgate area and to seek your agreement to developing a formal BID proposal for your approval to allow progression to a BID Ballot.

In December 2017, your Committee agreed that rating information be provided to the Aldgate Partnership (TAP) to allow them to commence a perception analysis with businesses about the opportunity to develop a Business Improvement District (BID) in the Aldgate area. The Aldgate Partnership was established in 2013 as a voluntary partnership set up by the local business community. The perception analysis seeks the views of businesses on the possibility of establishing a BID and helps to explore the themes that are of interest to businesses that could be included as part of a formal BID proposal. On completion, the perception analysis also helps inform the viability of any future BID in terms of what themes need to be incorporated within the BID proposal and the costs that would be associated to each of the identified themes across the 5-year BID term.

Of those responding to the perception analysis, 61% of businesses said they would in principle support a BID, 37% said maybe, and 2% said no. Members of the Wards that fall in the footprint of the boundary were also consulted and are supportive. Coming out of the perception analysis, four themes have been identified that would form the focus of any future BID proposal. A budget of £700,000pa for each year of a five-year BID term would be considered enough for delivering the BID themes and resourcing staff and administration. A BID Levy Rate has been identified that would provide the necessary funding to deliver the budget and is within established rates that are used for BIDs across the country. This will be assessed further during informal consultations with businesses in advance of submitting a formal BID proposal for your approval.

The arrangements would need to involve two separate BIDs (one for the City's area and one for the London Borough of Tower Hamlets area). The City Corporation would be the formal BID proposer for the BID within the City boundary. TAP will develop the BID proposal in conjunction with Officers of the City Corporation for formal approval in September / October 2019. Consultants would be engaged to run the BID on the City Corporations behalf and would be paid for out of the BID levy. Subject to compliance with procurement regulations, it would be preferable to commission one consultancy to provide the executive leadership for both BIDs, in order to operate as one body for the delivery of both BIDs., Confirmation of the arrangements will be provided when seeking your approval to the formal BID proposal. The intention would be for both BIDs to

collaborate under one umbrella dual-BID, but the City BID proposal would ensure that businesses in the City side of any BID do not have to spend the levy raised by City businesses on areas such as cleansing which might be desirable in the Tower Hamlets BID, but not required in the City's area.

Other than covering the cost of running the ballot, the cost of delivering and running a BID will be picked up directly through a BID levy so would not impact financially on the City Corporation.

Recommendations

Members are asked to agree that The Aldgate Partnership work with the City Corporation to develop a BID proposal for further approval by the City Corporation in September / October 2019.

Main Report

Background

1. In December 2017 your Committee resolved to agree to provide rating information to the Aldgate Partnership to allow it to undertake a viability assessment in relation to the promotion of a BID both through modelling the likely income that could be derived through a rate levy and through a perception analysis of those businesses falling within the proposed footprint. The report also identified considerations that should be considered in determining whether the City Corporation should be supportive of promoting a BID. The key considerations identified were:
 - a. Whether there is a demonstrable need for a BID – a partnership would need to have been established at least 2 years before a ballot
 - b. Is there a strong private sector interest?
 - c. Can the partnership demonstrate the BID proposals were viable to achieve its aims?
 - d. That any perception analysis achieves a return rate of at least 40%
 - e. That the City Corporation would be the BID promoter in recognition of the City Franchise.

At the time of the report it was recognised that the first 2 considerations had been met and this report seeks to address the final three considerations.

2. The report advised that the current voluntary partnership, The Aldgate Partnership (TAP), had been constituted as a not-for-profit company, limited by Guarantee, to promote the regeneration of the Aldgate in both the City of London and London Borough of Tower Hamlets. The City Corporation would be the formal BID Proposer and (if the ballot were successful) the BID Body for the BID within the City boundary (TAP would be the BID Proposer and BID Body for the BID within Tower Hamlets). The intention would be for both BIDs to collaborate under one umbrella dual BID. Consultants would be engaged to run the BID on the City Corporation's behalf. Subject to compliance with procurement regulations, it would be preferable to commission one consultancy to provide the executive leadership for both BIDs, in order to operate as one body for the delivery of both BIDs.

Confirmation of the arrangements will be provided when seeking your approval to the formal BID proposal. Appendix 1 identifies the proposed boundary for the dual BID collaboration which incorporates all the Ward of Portsoken and part of the Wards of Aldgate and Tower. The City BID arrangements would ensure that businesses in the City BID do not have to spend the levy raised by City businesses on areas such as cleansing where services are already fully provided by the City Corporation.

3. In addition to the above the December 2017 report noted that there had been interest in establishing other business partnerships including one for the Fleet Street area. Recently there have been further discussions with the Deputy Chairman of Policy and Resources Committee, the Chairman of Planning and Transportation Committee and the Chairman of the Property Investment Board and some work has been undertaken with several key property owners in the Fleet Street area that has identified that there is an appetite to develop a more formal business partnership. Members have given support to the ongoing development of a business partnership in this area.

Current Position

4. A perception analysis was undertaken for those businesses located within the identified dual-BID footprint. 98% of those businesses that responded felt that the footprint was representative of the area perceived to be 'Aldgate'. A total of 44% of those businesses consulted responded to the perception analysis, above the 40% threshold identified as one of the considerations. Of those responding 61% of businesses said they would in principle support a BID, 37% said maybe and 2% said no. In terms of the 37% that said 'maybe' this is normally reflective of either a lack of understanding regarding BIDs or a desire to understand a BID proposal in full before committing. Headlines of the perception analysis are set out under Appendix 2.
5. If agreement is given to progressing the development of a draft BID proposal then this would be subject to further consultation with businesses prior to submitting formal BID proposals for approval by the City Corporation and London Borough of Tower Hamlets, and before the formal launch and ballot. Aldermen and Members of all affected Wards have been consulted in respect of the perception analysis and have been supportive. Comments were received by Members of the Aldgate Ward about the name of any future BID to ensure there is no confusion between the BID and Aldgate Ward and options have been identified that overcome concerns and will be reported later in the year when the formal BID proposal is submitted for approval.
6. A viability assessment based on both BID areas has been undertaken on the broad themes to be delivered as part of a BID proposals, based on the responses to the perception analysis. It is considered that a budget of £700,000 for each year of the five-year BID terms (across both BIDS) would deliver meaningful levies that could support the delivery of a programme around the agreed themes. The £700,000 would be supplemented by voluntary contributions from supportive building owners who are not subject to the BID levy. The focus of the BID activities operating within the City of London boundary would not revolve around the delivery of improved services such as policing or street cleaning. The BID mechanism

would allow the BID Bodies to develop activities around areas that would not normally be expected to be the focus for local authority activities. The key areas for activities have been provisionally identified as follows:

- Developing a marketing and promotion strategy to support the development and rejuvenation of the Aldgate area as a mixed-use destination for workers, residents and visitors.
- Reinforce the areas identity and connections between businesses and F&B/retail operators through initiatives such as the TAP Advantage card which requires on-going resource to develop and manage.
- Working with businesses to support their corporate social responsibility agenda, particularly around the areas of local procurement, employment green infrastructure, freight consolidation and investment in the wider public realm.
- Holding events and activities to create a destination and identity for the area. Working collaboratively with City police and Contingency Planning team, within their established budgets, to deliver a safe and secure environment for businesses.

7. The approach for arriving at an appropriate levy income for an area, although not prescribed in the BID Regulations, tends to be standard for most areas. A BID proposer establishes a set of 'BID Levy Rules' (BLR) that define what level of levy will be collected and from whom. To achieve the £700,000 contribution (across both BID areas) required to deliver on the aspirations of the BID an analysis of the rated properties in the proposed dual BID areas has been undertaken. In determination of the BLR consideration needs to be given to:

- Bid levy multiplier – the rate at which to charge. Most BIDs charge a levy of 1%
- Threshold setting out the minimum rateable value of the premises before contributions are sought – this ensures that the smaller businesses do not need to pay a levy
- A capped contribution so that larger businesses will not be liable for a disproportionately large BID levy.

In determining the above, it is important to bear in mind that any levy will be the subject of approval through a majority vote at ballot, so any proposal needs to demonstrate best value and be set at a rate that does not discourage businesses from supporting a BID for their area.

8. With this in mind, it is considered that a business rate multiplier of 0.75%, together with a threshold of excluding properties falling below premises with a rateable value of £100,000 and a capped contribution so that no business would pay any more than £6,000, would achieve the necessary income required to support the activities of the BID. Using the suggested rateable threshold would result in 393 business hereditaments (across both BIDS) being affected. Businesses would be formally consulted on this as part of the approved BID proposal and the BLR will be subject to your approval at the time of approving this for ballot. The views of

businesses will be sought as part of the informal consultation process prior to finalising the BID proposal.

Administrative Implications

9. Part 4 of the Local Government Act 2003 contains the provisions for introducing the BID initiative. The purpose for BID arrangements is to enable the identified projects to be carried out for the benefit of the BID for those who live, work or carry on any activity in the district, financed by a BID levy imposed on non-domestic rate payers, or a class of rate payer in the district.
10. The City franchise already ensures that, outside the BID levy system, the business community is balloted at local elections. There is also ongoing and active engagement by the local business community with the City Corporation through several existing mechanisms. As such some of the benefits of a BID are already enshrined within the City's governance structure. Where there is a need for a BID to be promoted there is a risk of duplication unless the City is the BID Proposer and BID Body, and therefore engaged in and integral to the BID governance.
11. Previously in relation to the Cheapside BID, it was agreed the City Corporation acts as proposer of the BID, with the Cheapside Business Alliance acting as its appointed agent to manage the delivery of the BID proposal. It would be possible to put in place similar arrangements for the Aldgate BID area that falls within the City boundary. In developing a cross borough dual BID approach, it would be possible to develop each BID separately in terms of the ballot and levy collection, but for the City (as the BID Body responsible for implementing the Bid Proposals) to liaise and collaborate with a joint Board regarding shared delivery of the BID proposals. Tower Hamlets has confirmed that they would be happy for TAP to act as the BID Proposer for the Tower Hamlets BID. Engagement of consultants to run the City's BID on the City Corporations behalf will be subject to procurement regulations. Confirmation of the arrangements for engaging consultants, will be provided at the time of considering the formal BID proposal.
12. If successful through the Ballot a joint Board would be made up of representatives from the levy paying community from both BIDs and would enter into a contractual arrangement with the City Corporation to provide a seamless management of services to the City's BID ensuring liaison and collaboration with the Tower Hamlets BID Body. All funding generated by the BID within the City boundary, would be collected and administered by the City Corporation. A Memorandum of Understanding would need to be entered into between the City Corporation and the Joint Board which would set out the working partnership, roles and responsibilities and legal obligations of the City Corporation acting as BID proposer and BID Body.
13. Under the Regulations the City Corporation will have several obligations throughout the BID development and ballot phase including those set out in Appendix 3. These have been discussed with representatives of the Chamberlains rating team, the City Solicitor's team and the Electoral Services Team in the Town Clerks Department and would be manageable.

14. In terms of resource implications, it will be necessary for the Chamberlains rating team to administer the billing, collection and recovery of the City's BID levy. The levy collection costs are calculated on the number of bills that are prepared and distributed, plus chasing for non-payment of levy; re-issuing of lost bills; administration of levy accounts; e.g. changes in liability, rateable value etc. and preparation of report updates. These costs are fully reimbursed by the BID as part of an annual collection fee. This system already operates well for the Cheapside Business Alliance.
15. The vote ballot is to be carried out as part of the Returning Officer function of the Town Clerk., It is up to the Returning Officer to determine the date of the ballot and timetable and it is anticipated that this will be determined to allow the BID, should the ballot be successful, to be established by April 2020. The Electoral Services team have been liaising with the Tower Hamlets exploring the feasibility of the City Corporation overseeing the whole ballot processes, administered through Electoral Reform Services (ERS), who administer 99% of BID ballots nationally. As the City Corporation would be the proposer of the BID it would not be appropriate to charge for running the ballot that relates to the City BID. The precise cost has yet to be determined, but previously for the Cheapside BID the cost amounted to £2,200. The cost of running the ballot and the budget to pay for this will be identified as part of the final report setting out the formal BID proposal.
16. If the City Corporation were minded to promote the BID then it is anticipated that the BID timetable (subject to liaison and co-ordination with the promotion of the Tower Hamlets BID) would be as follows:
 - a. BID proposal and Draft Business Plan – June 2019
 - b. Consultation on proposals and Draft Plan – June/July 2019
 - c. Final amendment - July/ August 2019
 - d. Formal approval by City Corporation – September / October 2019
 - e. Collation of voter contacts Jan 2020
 - f. Campaign start – Jan 2020
 - g. Ballot notice sent out – Feb 2020
 - h. Voting papers sent out – Mid Feb 2020
 - i. Ballot date – Mid March 2020
 - j. BID go live date – April 2020

Options

17. The proposals have been developed in accordance with the previously agreed criteria. The paper demonstrates that there is an appetite from the business community to move forward with a BID proposal and that the potential activities can be delivered on a viable basis. The proposals are in compliance with the considerations previously approved. Under the terms of the BID Regulations it is not a requirement for a BID proposer to have the agreement of the local authority, although it is highly desirable.

Proposals

18. It is proposed that the City Corporation agree to promote the delivery of a BID in the City in the Aldgate area as identified in the map in Appendix 1 and that the Aldgate Partnership are given agreement to develop a BID proposal (in collaboration with a BID Proposal in Tower Hamlets) in consultation with local businesses for approval by the City Corporation in September / October 2019, in advance of progressing to Ballot in February 2020.

Corporate & Strategic Implications

19. The proposal to develop a BID for the Aldgate area aligns with 9 of the 12 Outcomes of the Corporate Plan 2018-2023

Financial Implications

20. The cost associated with Levy collection would be fully reimbursed. There will be a cost associated with running the ballot (which for the Cheapside BID amounted to £2,200). The cost of running the ballot and the budget to pay for this will be identified as part of the final report setting out the formal BID proposal. The annual cost of administering the levy collection is picked up by the BID as are the costs of engaging consultants to deliver the BID proposal on the City Corporations behalf.

Conclusion

21. The perception analysis undertaken to inform whether to take forward a BID for the Aldgate area was supportive and 4 key themes have been identified for development as part of a formal BID proposal. The delivery of the themes has been costed and are considered deliverable with a BID Levy at £700,000pa. The proposed Bid Levy Rate is in line with established UK practice and is considered viable. Further testing of the viability will be undertaken through informal consultation with businesses prior to submitting a formal BID proposal for approval by the City Corporation. It is considered that the proposed BID complies with the five considerations that were set out in the December 2017 report to your Committee.
22. The proposed BID would be a cross borough boundary BID within the City and Tower Hamlets. It will be possible to separate out areas of delivery so that the levy raised by businesses in each area can differentiate how the levy is spent so as not to include delivery of services that the City already delivers to a high level, such as cleaning. The development of BIDs in the City align with 9 of the 12 Outcomes set out in the Corporate Plan. A formal BID proposal will be drafted for approval by the City Corporation in September / October 2019.

Appendices

- Appendix 1 – Map of proposed Aldgate BID boundary
- Appendix 2 - Overview of BID perception analysis responses
- Appendix 3 - Obligations for City Corporation

Simon McGinn

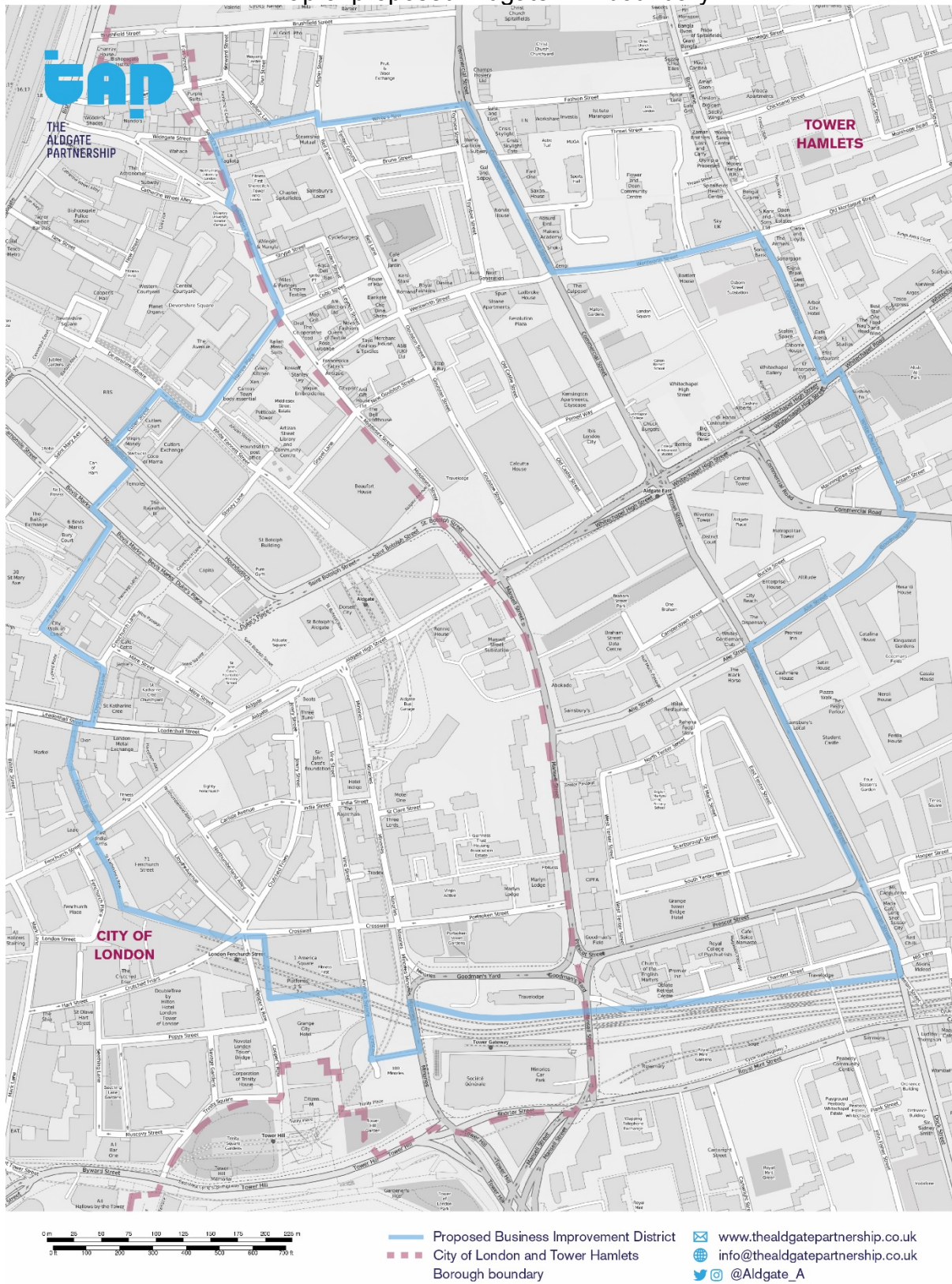
City Property Advisory team

T: 020 73321226

E: simon.mcginn@cityoflondon.gov.uk

APPENDIX 1

Map of proposed Aldgate BID boundary



Appendix 2

Overview of BID perception analysis responses

- A 44% return rate for the perception analysis was achieved which is considered a very high outcome when compared across similar BID areas;
- Of those responding to whether they would in principle support a BID 61% answered Yes; 37% Maybe; No 2%. A total of 98% of respondents were on board for the BID concept;
- Strategic Themes to be delivered;

33% Public Realm

33% Business and Environment including safety

25% Corporate Community Engagement

9% Marketing and Promotion

- 69 % felt more could be done in terms of improving the local environment, of in terms of green spaces with 64% wanting to be more involved in tackling Air Quality.
- Street Ambassadors - 49% wanted to see on street ambassadors with 82 % wanting to work in partnership to tackle the rising rough sleeping issues.
- 86% want to be more involved and engaged in local issues around corporate community engagement in terms of working with local charities; skills and education and apprenticeships.
- 98% wish to have more contact with their neighbours and would like more networking events and more general events for the whole community to benefit from;
- 91% would like to see the continuation of the Advantage Card, which businesses feel has been an effective marketing tool for the partnership and for the area.
- 86% requested more marketing and promotion with a focus on defining the brand/identity for the area:
 - ☐ Encouraging a more mixed retail offer and more support for the small business community
 - ☐ Pop Bars and promotional events and activities
 - ☐ More enhanced and focused promotion of the area

Appendix 3

Obligations for City Corporation

Under the Regulations, the City Corporation will have several obligations throughout the BID development and ballot phase, which include:

- Where it draws up the BID proposals to prepare the BID business plan which must be consistent with the formally adopted and published policies of the City Corporation and where it decides to seek approval of the proposals in a BID ballot, send copies of the proposals and plan to any person who is to be liable for the levy who requests a copy;
- To Instruct the ballot holder to hold a BID ballot in accordance with the BID ballot timetable set out in Schedule 2 of the Regulations; this requires notice to be given at least 42 days in advance of the ballot;
- To prepare a register of the hereditaments eligible for a BID levy or so NDR (Business ratepayer) electors based on the agreed footprint and thresholds. This will need to be updated on a regular basis with weekly updates made in the preceding weeks prior to ballot to counter balance new businesses moving in or businesses moving out;
- All eligible 'electors' must be sent details of the ballot arrangements;
- Postal ballot papers need to be sent to the electors/proxies and arrangements made for receiving them, until the end of the polling day;
- Arrange the count of ballot papers and declare the result.
- If the ballot is successful, the City as BID Body has responsibility for collection of the levy, accounting for the levy and its expenditure and responsibility for implementation of the BID Proposal