

CABINET	AGENDA ITEM No. 6
Date: 19 November 2018	PUBLIC REPORT

Report of:	Annette Joyce, Service Director – Environment and Economy	
Cabinet Member(s) responsible:	Councillor John Holdich – Leader of the Council and Deputy Mayor of the Cambridgeshire and Peterborough Combined Authority Councillor Steve Allen – Cabinet Advisor to the Leader	
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PETERBOROUGH BUSINESS IMPROVEMENT DISTRICT (BID) DEVELOPMENT

R E C O M M E N D A T I O N S	
From: Service Director – Environment and Economy	Deadline date: N/A
It is recommended that Cabinet approve the development of a Business Improvement District (BID) application for Peterborough City Centre.	

1. ORIGIN OF REPORT

- 1.1 Peterborough City Council’s current net budget for the City Centre Manager, Pedestrian Zone and its Events is £159,000. Over the next three years the budget for Events (£40,000) has been withdrawn whilst a £100,000 saving from City Centre Management and Pedestrian Zone has been included in the Council’s Medium Term Financial Forecast.
- 1.2 As a result of these budget savings, City Centre Management would not be able to deliver what it currently does (including producing and facilitating the wide range of events in the City Centre). The Cabinet Advisor to the Leader (in his role as Cabinet Member for Culture, City Centre Management and Tourism) and the Leader did not wish to see a reduced investment in the City Centre. Moreover, their desire was to see greater investment in the City Centre so that residents and visitors have a vibrant, exciting, clean and safe City Centre everyone can be proud of and enjoy.
- 1.3 The development of a successful Business Improvement District (BID) in Peterborough City Centre would address this by providing that additional investment. This report to support a BID is therefore submitted to Cabinet at the request of the Cabinet Advisor to the Leader.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to seek Cabinet support to develop a Business Improvement District (BID) in Peterborough City Centre. Investment in Peterborough City Centre is central to the Council’s ambitions to support businesses and the City’s vibrant and growing economy.

3. TIMESCALE

- 3.1 BID development timeline:

November 2018. Decision taken to develop a BID proposal.

January to April 2019. Business liaison and consultation on proposed BID Business Plan. Including forming a BID Steering Group and regular BID newsletter.

April 2019. Notification to Secretary of State and Local Authority of intention to hold a ballot - at least 84 days before the Notice of Ballot is issued.

April 2019. Notification to Local Authority of BID Business Plan. Including details of consultation undertaken, financial proposals. BID projects and proposed financial management arrangements - suggested 60 days before the Notice of Ballot is issued.

June 2019. Launch of BID Business Plan. Public meeting for businesses.

June 2019. Notice of BID ballot issued to businesses. Outlining that it will be an entirely postal ballot and stating the name and address for each business and the time and date by which all votes must be returned - at least 42 days before the end of the ballot.

July 2019. Ballot papers issued to businesses by the independent Electoral Reform Service and given 28 days to vote and return.

July 2019. Ballot day. Announcement made.

August 2019. 28 day appeal period to Secretary of State.

5-year BID term to commence. Any date within 365 days of the ballot result. Formation of Board of Directors, appointment of staff and BID begins operation. Suggested 1st September 2019.

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. WHAT IS A BUSINESS IMPROVEMENT DISTRICT (BID)?

- 4.1 BIDs enable businesses within a defined geographical area such a town or city centre to identify a programme of initiatives that are additional to what is already being provided by the public sector, which will bring benefit to the local business community through for example, increased footfall and spend by shoppers.
- 4.2 The establishment of a BID will assist local businesses and help to provide greater resilience against threats such as internet shopping, out of town retail parks and neighbouring towns and cities, some of which have BID status.
- 4.3 There are 300 established BIDs across the UK including Cambridge, Nottingham, Leicester, Lincoln, Milton Keynes and Bedford. 95% of BIDs are re-elected after their first 5-year term demonstrating their value to businesses. Kingston-upon-Thames was the first BID to be developed in 2005 after legislation was introduced in 2003 and it is now in its third 5-year term.

5. CITY CENTRE MANAGEMENT IN PETERBOROUGH

- 5.1 Peterborough Residents and Businesses alike benefit from good City Centre Management. The economic value of visitation to Peterborough is over £291m pa (£185.4m day and £94.9m staying visitors). The wider economic benefit across the visitor economy with additional and supplier effects is estimated at £376.4m. Peterborough direct tourism employment was estimated at 5,416.
- 5.2 A major objective of this service is to increase footfall, retail spend, parking income, employment, business opportunities and wealth. To this extent City Centre Management's role relates to:

- **Place Shaping:** Influencing, steering and helping to ensure our City Centre meets the future expectations of a growing population
 - **Place Making:** Providing an attractive and vibrant City Centre through initiatives such as presenting events, festivals, themed markets, floral displays and Christmas lighting
 - **Place Management:** Managing the City Centre, access, car parking, providing visitor Information and a safe environment
 - **Place Promotion:** Promoting the City Locally, Regionally and Nationally so we best benefit from the Visitor economy
- 5.3 Peterborough's City Centre Management services are currently fully funded and fully operated by Peterborough City Council. These services form part of the Environment and Economy Directorate which also manages Regulatory Services (Environmental Health, Trading Standards, Licensing and Safety), Parking, Tourism, Corporate Marketing and Communication and the services until February 2019 performed under the Amey contract (Street Cleansing, Refuse Collections, Parks and open Spaces, Transport, Building Maintenance and Cleaning).
- 5.4 City Centre Events are accommodated or organised by City Centre Management to; increase footfall to support the retail economy, provide vibrancy to the city centre, instil pride and a sense of belonging to Peterborough residents, increase car park income, promote diversity and support cultural and social cohesion.
- 5.5 Some events are directly produced by this service which includes taking full responsibility for every element of production, programming and promotion. Some events are facilitated or co-produced by this service which ranges from licensing them, contracting use of spaces, providing infrastructure, providing or advising on risk assessment, supporting promotion, liaison with emergency services, traffic management and the organising of road closures.
- 5.6 These events include the Perkins Great Eastern Run, Diwali Festival, Christmas Light Switch On event, visiting Christmas and Continental Markets, The Classic Car Show, Italian Festival, Pop Concerts on the Embankment and all visiting Circuses and Fairs. Excellent value for money is provided by Environment and Economy as their staff work these events at weekends, at evenings or over Christmas/New Year in addition to their substantive responsibilities and without additional pay. Hundreds of volunteers are also engaged, many from the Environment and Economy division.
- 5.7 Whilst some Local Authorities continue to operate City Centre Management in-house, many have created Public/Private City/Town Centre Management Partnerships operating as a Company. Many City Centre Partnerships have gone on to develop a BID (Business Improvement Districts). A BID is a business-led and business funded body formed to improve a defined commercial area.
- 5.8 Whilst under Local Authority control, there is little incentive for City Centre Businesses to invest and pay for City Centre Management services regardless of how much they appreciate or benefit from them.
- 5.9 Many of the responsibilities of City Centre Management have significant synergy with each other and the services currently performed by Amey, which from February 2019 will be operated by Peterborough Limited. These include:
- Amey manage Parks and Open Spaces. City Centre Management manage events and bookings of Parks and Open Spaces
 - City Centre Management/Markets have responsibility for £280,000 budgets for City Centre Cleaning and Refuse Collection performed by Amey
 - Markets staff manage the General Market, Pedestrian zone manage visiting Markets
 - Both City Centre Management and Amey staff work over 24 hours 7 days a week.

- 5.10 Budget pressures on Local Authorities nationally has meant that they have been unable to subsidise all non-statutory services to levels previously enjoyed. City Centre Management services (as described above) will largely need to be withdrawn from 2019 unless they can be part funded by City Centre Businesses via a successful BID application.
- 5.11 A BIDs company might not be able to afford to employ people with the range of skills needed to perform all the roles they may wish to fund. Similarly the Council could not afford to solely fund such a team. In any event, we could see roles between BIDs Company and Council significantly overlapping if they both did. The most efficient operating model to meet City Council needs and the requirements of a BID Company could be by operating City Centre Management Services through Peterborough Limited with a BIDs Company and the Council commissioning it to carry out work on their behalf, thus sharing the cost between BIDs Company and Council. This will be considered once Peterborough Limited is successfully operating services.

6. HOW WOULD A BID WORK AND HOW MUCH COULD BE RAISED?

- 6.1 A ballot will ask businesses to vote either for or against the creation of a Business Improvement District (BID) in the City Centre, and if there is a 'yes' at ballot, businesses will then invest between circa £1.5-2m* in place-making activities and City Centre improvements over the next 5 years. *Exact BID levy raised yet to be determined, awaiting rateable values from PCC rates department.
- 6.2 BIDs are funded by a levy on local businesses of usually between 1%-1.5% of a business's rateable value (not their business rates). As an example, a business such as Starbucks on Long Causeway in Peterborough City Centre has a rateable value of £51,500. This is not their business rates but the rateable value of the property set by the Valuation Office and used to calculate their rates bill. Dependent on the level set by the new Peterborough BID Steering Group, 1% of their rateable value is £515.00 in annual BID levy contributions, 1.25% is £643.75 and 1.5% is £772.50 each year.
- 6.3 For a BID to commence, the businesses in the defined BID area receive a copy of the 5-year BID Business Plan and a ballot paper, voting on the proposals during a confidential 28-day postal ballot. For the vote to be successful both a majority of a) business rateable value and b) by number of businesses must vote in favour of establishing a BID; this protects the interests of both the large and small businesses alike. It is anticipated that the vote will take place in Summer 2019. BIDs operate for a maximum of 5 years at which point a further vote must be held to establish if businesses wish to continue for a further 5 years.

7. WHAT MIGHT A BID FUND?

- 7.1 An advisor was appointed by the Service Director of Environment and Economy to carry out a City Centre Business Survey in Spring 2018, consulting with local businesses to identify the issues that affect their business and ascertain the improvements they would like to see introduced. In total 181 City Centre businesses participated in the survey.
- 7.2 Potential BID projects identified from the study include:
- enhanced Christmas lights throughout the entire City Centre
 - additional street cleaning regime
 - hosting more festivals, events and visiting markets
 - increased hanging baskets and entering the Britain In Bloom awards
 - entering The Great British High Street awards
 - achieving Purple Flag status for the City which recognises evening economy safety standards
 - introducing new BID Rangers/Ambassadors to provide public reassurance, assist members of the public and deal with ASB
 - installing free WiFi and footfall counters throughout the City Centre

- introduce new business awards
- design and distribute a business directory
- launch a City Centre loyalty card
- offer a retailer radio scheme to share intelligence amongst retailers and pubs.

7.3 BID Objectives will include:

- Create a strong collective business voice in Peterborough City Centre
- Increase footfall and boost trade
- Improve the economic opportunities and the trading environment for businesses in Peterborough City Centre
- Create a new brand and identity for Peterborough City Centre
- Market Peterborough to a local, regional and national audience through high profile marketing campaigns, multi-channel media advertising, year-round events, festivals and markets
- Capitalise on the heritage and location of Peterborough City Centre
- Increase the awareness of businesses and City Centre events by marketing directly to residents and employees
- Supply businesses with useful data on City Centre performance e.g. footfall, car park, dwell time.

8. WHAT ARE THE BENEFITS OF A BID?

8.1 The benefits of a BID include:

- Businesses work in partnership with the Local Authority
- A sustainable model for City Centre management
- Provides the additional investment on a scale unachievable by businesses working alone / in silo and targeted where businesses decide
- A better-connected business community
- Collective marketing campaigns that deliver better value and results
- BID levy is ring-fenced for use only in the BID area – unlike business rates
- New trading opportunities between BID levy payers
- A long-term plan that gives businesses the skills and confidence to invest and grow
- An effective business voice that can lobby to prioritise investment in priority areas
- Businesses working together following the business plan that they have voted to support
- Sustainable business model for businesses in Peterborough City Centre
- There are many benefits for the office sector as well as the retail sector, this would include initiatives such as driving down occupancy costs for businesses including exploring a Peterborough City Centre business recycling service and other collective buying opportunities such as training, advertising, insurance costs, utilities, broadband to ensure the BID levy operates as an investment as opposed to a cost on business
- Make the City Centre more welcoming, attractive and safer
- Encourage and incentivise the thousands of employees within Peterborough City Centre to shop and spend locally
- Act as a vehicle to attract larger scale funding.

9. CONSULTATION

9.1 The advisor that undertook the business survey has significant experience in delivering successful BIDs across the country including Lichfield City Centre, Epsom Town Centre, Beddington Industrial Area, Staines-upon-Thames town centre and the district of North Nottinghamshire / Bassetlaw. Their experience of BIDs reveals that Peterborough City Centre is highly likely to be successful in achieving BID status given that many of the national companies have policies on BIDs. Companies within the City Centre that vote yes to BIDs include John Lewis, Waitrose, Marks & Spencers, Boots, Network Rail, Nandos, Starbucks, Waterstones, Metro Bank, Wilkos, Natwest, HSBC, JD Wetherspoons, EE, Vodafone, WH Smith, Costa Coffee, Subway, Greggs, McDonalds, Clarks and Specsavers. Queensgate Centre Director also confirmed he was involved in the Luton BID development.

The business survey also revealed a significant appetite for a business-led approach within the City Centre.

- 9.2 During the BID development a new BID Steering Group made up of local businesses and stakeholders will be formed representative of the proposed BID area – they will determine and agree the improvements and initiatives the BID will fund and these will be detailed within the BID Business Plan document that businesses vote on, the final BID boundary will be determined and the levy percentage agreed.
- 9.3 A minimum threshold can be implemented meaning that all businesses below the threshold would be exempt from both the vote and the levy charge. For example if the BID threshold was set at £12,000 rateable value this would be in line with business rates exemption and would mean all small businesses currently in receipt of rates relief would also be exempt from the BID vote and the levy payment. The BID Steering Group could also place a cap on the maximum that any one single business would need to contribute to the BID. This could apply both in the case of high rateable value of property owned such as Waitrose, or against a number of business premises owned by the same business situated within the BID area such as a Council. The proposed cap would be a maximum of between £5-10k levy per business entity per year. This cap would also apply to the Council as a ratepayer.

10. ANTICIPATED OUTCOMES

- 10.1 To support the development of a Business Improvement District (BID) in the City Centre.

11. ALTERNATIVE OPTIONS CONSIDERED

- 11.1 If we did not proceed with a BID then the Council will have to cease certain City Centre Management functions and events over the next two years (including the deletion of the post of City Centre Manager) as the budget for these activities is reduced.

12. IMPLICATIONS

12.1 Council financial and resource implications

The cost of holding the 28-day independent postal ballot is estimated by Electoral Reform Services to be £2,000-3,000 depending on the number of businesses to be balloted within the defined BID boundary; this includes producing and sending the official Notice of Ballot two weeks prior to the ballot followed by the ballot paper and Business Plan. Also replacement ballot papers as required. As a guide £3,000 would be the total cost for 500 businesses.

Other costs (these were the exact costs incurred during the Epsom BID development):

- BID Business Plan design and artwork inclusive of maps/charts and proof-reading, 36-page document estimated to be £2,300.
- Photographer for BID Business Plan of stakeholders, local businesses and key areas/buildings estimated to be £900.
- Printed and bound 36-page A4 landscape business plan estimated to be £1,000.

Post-ballot the Council will be legally responsible for billing, collecting and enforcing payment of the BID levy through the existing business rates system. Receipts would be held in a ring-fenced BID fund before being paid over to the BID in its entirety. The Council can determine whether businesses pay their levy in one instalment which reduces administration costs. The BID will pay an annual fee to the Council to cover the cost of levy collection and administration. This is often calculated at 3% of the total BID levy income.

These would be met from within current budgets.

12.2 Council financial implications post ballot

If the recommendation to proceed with BID development is approved, the capping of a levy would limit the Council's liability to a maximum of £5-10k a year. The total amount of £1.5million - £2million raised during the 5-year BID term includes the impact of the £5-10k cap on business contributions.

12.3 Implications for businesses

If a vote is successful (it requires a simple majority of numbers and by rateable value) approximately 300-500* businesses will be affected and will need to pay an additional levy on top of their business rates. This levy will not be applied to small businesses that are in receipt of Small Business Rates Relief ensuring that small businesses are protected from paying an additional levy. *Exact number to be determined from PCC rates data. The BID company must demonstrate comprehensive consultation with businesses affected to ensure that their ideas are incorporated in the BID Business Plan, and that they understand the implications of voting 'yes' or 'no'.

13. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

13.1 None.

14. APPENDICES

14.1 Appendix 1 – Draft BID Boundary Map

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