



Report of the Policy & Resources Committee

Cheapside Business Improvement District

*To be presented on Thursday 12th June 2014
To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council.*

Summary

1. The Cheapside Initiative (CI) has requested the City Corporation to promote the balloting of proposals for a Business Improvement District (BID) to be established along the length of Cheapside, defined by the institutional anchors of St Paul's Cathedral and the Bank of England at either end of the BID. Your Policy & Resources Committee has considered this request and recommends the promotion of the ballot for a Cheapside BID, with the CI acting as the delivery agents to promote the BID.
2. This report also proposes that the City Corporation part fund the cost of promoting the BID during the financial year 2014/15 (£15,000), and fund the cost of holding the ballot (estimated at £2,200). The vast majority of the funding for the promotion of the BID has already been secured through other sources set out below, and following these expenditures, the BID, if the ballot was successful, will be funded through a levy of the largest ratepayers within the BID area and voluntary contributions from some building owners not included in the levy arrangements.
3. The BID would allow CI to develop activities focusing upon the development and marketing of Cheapside as a retail and office destination and working with businesses to support corporate social responsibility. The BID would not focus on the delivery of improved services such as policing or maintaining the environment, and will not therefore intrude upon the work of the City Corporation.

Recommendations

4. We **recommend** that the Court of Common Council grants approval for:

- a) the delivery of a BID for the Cheapside area (area as identified in Appendix 1) be approved;
- b) the Cheapside Initiative to act as delivery agents to promote the BID by developing the BID proposals and the Business Plan for further approval by the City Corporation in September 2014;
- c) the cost of holding the ballot (£2,200), to be funded from the Town Clerk's budget should a decision be made to seek approval of the BID proposals in a BID ballot; and
- d) fund the cost of promoting the BID during the financial year 2014/15, at a cost of £15,000 to be met from the Policy & Resources Committee's City's Cash contingency.

Main Report

Background

1. The CI was established in 2007 as a voluntary partnership with the aim of promoting this part of the City as a 7-day retail destination. The CI has worked with partners to drive forward the cultural and leisure offer, which has complimented the improvements to the environment that have been delivered by the City Corporation through the Cheapside Area Strategy. Together, the City Corporation and the CI have sought to maximise the impact of the positive change that the area has undergone in recent years. Day to day interaction has been led through the City Property Advisory Team.
2. The City Corporation has provided financial support to CI throughout this period, namely that:
 - in December 2010 the Policy & Resources Committee resolved to provide support to finance the staffing of the CI for two years at a cost of £65,000 for each of the calendar years 2011 and 2012; and
 - in December 2012 the Policy & Resources Committee resolved to support the CI for the calendar year 2013 at a cost of £20,000.
3. At the time of agreeing the 2011/12 contribution it was considered that it was important to support the on-going development of the CI as a voluntary partnership, rather than through an alternative mechanism such as a Business Improvement District (BID). Whilst the 2013 contribution was welcomed by the CI Board, they remained concerned about the long term sustainability of the partnership, whilst relying on voluntary contributions. In particular, the current nature of the partnership means that it is not possible to plan from one year to another with any degree of certainty and that the level of contributions received can never deliver a meaningful budget to provide sufficient funds to take forward the key aims of the partnership with a priority focus on promoting Cheapside as a seven day retail and leisure destination.
4. The CI once again requested clarification from the City Corporation on whether it would be possible to promote a BID for the Cheapside area. The Remembrancer confirmed that following amendments to the BID Regulations, the City Corporation can act as promoter of the BID, with the CI acting as its appointed agent to manage the BID process and delivery of key priorities of the BID, which will align with City Corporation strategies. The Chamberlain has also confirmed that a proposed BID would not impact on the City offset and premium.

5. The CI was advised of this revised position and it was agreed that, on the understanding that it was a City Corporation-promoted BID, which did not relate to the delivery of services that would normally be provided as part of a local authority function, then it would be acceptable for CI to explore options available and undertake consultation with those businesses in the area about the appetite for a formal BID. This was on the understanding that the CI would be the delivery agent on behalf of the City Corporation.

What is a BID

6. A BID is an initiative supported by local businesses and the local authority which aim to improve a specified geographical area. As BIDs have developed in the UK, they have come to be seen as a positive force in promoting business engagement and enhancement of the general economic wellbeing of an area in a way that complements municipal activities. BIDs are principally funded via a mandatory levy on business occupiers which is in addition to the non-domestic business rate, as well as voluntary contributions from local land owners. BIDs vary in terms of their objectives from, for example, increasing visitor and customer numbers, to raising the profile of local businesses.
7. In order to set up a BID in England, BID proposals must pass the 'dual-key test'. Potential members are balloted and, if the majority vote in favour, and if the combined rateable value of those that vote yes is greater than those that vote no, it will be approved. Once approved, all business rate payers in the area must contribute the defined levy. There are normally minimum rateable values thresholds set by BIDs individually, below which businesses do not pay the levy (or have voting rights).

Proposed Cheapside BID

8. The proposed BID boundary (Appendix 1) is focused around Cheapside and falls predominantly within the Wards of Cheap, Cordwainer, Bread Street and Walbrook, and also includes St Paul's Cathedral and the Royal Exchange within the boundary, which means that small parts of the Wards of Cornhill and Castle Baynard are also contained within the footprint. This allows the area to be defined by the institutional anchors of St Paul's Cathedral and the Bank of England, which contribute to the area's unique character. St Paul's Cathedral would not be subject to the BID levy and it would also be possible to exclude the Bank of England from paying the levy if, in due course, this was considered to be appropriate.
9. The CI provided details of the perception analysis to the Policy & Resources Committee and to Members and Alderman of the affected Wards where businesses would be subject to a BID levy, in advance of it being circulated to businesses. The results of the perception analysis informed the view of the Policy & Resources Committee in terms of whether to progress the development of a business plan that would be subject to a formal ballot.
10. The perception analysis received a 40% return rate, considered to be a very high rate of return compared to similar BID areas. The headline finding of the analysis is that in response to the question of whether they would, in principle, support a BID, 46% of respondents answered Yes, 44% answered Maybe, and only 10% answered No. Typically with BIDs, the number of No votes

decreases throughout the process as businesses come to understand the benefits of the BID.

11. If the decision is taken to progress to developing a draft business plan, this will be subject to further consultation with businesses prior to reporting back to the Policy & Resources Committee (in September 2014), at which point formal approval of the plan and agreement to progress to a ballot would be sought.
12. The CI has estimated that a budget of £350,000 would provide a meaningful pot from the levy from which to sustain the activities of a Cheapside BID. This will be supplemented by voluntary contributions from building owners who are not subject to the BID levy. The BID mechanism will provide a guaranteed level of income for 5 years from which to operate.
13. The focus of the BID will not revolve around delivery of improved services such as policing or maintaining the environment, as these are already well provided for by the City Corporation. The BID mechanism would allow CI to develop activities around areas that would not normally be expected to be the focus for local authority activities, so would not be detrimental to the reputation of the City Corporation. The key areas for activities that have been provisionally identified are as follows:
 - developing a marketing and promotion strategy to support the development of Cheapside as an office and retail destination;
 - reinforce area identity and connections between businesses and retailers through initiatives such as the privilege 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 and green infrastructure;
 - holding events and activities to develop footfall and paying for one off projects such as Christmas lighting; and
 - working collaboratively with the City of London Police and Contingency Planning team, within their established budgets, to deliver a safe and secure environment for businesses and retailers.

BID Levy

14. The approach for arriving at an appropriate levy income for an area, although not prescribed in the BID Regulations, tends to be fairly standard for most areas. In essence a BID proposer establishes a set of 'BID Levy Rules' (BLR) that define what level of levy will be collected and from whom. As stated at paragraph 12, the CI estimates that a levy of £350,000 would be appropriate and sufficient to deliver on the aspirations of the BID. To achieve this, an analysis of the 1828 hereditaments in the proposed BID area has been undertaken. In determination of the BLR consideration needed to be given to:
 - the BID levy multiplier – the rate at which to charge. Most BIDs charge a levy of 1%;
 - the threshold setting out the minimum rateable value of the premises before contributions are sought; and

- a capped contribution so that larger businesses will not be liable for a disproportionately large BID levy.
15. 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. With this in mind, it is considered that the BLRs should be set as follows:
- BID levy multiplier: 0.25%;
 - minimum rateable value threshold of the premises before contributions are sought: £180,000; and
 - capped contribution: £3,750.
16. It is estimated that this would achieve the necessary income required to support the activities of the BID, and would ensure that the contribution is *de minimis* for businesses in the area. Using the suggested rateable threshold would result in only the largest 220 business hereditaments being affected. Businesses will be formally consulted on this as part of consultation process prior to finalizing the approved Business Plan, and the BLR will be subject to approval by the Policy & Resources Committee.

Administrative implications

17. Part 4 of the Local Government Act 2003 contains the provisions for introducing the BID initiative. The purpose of BID arrangements is to enable the identified projects to be carried out for the benefit of the BID or 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. The Remembrancer has clarified that the provisions of the Act would allow for the City Corporation to be the proposer of the BID. If the BID is proposed by the City Corporation, it would be possible for the City to appoint the CI to act as managing agent to oversee project delivery. The CI would be made up of representatives from the levy paying community and will operate as a voluntary partnership. It was suggested that it would be beneficial for a Member to represent the City on the CI, and the Policy & Resources Committee agreed to Alastair Moss (Ward of Cheap) being appointed to represent the City Corporation in this role.
18. All funding generated by the BID will be collected and administered by the City Corporation. A Memorandum of Understanding will need to be entered into between the City Corporation and the CI which will set out the working partnership, roles and responsibilities and legal obligations of the City Corporation acting as BID proposer.
19. The ballot is to be carried out as part of the Returning Officer function of the Town Clerk. The resource implications of this have been costed, based on the experience of other BIDs, at about £10 per vote (with 220 votes anticipated). The charge applied to BID ballots varies between local authorities – Westminster do not charge BIDs with successful ballot outcomes. As the City Corporation would be the proposer of the BID it would not be appropriate to charge for running the ballot. It is therefore recommended that the £2,200 cost

of holding the ballot be approved and funding from the Town Clerk's budget, should a decision be made to hold a ballot.

20. If the City Corporation agrees to promote the BID then the BID timetable will be as follows:
 - Perception analysis - completed (summary provided at Appendix A)
 - BID proposal and Draft Business Plan – May/June 2014
 - Consultation on proposals and Draft Plan – June 2014
 - Final amendment - July/ August 2014
 - Formal approval by City Corporation – September 2014
 - Collation of voter contacts Jan 2015
 - Campaign start – Jan 2015
 - Ballot notice sent out – 9th Feb 2015
 - Voting papers sent out – 16th Feb 2015
 - Ballot date – 12th March 2015
 - BID go live date – 5th April 2015

Pre BID Funding

21. The CI has costed the activities required to promote the BID that include resourcing 2.5 staff to liaise with both the City Corporation and businesses together with running a number of demonstration projects (Appendix 4). The total costs anticipated are £125,000. Of this, £80,000 will come from CI Member contributions, and the Greater London Authority has confirmed that it will provide a grant of £30,000 from the New BIDs Grant Program.
22. This will leave a £15,000 shortfall on the desired budget required to run a successful BID campaign. The Policy & Resources Committee agrees that a £15,000 contribution by the Corporation (from the City's Cash contingency) for the financial year 2014/15 would be appropriate to support the effective delivery of the program to the ballot stage.
23. If the ballot on the BID is successful, there will be no further need for the City Corporation to provide financial support to the BID, as it would have achieved sustainable funding for a 5 year period.

The Way Forward

24. It is considered that the City Corporation should agree to promote the development of a Business Plan to progress to a formal Ballot in April 2015 and to contribute £15,000 to support the resourcing and development of associated activities. Promoting a BID accords with the strategic aspirations of the Mayor of London to deliver an increased number of BIDs in London and contributing £15,000 towards activities would complement the £30,000 grant funding that has been approved by the GLA. The Business Plan would need to be agreed by the City Corporation and, as stated, it is anticipated that a further report would come back the Policy & Resources Committee in September 2014 seeking formal approval for the ballot to progress. The Business Plan will be in broad alignment with the strategic policies of the City Corporation and will not relate to delivery of services that would be expected to be provided by a local authority.

25. A BID will provide a body that is supportive of the City Corporation in helping to deliver its strategies and a focus for delivering key messages. The BID concept is in tune with the Localism agenda and promotion of the BID by the City Corporation will demonstrate that the City is a relevant area from which to do business. This in turn can help promote a greater diversification of the business base through developing a change in the perception of the City as a place to do business.

Proposals

26. It is proposed that the City Corporation agree to promote the delivery of a BID in the Cheapside area identified in map in Appendix 1 and that the CI be appointed as delivery agents, with a view to drawing up the BID proposals and developing a Business Plan in consultation with businesses for approval by the City Corporation in September 2014, in advance of conducting a Ballot in April 2015. It is further proposed that the City Corporation agrees to contribute £15,000 towards delivering the BID and the associated administrative and promotional activities.

Corporate & Strategic Implications

27. The promotion of a BID accords with the four of the five Key Themes contained in the City Together Strategy. In addition to this, policies contained in the Core Strategy, as amended in the Draft Local Plan, together with the City Visitor Strategy, are relevant.

Financial Implications

28. The total cost of approving the promotion of the BID is in the region of £17,200. This is made up of the £15,000 contribution towards the cost of promoting the bid as set out in paragraph 22, which would be met from the Policy & Resources Committee's City's Cash Contingency. The current balance of this contingency is £194,000 prior to any allowances being made for any other proposals on today's agenda. The remaining financial impact is the estimated £2,200 cost associated with running the ballot as set out in paragraph 19. This will be met from the Electoral Services Team's existing budget. In the event of a "no" vote the cost of setting up the IT infrastructure for collecting the Levy could be passed across to CI, although elsewhere in London other authorities have agreed not to do this.
29. There is not expected to be any financial impact following the ballot, as the BID will be funded by the levy collected.

Conclusion

30. The CI has requested that the City Corporation agree to the promotion of a BID in the Cheapside area. The Remembrancer has confirmed that under the BID regulations that the City Corporation could act as promoter of the BID with the CI acting as its appointed agent to manage the BID process. The CI has undertaken a survey of businesses in the area regarding attitudes to a BID and 90% are either in favour or maybe in favour of a BID in the identified area. The CI would be the appointed agent to deliver the BID on behalf of the City Corporation. With agreement it is intended that the CI consult with

businesses regarding the development of the BID proposals and a Business Plan that will be submitted for formal approval by the City Corporation in advance of a ballot being undertaken in April 2015.

31. Should the City Corporation decide not to support the desire to promote a BID for the area, it could lead to them promoting the BID themselves, removing an element of control from the City Corporation.
32. The costs of administering the BID levy can be recharged by the City Corporation to the BID, although the cost of running the ballot would be picked up by the City Corporation. The CI have estimated that a budget of £125,000 is required for delivering the BID in terms of resourcing and running demonstration projects and the City Corporation is being asked to make a contribution of £15,000 towards these costs to go alongside member contributions and the £30,000 grant from the GLA.
33. The cost of running the ballot, should one be required, is estimated at £2,200, which would be met from the Electoral Services Team's existing budget.

Appendices

- Appendix 1 – Proposed Cheapside BID Boundary
- Appendix 2 – Overview of BID Perception Analysis
- Appendix 3 – Obligations for City Corporation
- Appendix 4 – Budget to deliver the BID

All of which we submit to the judgement of this Honourable Court.

DATED this 8th day of May, 2014.

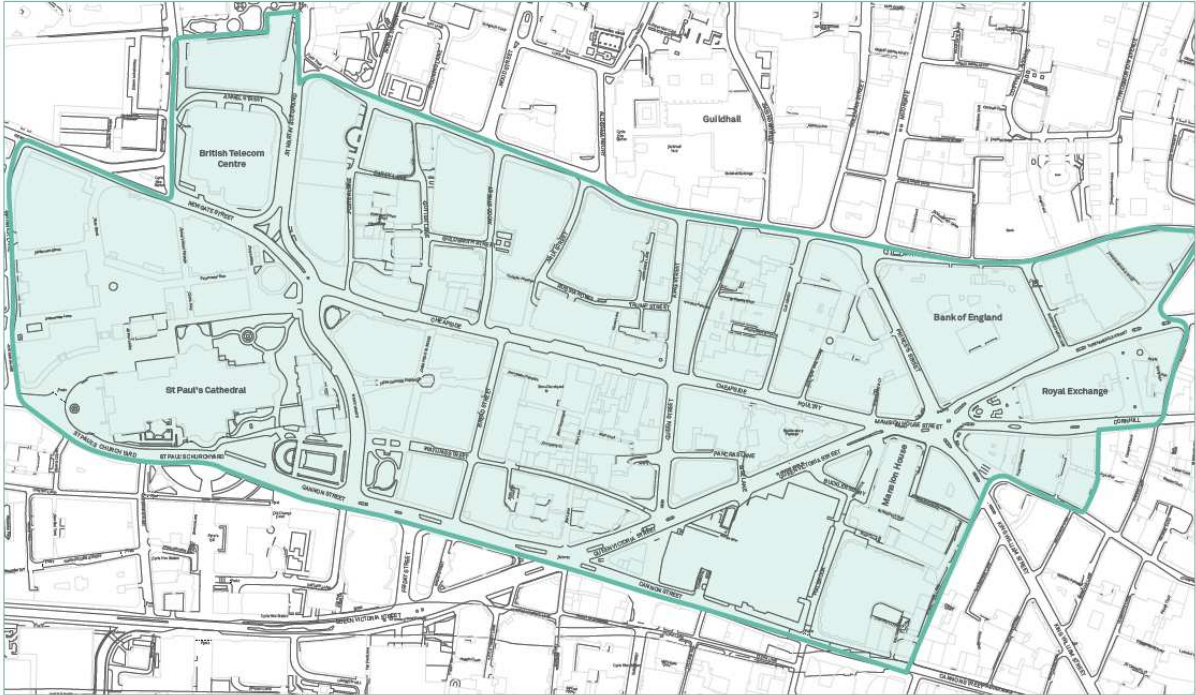
SIGNED on behalf of the Committee.

Mark Boleat,
Chairman

Appendix 1 – Proposed Cheapside BID Boundary

CHEAPSIDE

Proposed Cheapside BID boundary



Appendix 2 – Overview of BID Perception Analysis

- A 40% 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 46% answered Yes; 44% Maybe; No 10%. A total of 90% of respondents were on board for the BID concept;
- Strategic Themes to be delivered;
 - 42% Employment Enterprise and Training
 - 42% focusing on signage and way-finding
 - 40% Tourism and Culture
 - 41% Marketing and Promotion
- 81% felt the proposed boundary was appropriate;
- 52% felt more could be done in terms of improving the local environment, of which 76% thought this should take the form of improved signage and way-finding. The remaining responses were quite mixed with issues such as street works, skateboarder issues and further enhancements to greening and open spaces being raised;
- Street Ambassadors - 42% wanted to see on street concierge style ambassadors with 39% responding maybe. Therefore 81% would like to discuss and explore a pilot programme;
- 34% feel well informed about new developments or upgrade works. With 96% saying they would wish to be kept updated on an ongoing basis;
- 60% wish to have more contact with their neighbours and would like more networking events;
- 69% would like to see a magazine produced, with 76% wanting a shopping/business guide produced.
- 77% requested more marketing and promotion with a focus on:
 - Encouraging a more mixed retail offer
 - TV advertising and more weekday events and promotional activity such as late night shopping. There was a general consensus about not enough affordable retailers being attracted to the area.
 - Increased walking tours and general cultural information

Appendix 3 – Obligations for City Corporation

Under the Regulations, the City Corporation will have a number of 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 220 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.

Appendix 4 – Budget to deliver the BID up to March 2015

Income

Subscriptions/Partner contributions	£80,000
GLA BID Grant	£30,000

Subtotal **£110,000**

Expenditure

Staffing costs

Primera Consultancy x 2.5 staff £60,000

Project Costs

Business Plan development	£5,000
Events	£20,000
Christmas Campaign	£10,000
Walks Programme	£1,000
Ambassador Pilot Programme	£20,000
BID Proposal launch	£5,000
Privilege Card	£4,000

Total Project costs £65,000

Expenditure Total **£125,000**