

<b>Committee</b>	<b>Dated:</b>
Policy and Resources Committee – for decision	14/12/2017
<b>Subject:</b> Business Improvement Districts	<b>Public</b>
<b>Report of:</b> The Remembrancer, City Surveyor	<b>For Decision</b>
<b>Report author:</b> Simon McGinn, City Surveyors Department	

### Summary

The City Corporation has been requested to provide rating information to the Aldgate Partnership (TAP) to allow it to determine the viability of promoting a more formal Business Improvement District (BID) arrangement. The Aldgate Partnership boundary falls both within the City and the London Borough of Tower Hamlets and any BID proposal would be cross borough. There have been a number of other informal requests from other business partnerships and elected Members to clarify the position of the City Corporation in supporting the establishment of BIDs.

The Cheapside BID is currently the only BID in the City. The City Corporation is the formal BID promoter and the adopted business plan has been approved by the Common Council. There are no powers that prevent business partnerships promoting a BID for a defined area although there is a power of veto by any local authority should a BID proposal not conform with adopted policies or should there be significant disproportionate financial burden on any business. Regardless of the power of veto it is normally acknowledged practice that a business partnership has the support of a billing authority prior to promoting the development of a formal BID.

There are a number of acknowledged benefits of developing a BID in terms of supporting the varying needs of a defined area including providing a vehicle to engage more closely with local authorities and elected representatives and supporting the identification and implementation of more local priorities through the rates levy collected for that purpose. It will not always be appropriate to promote a BID to deliver the specific needs of a local business community and it is recommended that prior to the City Corporation agreeing to engage in supporting the development of a formal BID proposal, regard should be had to a number of considerations. These considerations include whether there is an established partnership representing an area; whether a BID would be clearly viable to deliver the needs of the BID area and; whether there was clear support from businesses in the area to delivering a BID.

It is considered that in the case of The Aldgate Partnership the responses to those considerations are positive and that it is appropriate for the City Corporation to provide the necessary rating information to support their analysis relating to demonstrating viability of a formal BID and surveying businesses about their support for a BID. Should a BID be viable and supported by the business community it would be possible through the same arrangements adopted for the Cheapside BID for the City Corporation to be the BID promoter for that part of the BID falling within

the City boundary. Any levy collected could be ring-fenced to be spent on only specified areas as set out in the business plan, and if so ring-fenced, it would not be possible to spend levy collected in the City on areas of spend in Tower Hamlets that do not form part of approved plan, such as extra policing or cleaning.

The proposals to support the development of business partnerships, where appropriate, is in accordance with 5 of the 12 corporate objectives contained in the Draft Corporate Plan 2018-23 and is supported by the Mayor in the London Plan and his Economic Development Strategy.

### **Recommendation(s)**

Members are asked to:

- Agree the considerations set out in Paras 18 – 20 to be taken into account in determining whether the City Corporation should be supportive of promoting a BID in a defined area.
- Agree that the City Corporation should provide the rating information to the Aldgate Partnership to allow it to undertake a viability assessment in relation to the promotion of a formal BID
- Note that a further report be summited should the Aldgate Partnership wish to pursue developing a formal BID

### **Main Report**

#### **Background**

1. The Cheapside Business Alliance was established as the first Business Improvement District (BID) in the City of London in April 2015. This followed from a successful ballot of businesses in March 2015 on the BID proposal contained within the approved Cheapside Business Improvement District Business Plan that was approved by the Common Council in December 2014.
2. As part of the arrangements the City Corporation is the formal BID promoter with contracted agents running the BID on its behalf. The BID board is responsible for taking forward the delivery of the Business Plan and comprises representatives of businesses and property owners that fall within the footprint of the defined area, The City Corporation is represented by both an elected Member (Alastair Moss) and Officer (CPAT Manager) on the Board who support the delivery of the priorities as set out in the approved plan.
3. The City Corporation has also provided officer support to the establishment of a voluntary business partnership to promote the regeneration of the Aldgate area which was seen as being complimentary to the works being undertaken to remove the Aldgate gyratory and the creation of a new public space at its western end. The Aldgate Business Partnership (TAP) was formed in 2013 and is a cross borough partnership that brings together a range of property owners and businesses on both sides of the boundary that are active in the Aldgate area.

The area covered by TAP includes land both inside the City boundary and the London Borough of Tower Hamlets.

4. The partnership currently receives annual subscriptions from business partners and there is a desire to ascertain whether this can be formalised through a BID vehicle to provide a more substantial and secure funding stream. In the first instance the partnership would like to undertake a feasibility study to establish whether a BID would be viable but this requires City Corporation and the London Borough of Tower Hamlets to provide the rating information that would allow them to establish the number of hereditaments in the area together with their size to determine the possible viability of establishing a formal BID. The London Borough of Tower Hamlets has indicated its support to the commencement of a feasibility study. The potential establishment of a cross boundary BID does raise a number of issues that will be discussed in more detail later in the report.
5. There has also been a recent approach from the Chancery Lane Association in terms of the ongoing arrangements relating to their financial sustainability of their voluntary partnership (active for 11 years) and their desire to explore whether they would get City Corporation support for exploring a more formalised BID. The Chancery Lane Association has a footprint that also falls within the City of Westminster and the London Borough of Camden. Parallel to this has been a separate request for the City Corporation to support the development of a stakeholder group to support the delivery of a vision in relation to an area both north and south of Fleet Street which looks at public realm, planning and transport issues.
6. This report will examine the issues in greater detail and propose a recommended route forward for future engagement with businesses through voluntary partnerships or a more formalised BID vehicle.

## **Business Improvement Districts**

7. BIDs are business led partnerships which are created through a ballot process to deliver projects for the benefit of a local area. They can be a tool for directly involving local businesses in local activities and allow the business community and local authorities to work together to improve the local social, physical and economic environment.
8. A BID is a defined area in which a levy is charged on all business rate payers (not domestic) in addition to the business rates bill for a 5 year term. This levy is used to develop projects which will benefit the local area. There is no limit on what projects or services can be provided through a BID. In order to justify an additional BID levy as a proportionate financial burden, the provision delivered through the BID should normally be something that is in addition to services provided by local authorities. Improvements may include, but are not limited to, extra safety/security, connecting the community, cleansing and environmental measures.
9. Prior to agreeing to take a BID forward to a formal ballot of businesses, it is usual to first undertake a perception analysis to demonstrate there is a clear appetite to

deliver a formal BID around key themes and to develop and BID proposal (business plan) for adoption and approval by the local authority.

10. Typically a Business Improvement District is within a local authority boundary but in 2013 government introduced Cross Boundary Business Improvement Districts enabling Business Improvement Districts to operate across local authority boundaries. There are a total of 270 BIDs across the UK with 46 BIDs in London.
11. A BID can be promoted by the local authority. Prior to the Cheapside BID the Remembrancers office agreed an amendment to the BID Regulations to allow the City Corporation to become the proposer and promoter of BIDs within the City of London boundary. A BID is normally proposed by a business rate payer or a person or company whose purpose is to develop the BID area, or that has an interest in the land in the area. The BID proposer is required to develop a proposal and submit this to the local authority, along with a business plan. The proposal should set out the services to be provided and the size and scope of the BID. It will also set out who is liable for the levy, the amount of levy to be collected and how it is calculated. In the case of the Cheapside Business Alliance the City Corporation was the proposer and the business plan was developed by Officers in consultation with businesses in the area prior to formal approval by the Common Council
12. In 2014 the Business Improvement District (Property Owners) (England) Regulations took effect that allow a separate BID for property owners only in areas where there is already an established occupier BID. Any property owner BID is created through a ballot of those property owners that would be subject to the levy.
13. Common benefits which can potentially be associated with BIDs include:
  - Businesses decide and direct what they want for the area
  - Businesses are represented and have a voice in issues affecting the area
  - BID levy money is ring-fenced for use only in the BID area
  - Increased footfall
  - Improved staff retention
  - Reduced business costs
  - Enhanced public information about the area
  - Facilitated networking opportunities with neighbouring businesses
  - Assistance in dealing with the Council, engagement with local Councillors, Police and other public bodies.

### **Obligations for the City Corporation**

14. There is no requirement for business partnerships to seek the agreement of the relevant billing authorities prior to commencement of discussions with the business rate paying community. Under the The Business Improvement Districts (England) Regulations 2004 the billing authority must provide the name, address and rateable value of each hereditament which is occupied, or (if unoccupied) owned in the geographical area of the BID proposal. The body looking to promote

the BID should provide a summary of the nature of the BID proposal to be developed and provide a description of the geographical area of the BID proposal to be developed. Provision of this information would allow the body to commence discussions with businesses within the footprint to determine the appetite for developing a BID proposal.

15. There would be further obligations on the City Corporation in relation to providing support through the BID development and ballot phase in terms of agreeing the BID business plan, running the ballot process and if approved to administer the billing, collection and recovery of the BID levy. The running and collection of the levy are recoverable costs. The costs to the City Corporation of running the ballot for the Cheapside BID were circa £2,000. In the advent of a successful ballot, the City Corporation would need to procure a team to run the BID on behalf of the City Corporation but this cost is also recoverable against the BID levy
16. Under the terms of the Regulations there are powers of veto of the BID proposals once they have been fully developed but this can only be the case provided it can be demonstrated that the BID arrangements would conflict materially with any policy formally adopted by the authority or that they would be a disproportionate financial burden through either being inequitable or where there has been unacceptable manipulation of the boundary. Whilst it is not a legal requirement that a BID has the full support of the billing authority it is accepted that where possible it should be the norm.

### **Considerations in determining whether to support development of BIDs**

17. Whilst it is not necessary to obtain the City Corporations agreement to explore the appetite of a business community to develop a BID, it is desirable. Business partnerships to date have sought to work closely with the City Corporation in developing their vision and action plans and historically Members and officers have been engaged and supported their ongoing development.
18. There has been an expressed appetite from some Members to support the development of business partnerships to become a more formalised BID. For the City Corporation to decide to support future requests for the development of a BID it is considered that regard should be had to whether there is a clear need for such a vehicle. The relevant considerations should include the following:
  - a. Is there a demonstrable need for a BID as opposed to any other form of partnership initiative and has this been measured up to 2 years before a ballot
  - b. Is there a strong private sector interest in a BID and has a business partnership been established up to 2 years prior to seeking to promote a BID
  - c. Can the partnership demonstrate that the BID proposal is viable to achieved the aims of the businesses in the area
  - d. Has the response to any perception analysis achieved at least a 40% return rate of the businesses (the average turn out to formal ballots for a BID across the UK is circa 40%)

19. These considerations are not exhaustive, and each request should be considered on its own merits. The issues in paragraph 20, below, should also be taken into account.

### **The City franchise**

20. 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 a number of existing mechanisms. As such, some of the benefits of a BID are already enshrined within the City's governance structure and the need for a BID vehicle is likely to be more limited in the City. Where there is such need, there is a risk of duplication unless the City is engaged in and integral to the BID governance.
21. Previously, in relation to the Cheapside BID, it was agreed that the City Corporation acts as the promoter of the BID, with the Cheapside business partnership (Cheapside Initiative) acting as its appointed agent to manage the BID process and delivery of the key priorities that align with the City Corporation adopted business plan. The City's role as BID Promoter helped address the issues at paragraph 20, above. The business plan fully aligns with City Corporation policies and strategies. The business plan does not incorporate any elements that would normally be delivered through the provision of local authority services such as policing and cleaning.

### **Cross borough BIDs**

22. It would be possible to put in place similar arrangements for that part of the area in the Aldgate Partnership that falls within the City boundary. In developing a cross borough BID it would be possible to develop each part of the area separately in terms of the ballot and levy collection, but for it to be administered through one organisation. The City part of the BID area could be established with the City Corporation as the BID proposer (as with Cheapside) whilst the Tower Hamlets side could establish the BID on their side of the boundary through the Aldgate Partnership who could then be engaged to run the BID on behalf of both authorities. Such an arrangement would enable the City Corporation to ring fence resources to be spent in specific areas of activity that would be set out in the approved business plan that would exclude areas such as cleaning and policing and would focus on areas of activity that would not normally form part of City Corporation services such as marketing and promotion, various corporate social responsibility matters such as local employment and areas around business networking and development. The Tower Hamlets part of the BID area would be able to direct the levy raised from businesses within its boundary on the areas set out in their business plan.

### **Proposal**

23. The Aldgate Partnership has been established since 2013 and the answers to the considerations in a) and b) in Para 18 above are positive. It is now seeking agreement from the City Corporation to provide the rating information relating to

those hereditaments located within their footprint. The footprint sits within both the City and Tower Hamlets (see attached map Appendix 1). The information would allow the partnership to determine the viability of taking forward a BID in this area. Tower Hamlets has indicated its willingness to support the request and it is considered that the City Corporation should support the further analysis to determine the viability of a BID. Should viability be demonstrated then a further report would come back to this Committee to report the outcome of the perception analysis and agree next steps

24. In relation to future request from business partnerships, where the responses to the considerations in Para 18 above are positive, and all other relevant factors indicate that it is appropriate, it is considered that the City Corporation should be supportive in providing the rating information required to assess viability and the support from the business community

### **Corporate & Strategic Implications**

25. The promotion of BIDs would, where appropriate, accord with Corporate Outcomes 2,3,4,11 and 12 of the Draft Corporate Plan 2018-23
26. BIDs are included in the Mayor's Economic Development Strategy and the London Plan. They highlight the fact that BIDs are a great way to get diverse local businesses to work together.

### **Implications**

27. Other than cost in terms of Officer time to provide the necessary support there are no direct costs associated with the delivery of the first stage of the process. Should a BID be viable then it would be possible to recover all costs associated with the BID other than the cost of running the ballot (circa £2,000). The Chamberlain has advised that a BID would not impact on the City offset and premium.

### **Conclusion**

28. There have been a number of requests from established business partnerships to seek City Corporation approval to support the development of BIDs as a more financially sustainable and formalised vehicle to strengthen business communities. Whilst there are no powers to turn down requests to provide rating information there are ultimate powers of veto should any BID proposal conflict materially with adopted policies or if there would be significant disproportionate financial burden on any person. It would not always be appropriate for a formal BID to be the vehicle to deliver the needs of the local community and it is therefore considered that there should be a number of considerations to be taken into account, as set out in paras 18 – 20 of this report, in deciding whether the City Corporation should provide support. Subject to those considerations and any other relevant matters, it is considered that the City should be supportive of requests to develop BID proposals.

## **Appendices**

- Appendix 1 – Map of the boundary for the Aldgate Partnership viability assessment

**Simon McGinn]**

City Property Advisory Team Manager

T: 020 7332 1226

E: [simon.mcginn@sky.com](mailto:simon.mcginn@sky.com)



## Appendix 1

### Map of the boundary for the Aldgate Partnership viability assessment

