

Committee(s): Policy and Resources - For decision	Dated: 17/10/2024
Subject: City of London Corporation – Business Improvement Districts (BIDs) Partnership Renewal ballot for Aldgate Connect and Cheapside Business Alliance Business Improvement Districts.	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	Vibrant, Thriving Destination Providing Excellent Services
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	£N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Deputy Town Clerk Executive Director, Environment Department	For Decision
Report author: Ruby Raw, Stakeholder and Programmes Coordinator, Environment Benjamin Dixon, Head of the Policy Unit, Office of the Policy Chairman	

Summary

The report recommends that approval is granted for the Aldgate Connect and Cheapside Business Alliance – the City’s two oldest and smallest BIDs - to ballot businesses on a renewal of BIDs, both of which propose an increase in levy payments, and increase in geographical area for Aldgate Connect, for the next 5-year period based on the BID Proposals (“Business Plans”) at Appendices 1 & 2.

Following external advice informed by feedback and insights from the BID Chairs this report also provides recommendations for the City Corporation to improve its strategic relationships with its Business Improvement Districts (BIDs) more widely and address issues concerns raised by Members and officers over the last year. It makes recommendations to evolve these relationships over time, in pursuit of shared goals, better supporting BID Boards, and building stronger relationship with BID Chairs,

Member input and decisions are requested on the proposed approach.

Recommendations

Policy & Resources Committee is asked to:

- Agree for a renewal ballot to commence in the Cheapside Business Alliance BID area, on the basis of the draft Business Plan at Appendix 1.
- Agree for a ballot to commence in the Aldgate Connect BID area, on the basis of the draft Business Plan at Appendix 2 (including an alteration to extend BID Boundary as set out in Appendix 3).
- Endorse proposals to support the City Corporation's evolving relationship with the City BIDs, based on external advice (Summary included as Appendix 4), focussed on:
 - i) A shared understanding of roles, including developing baseline analyses of City services, strategies and projects for each BID area,
 - ii) Better coordination of goals, with an initial focus on Business perception analyses and the recast Destination City programme.
 - iii) Good governance including reporting back against shared success criteria.
 - iv) Smarter use of resource, including regular officer working groups for better internal coordination and more support for Member Observers.
 - v) Investing in Strong working relationships, supporting the Chairs and Boards.

Main Report

Background

1. Business Improvement Districts (BIDs) are business-led partnerships, created through a ballot process, to promote and improve business districts in a defined geographical area. Following a successful ballot, a BID is able to raise a business rates levy on businesses in their area to fund their operations.
2. The City Corporation was an early advocate of the introduction of BIDs to the UK. The first BID in the City of London was introduced in 2014.
3. There are now five City BIDs in total with a combined income of c £50m over their 5-year terms. Planning is underway for the creation of a sixth BID – Riverside – the implementation of which would mean the vast majority of the Square Mile is covered by BID footprints, with the exception of the Temple and Broadgate Estate and surrounding areas.

4. Many of our business stakeholders and major firms are involved with the City BIDs, via BID Boards, such as AoN, the Royal Exchange, Goldman Sachs.
5. The BIDs breadth of work stretches to most parts of the Corporation; Currently the BIDs require input and involvement from several departments and they also work with our organisations including the Barbican, GSMD, City of London Boy's school and City Bridge Foundation.
6. BIDs have no statutory powers, but the responsibilities the City Corporation is obliged to abide by are defined in BID Regulations 2004. The BIDs can use their resources to provide services to business, over and above those provided by local authorities. An example is an additional street cleansing resource in our street cleansing team which has been funded by the EC BID to increase the level of service in the BID's footprint.
7. The City Corporation is formally the BID proposer and the BID body for all BIDs in the Square Mile, meaning that its role is to both promote and deliver the Business Plans contained within BID proposal documents. In other parts of the UK, the local authority only provides statutory billing authority services for the ballots.
8. In practice, the City Corporation has chosen to allow the Businesses within a BID footprint to lead on developing the BID proposals and managing the day-to-day implementation of these proposals on the City Corporation's behalf,
9. In turn, all 5 BID Boards have each contracted with Executive Teams undertaking day to day operational delivery of the BID proposals including carrying out perception analyses and drafting the BID proposals ahead of a ballot. All the Executive Teams are from the same external service provider, Primera. Whilst a single managing agent provides efficiencies in terms of coordination, there are other potential models which BID Boards have available to them.
10. In December 2017 the Policy and Resources Committee agreed a set of criteria that the City Corporation should have regard to when considering whether to support the future development of formal Business Improvement Districts (BID's) within the City. The considerations related to:
 - a. Whether there was a demonstrable need for a BID as opposed to any other form of partnership initiative.
 - b. Is there strong private sector support for a BID and has the business partnership been established for up to 2 years prior to seeking to promote a BID.
 - c. Can the partnership demonstrate the BID proposal is viable to achieve the aims of the businesses in the area.
 - d. Has the response to any perception analysis achieved a return rate of at least 40%.
 - e. That the City Corporation is the formal BID Proposer

Aldgate Connect and Cheapside Business Alliance Renewal Ballots

11. Aldgate Connect and Cheapside Business Alliance are the two oldest, and smallest, BIDs in the City of London. Both BIDs' current terms end in March 2025.
12. The Aldgate Connect BID boundary stretches in the LB Tower Hamlets, has a diverse mix of businesses and a large residential community within its footprint. The themes proposed for their next 5 year term are:
 - i) **Creating a connected community** through events and activations
 - ii) **Shaping a safer Aldgate**, supporting community safety and business resilience through partnering with the Corporation, Policing authorities and TfL.
 - iii) **Welcoming People in** through effecting marketing and communications.

The Cheapside Business Alliance has a strong focus on the ground floor economy and many businesses invested in successful retail and leisure. The themes proposed for their next 5 year term are:

 - I) **Promoting a welcoming Cheapside** through attracting visitors and workers with events, activations and targeted comms.
 - II) Creating Social Impact by enhancing sustainable prosperity and supporting social impact programmes
 - III) **Building a stronger business community** by enhancing the local business offer through networking, b2b partnerships, training and adding value to employees.
13. Both must reballot, on the basis of new Business Plans, both of which propose an increase in levy payments, in order to renew the Cheapside BID for a further five years and establish an extended Aldgate Connect BID for five years, thus giving them the ability to have a larger impact within their areas.
14. Policy & Resources Committee is asked to approve these ballots on the basis of the Business Plans at Appendix 1 and Appendix 2. These business plans are prepared on behalf of the City Corporation, in collaboration with local businesses.
15. Officers have worked with the team responsible for drafting the Cheapside and Aldgate BID proposals to better reflect in the Business Plans:
 - a. The strategic context of the City Corporation's new Corporate Plan.
 - b. A specific commitment to work in partnership in support of the outcomes of the recast Destination City programme
16. If Policy & Resources Committee were minded not to approve the business plans, the BIDs would need to resubmit Business Plans, potentially undermining the timetable for carrying out a ballot.

17. As the Proposer of both BIDs, the Business Plans put to the ballots are for the City Corporation, through Policy & Resources Committee, to decide upon and approve.
18. Cheapside Business Alliance BID proposes a levy multiplier to be charged over a 5-year period to all eligible hereditaments (rateable business units) within the BID area, with a rateable value equal to or greater than £180,000. If the ballot is successful in Spring 2025, the term of the BID will be for a period of 5 years from 1st April 2025 to 31st March 2030.
19. It is anticipated that Cheapside Business Alliance BID will generate approximately £6,773,460 over the lifetime of the BID term.
20. The Aldgate Connect BID proposes a levy multiplier of 1% to be charged over a 5-year period to all eligible hereditaments (rateable business units) within the BID area with a rateable value equal to or greater than £130,000. If the ballot is successful in Spring 2025, the term of the BID will be for a period of 5 years from 1st April 2025 to 31st March 2030.
21. It is anticipated that Aldgate Connect BID will generate approximately £6,794,801 over the lifetime of the BID term.
22. In addition, both BID's Boards and Executive teams will endeavour to increase the budget through grants and other sources of income. This is a significant uplift in budget for both BIDs compared to previous years. (Cheapside BID's levy totalled £2.5m in 2020, and Aldgate connect £3.9m). The increase in budget is reflected in the increased scope of work contained in the Business Plans.
23. Following ballots, the results will be reported to Policy & Resources Committee.
24. The timing of these ballots has been agreed with the Electoral services team to ensure that sufficient resource is available for work required to process ballots for Member Elections in March 2025.
25. Members could opt not to agree to move to ballot on Aldgate and Cheapside BIDs. A trade off would be to affect relationships with the businesses involved in these BIDs. Businesses are permitted to develop plans for a BID without the auspices of local government

City Corporation Strategic relationship with Business Improvement Districts

26. 10 years into the existence of BIDs in the Square Mile, it is timely to review the City Corporation's relationship management. In the last 5 years, the number of BIDs has grown from 2-5. The latter 3 are much larger in levy and the cumulative ambition and breadth of work of all 5 BIDs hasn't been matched by the City Corporation's approach to partnership to optimise the potential of working together.

27. A light-touch review has been undertaken with officers across the Corporation, alongside the support of an external advisor. The external advisor's report is at Appendix 5 capturing the views of BID chairs and BID CEOs and identifies a number of improvements.

28. These relate to:

- a. Clear delineation of roles
- b. Identification of shared goals
- c. Better use of resource corporately
- d. Reform strategic and operational governance
- e. Strengthened relationships with BID businesses

Internal measures

29. A number of actions have been identified that can be taken internally to improve the way the City Corporation engages with the work of the City BIDs and how it operates as a partner.

30. **Establish a clearer delineation of roles** in our BID contracts through carrying out a full baseline analysis of services. This will help BIDs to identify where they can add value and also to see what programmes and campaigns they can co-ordinate with or supplement.

31. **Improve our internal coordination and reducing siloes** through establishing a corporate officer BID group consisting of departments with regular BID contact to share information and resources, to oversee the BID contracts and to identify where there are shared goals.

32. **Support Member observers more strategically** by providing them with more support so carry out their role and raise issues.

33. **Embed a communications protocol** which sets out how the City Corporation's communication function will work with those of the BIDs.

Establishing a closer relationship in future

34. There are a number of areas where Member agreement is sought to explore a strengthening and deepening of the working relationship with the City BIDs.

35. **Reforming City-BID governance** to re-establish a Strategic Partnership Board and an operational board which feeds into this.

36. Engage with BID Boards regarding their funding of a City Corporation Head of City BIDs role to **better coordinate the City Corporation's strategic relationship** with the City BIDs.

37. Engage with BID Boards to **identify any further support they would like the City Corporation can provide**, such as procurement, governance or audit.

38. **Explore working together on wider economic objectives** through seeking to establish a partnership to help deliver Destination City objectives across the City, particularly on:

- a. Improving Friday and Monday experience and footfall.
- b. Feeding business insights into the Destination City programme.
- c. Delivery of the SME Delivery Strategy.
- d. City Belonging

Options

1. Option 1 – Retain current approach

By retaining the current approach, all existing BIDs would continue to exist and to deliver against agreed business plans. However, this option would fail to ensure the activities and goals of the BIDs and those of the City Corporation are fully complimentary, would risk duplication or inconsistency, and would be unlikely to achieve optimal effectiveness.

2. Option 2 – Further evolve relations and joint working - RECOMMENDED

The steps outlined above would be aimed at better coordinating the management of the BIDs relationship corporately, breaking down siloes. They would seek to form stronger relationships with the BID Boards, identify options for working in a more coordinated way to shared goals, to support the BIDs and ensure consistency with delivery of our Corporate Plan including the recast of the Destination City programme.

3. Option 3 – Major reform to BID Arrangements

It is for the City to decide whether or not it wishes to propose BIDs and adopt the role of BID Proposer and BID Body. However, these roles are open to non-local authority BID proposers, to put forward BID Proposals and if successfully balloted, to act as BID Body. Local authorities have limited powers of veto, such as on grounds of material conflict with adopted local authority policy or the levy imposing disproportionate financial burden to businesses. Were the City to abandon its role as BID Proposer and BID Body, the opportunity for the City Corporation to promote collaborative and complimentary working with the BID Boards would be lost. The preparation of the Business Case would be for the non-local authority BID proposer and the operation of the BID arrangements would be for the non-local authority BID Body. In the context of the City's unique relationship with local businesses, it is considered that this would fail to maximise the effectiveness of the BIDs.

- The City Corporation could refuse permission for Aldgate Connect and Cheapside BIDs to go to ballot, meaning that both BIDs would cease to exist at the end of March 2025. Non-local authority BID proposals could potentially be put forward at a later date.

- The City Corporation could reduce its collaborative approach and lead on the preparation and delivery of the BID business plans 'in house'. This would reduce engagement with local businesses and risk reducing the area-specific perspective offered by local businesses, which is a key driver for the BID model. It would also bring resource implications.

Corporate & Strategic Implications

Strategic implications - A successful BID relationship can contribute to the Corporate Plan goal of creating a Vibrant, Thriving Destination.

Financial implications – None arising directly from this report.

Resource implications – Commitment from officers across the Corporation to develop the recommended approach through attendance to a regular working group and managing the contractual relationship between BIDs and the City Corporation.

Legal implications – These are included in the body of the report.

Risk implications - As BID proposer and BID body the responsibility for promoting and implementing the Business Plans for the BIDs must be discharged by the City Corporation.

Equalities implications - Under the Equality Act 2010, all public bodies have a duty to ensure that when exercising their functions they have due regard to the need to advance equality of opportunity between people who share a protected characteristic and to take steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people and encourage people with certain protected characteristics to participate in public life or in other activities where their participation is disproportionately low. The proposals contained in this report do not have any potential negative impact on a particular group of people based on their protected characteristics

Climate implications - None

Security implications - None

Appendices

Appendix 1 – Cheapside Business Alliance draft Business Plan

Appendix 2 – Aldgate Connect draft Business Plan

Appendix 3 – Aldgate Connect proposed alteration of boundaries.

Appendix 4 – Summary of External report

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