

<b>Committee(s):</b> Property Investment Board	<b>Date</b> 21/01/2020
<b>Subject:</b> Eastern Cluster Business Partnership (City Fund)	<b>Public</b>
<b>Report of:</b> City Surveyor	<b>For Decision</b>
<b>Report author:</b> Simon McGinn	

### Summary

This report presents for agreement a request for the Property Investment Board (PIB) to contribute £20k per annum for a maximum of two years to become an active member of the newly established Eastern Cluster Business Partnership. In December 2019 Policy and Resources Committee agreed a BID strategy that supported the City Corporation's involvement as property owner in voluntary partnerships and PIB agreed to consider requests to become joint funding partner for the life of a voluntary partnership only where significant assets managed by PIB are in the partnership area, and where its involvement will aid the establishment of a BID for the area. The City Corporation would have Member and Officer representation on the Board established to run the partnership. The Business Partnership will, in the first instance, seek to engage with property owners and a number of occupiers who are keen to promote the ongoing regeneration of the area. The City Corporation has been asked to consider being an active paying member given its significant land holdings as part of the Leadenhall Estate. The initial focus will be on developing an action plan which sets out key priorities for the area and incorporate a number of demonstration projects around the key actions identified. It is anticipated that following a successful initial two year period, the partnership will seek to promote the delivery of a more formal Business Improvement District (BID) for the area.

### Recommendation(s)

Members are asked to:

- Agree to the participation of the City Corporation in the Eastern Cluster Business Partnership
- Agree to fund a contribution of £40k, over the next two financial years, (£20k in 2020/21 and £20k for 2021/22) from the City Surveyor's local risk budget for professional fees for City Fund Estate.
- Nominate a Member of PIB to sit on the Eastern Cluster Business Partnership Board

## **Main Report**

### **Background**

1. Following on from engagement with Ward Members and a number of key stakeholders in the Leadenhall Street area, the owner of 70 Gracechurch Street and 55 Gracechurch Street (Tenacity) commissioned specialist BID consultants Primera, to explore the feasibility of developing a more formalised business partnership for the tall building cluster area. Primera currently manage The Aldgate Partnership and Cheapside Business Alliance, as well as managing a number of Business Improvement Districts and business led partnerships across other parts of Central London. The aim of the commission was to explore the appetite to bring together a range of business stakeholders including the City Corporation, to create a voluntary business partnership and to identify the key areas of focus for any such partnership.
2. At your meeting on 17 July 2019 it was agreed in principle to support the development of a similar business partnership for the Fleet Street area with a total contribution of £40k over the next two financial years (£20k for 2020/21 and £20k for 2021/22) from the City Surveyors local risk budget provided that officers in consultation with the Chair and Deputy Chairman are satisfied there are enough paying partners to make the partnership viable. At this meeting you were advised that a further report relating to current proposals would be forthcoming for this meeting.
3. In December 2019 Policy and Resources Committee agreed a BID strategy that supported the City Corporations involvement as property owner in voluntary partnerships and PIB agreed to consider requests to become joint funding partner for the life of a voluntary partnership only where significant assets managed by PIB are in the partnership area, and where its involvement will aid the establishment of a BID for the area.

### **Current Position**

4. Following discussions with key property owners in the area there has been a strong interest to develop a voluntary partnership and a first inception meeting was held in July 2019. The attendees included 18 representatives of the key landowners and businesses in the area, including the City Corporation. Following discussions, the key challenges for the area were identified as follows:
  - Security and resilience of the cluster
  - Transportation and pedestrian movement
  - Freight consolidation
  - Identity and branding
  - Diversification of business base and development of a community
  - Breadth and quantity of retail offer
  - Events delivery and management
5. Consensus from the meeting was that a partnership would be a positive development for the area. The area is undergoing massive change with the pipeline of current and future schemes delivering circa 750,000sqm (8m sqft) of

new floorspace in the area providing enough space for circa 70,000 workers. There is an opportunity for the partnership to provide a key strategic group to help support the City Corporation in the development and delivery of future strategies that will support the needs of the cluster.

6. There are nine stakeholders already committed to becoming a full paying partner. Given the City Corporation's significant property interest in the Leadenhall Estate it is considered by the other property owners that the City Corporation should become a full paying member with a place on the Board for a nominated Member and the CPAT Manager. There will be significant benefits that would arise out of such a partnership as the key challenges identified in Paragraph 3 above would be a focus of the partnership and any future BIDs activity which could only benefit directly the Leadenhall Estate.
7. A not-for-profit company limited by guarantee has been set up by Primera as a vehicle for the partnership to hold the funds. Quarterly meetings of the partnership will be set once there is clear support for the initiative. In the first instance funding will go towards developing an action plan for the Board to approve that will set out the areas of initial activity. It is anticipated that the work of the partnership will then inform the move towards developing a more formal BID for the area after a 2 year period. The partnership will seek to engage with businesses to understand how best it can support their occupation in the area. This engagement will then inform the development of a formal BID Proposal that would ultimately be subject to a ballot which if successful would establish an occupier BID for the area. An update report will come to your committee to advise on progress in the next 18 months.

### **Proposals**

8. It is proposed that your Committee agree to fund a total contribution of £40k over the next two financial years (£20k for 2020/21 and £20k for 2021/22) from the City Surveyors local risk budget provided that the Chair and Deputy Chairman are satisfied there are sufficient paying partners to make the partnership viable.

### **Corporate & Strategic Implications**

9. The proposal to develop a business partnership for the eastern cluster area aligns with 9 of the 12 Outcomes of the Corporate Plan 2018-2023
10. The proposal will accord with top line objective number 4 of the City Surveyors Business Plan 2019-2022 to "support and promote the City as a business location" The plan identifies that the City Corporation will "engage with the business community in the Eastern Cluster and the Fleet Street area with the view to bringing forward local network partnerships in these areas".

### **Financial implications**

11. The £20,000 annual contribution can be met from the budgetary provision for professional fees within the City Surveyor's local risk budget for City Fund Estate

## **Conclusion**

12. The current eastern cluster area is facing a number of structural and physical challenges. Sufficient floorspace to provide for the needs of 70,000 workers is currently either under construction or in the pipeline and there is a need to establish a business partnership to help inform the development and delivery of future strategies that will help sustain the economic success of the area which has the Leadenhall Estate at its heart. The agreement to become one of the paying partners over two years will demonstrate City Corporation leadership and encourage other stakeholders to become full partners. In the first instance the funding will support the engagement of an executive team to deliver an action plan for the area with several demonstration projects. The formation of a business partnership will be a precursor to establishing a more formal BID for the area.

## **Appendices**

- None

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