

**CITY OF CARDIFF COUNCIL
CYNGOR DINAS CAERDYDD**

CABINET MEETING: 27 JULY 2016

CARDIFF BUSINESS IMPROVEMENT DISTRICT

REPORT OF DIRECTOR OF ECONOMIC DEVELOPMENT

AGENDA ITEM: 3

PORTFOLIO: Economic Development and Partnerships and Community Development, Co-operatives and Social Enterprise

Reason for this Report

1. To update Cabinet on the development of Cardiff Business Improvement District proposals in Cardiff.
2. To agree a position with regard to a Service Level Agreement for the City Centre Management Team.
3. To agree to advance of funding to support initial activities of the BID.
4. To agree nominations for BID Board.

Background

5. The Cardiff Business Improvement District report, taken to Cabinet on 15th May 2016 resolved to:

Delegate authority to the Director of Economic Development, in consultation with the Leader of the Council, the Chief Executive, the Section 151 Officer and the Monitoring Officer to conclude a Service Level Agreement with relation to City Centre Management and to bring any agreement to Cabinet for approval.

Give delegated authority to the Section 151 Officer in consultation with the Leader of the Council, the Chief Executive, the Director of Economic Development and the Monitoring Officer to negotiate an advance to the BID company should the ballot be successful, and on the basis that any advance would be repaid through levy collection and paid within the current financial year and so that any proposed payment would be brought to a future Cabinet meeting for approval.

City Centre Management

6. Cardiff city centre is the commercial, retail and visitor heart of the Cardiff city-region and plays a vital role in the life and economy of South Wales. The city centre has also seen an increase in residents living in the area in recent years and is now home to around 10,000 people. The management and promotion of the city centre is critical to the city's economic performance. A Business Improvement District (BID) is a mechanism that has been recognised as being successful in bringing local businesses and other stakeholders together with the aim of improving their trading environment and enhancing their profitability.
7. In the Cabinet Report of 29 January 2014 it was identified that pressure on resources suggests that a new approach is required to maximise the effectiveness of city centre management. It was proposed that bringing together the current partnership groups as well as other stakeholders would help to maximise the efficiency of the overall city centre management functions and deliver more for the collective resources of all partners.
8. The Business Improvement District provides an opportunity to bring together key stakeholders in the city centre to maximise efficiency of decision making. In light of this it is proposed that the current City Centre Management arrangements are aligned with the proposed BID.
9. In ensuring alignment of resources it is proposed that a Service Level Agreement is developed between Cardiff Council and the Business Improvement District whereby the BID management is able to utilise the resources of the City Centre Management team on the basis that current levels of service provision within the city centre are maintained.
10. Such an approach would provide significant benefits both strategically and operationally. One of the key strategic aspects is the ability to align resources within the city centre. This does not just refer to the potential £1.5m annually a BID levy could provide for the BID, but also, through the BID governance mechanism, how all partners within the city centre operate. It is important to note that this does not mean the Council looking to understand how the BID can support its priorities, rather how all partners can collaborate to achieve mutually beneficial goals.
11. The approach will also provide a basis for resident engagement in the BID through the City Centre Management team that can represent wider resident interests across the city centre.
12. There are also key operational benefits, arising from the potential to reduce duplication, but also other areas such as procurement where collaboration can drive down costs for business, the BID and the local authority. Clearly any Council involvement would be subject to appropriate procurement guidelines.
13. Under the proposed approach staff employed in City Centre Management would remain employed by the City of Cardiff Council.

Direct line management of City Centre Management staff would remain with the City of Cardiff Council, as would budgets and assets.

14. Day to day activities however would see the City Centre Manager work with alongside the BID Manager in allocating resources to tackle issues within the city centre.
15. Strategically there would be a commitment to maintain current levels of services provision of the City Centre Management Team, unless otherwise agreed with the BID Board. Such an approach would mean that the BID Board would be able to influence how the City Centre Management Team allocates its overall resources, whilst overall control would remain with the City of Cardiff Council. It is proposed that the resource responsibility with the City of Cardiff Council from this perspective would lie with the Head of Economic Development.
16. The flexibility to change resource allocation would also allow the BID Board to work with the City of Cardiff Council to ensure that the impact of current resources is maximised. This approach is also predicated on the basis that the BID Board will also have an advisory role for the Council in terms of its activities within the city centre.
17. It is also critical to note that the BID cannot be used to replace Council services. Rather, it should be considered a means of supporting improvement in the city centre through a partnership based approach.
18. This arrangement would be reviewed after the first year of operation.
19. This approach is typical of other areas where City Centre Management roles are heavily integrated with the appropriate Business Improvement District.
20. The approach, in developing a based partnership to support improvement in the city centre, would also support the Council's Co-operative Council aspiration, and brings together stakeholders to help manage and improve the city centre environment.
21. A draft Service Level Agreement is attached as Appendix A. This has been developed with MOSAIC who led the development of the BID proposal in Cardiff city centre. Given that a BID would only become a legal entity if a successful vote is achieved a final Service Level Agreement would need to be completed should a formal BID company be established.
22. Activities included within the BID Business Plan where greater collaboration with the City Centre Management Team would yield improved outcomes include:
 - Funding a dedicated cleansing and waste team to deal directly with business concerns; carry out tactical cleaning of frontages, doorways and hot spots that can quickly and efficiently target problem areas over and above those currently provided by the Council; and

responding to business call outs and report/liaise with the City of Cardiff Council.

- Work with the City of Cardiff Council to ensure their cleansing and collection schedules support the needs of the city centre businesses.
- Support a team of uniformed BID-branded Cardiff Ambassadors. This team will provide a warm welcome to the BID area and provide information for visitors and businesses.
- Investment in the management of the evening and night time economy, and strengthen business participation with crime reduction partnerships and support new or improved business crime management initiatives.
- Provide additional planting and lighting initiatives and help install floral displays to achieve a more attractive 'softer' environment across the whole of the BID area.
- Work with Cardiff Business Safe to continue to grow the existing RadioNet Scheme.
- Invest in city centre entertainment and provide additional funds to support existing events that boost business and establish new events in current quiet periods.
- Work with the Principality Stadium, Stadium Events Group, Cardiff Council and tourism partners to ensure businesses have an open and positive input to the bidding, planning and management phases of major events held across the city centre. The BID would help coordinate a cross sector business group to discuss securing major events and commitments towards value for money, timing, frequency, impact and promotion.
- Work in conjunction with other partners to build on and add value to the Christmas season in Cardiff city centre.
- Forge closer links between businesses, universities and colleges to build a greater understanding of how to create an exciting and appealing offer, to manage issues as they arise, and hopefully encourage more students to choose Cardiff and stay here once qualified.
- Work with businesses to establish a strong and viable evening economy that encourages people of all ages to stay in the city after work, or to visit the city more regularly in the evening.
- Working with the Council, transport and parking operators, the BID will seek to make it easier to access and to navigate around the city centre.
- Promote information about routes into the city.
- Support cyclists through improved secure facilities.
- Work with partners responsible for the place marketing and management of Cardiff and support a strategy to widen Cardiff's appeal to help promote to a wider audience beyond the immediate catchment area and into national and international markets. Key targets would be business tourism and conferences.

- Provide a collective voice for over 700 businesses and several sectors, and will communicate and negotiate with other key representative groups.
 - Undertake research in to the key issues that affect businesses and to help influence city decision-making.
 - Lobby the City of Cardiff Council and other regional agencies on behalf of BID businesses.
 - Provide a focus point for strengthening business networks, communications, incubating new ideas and collaboration between all city centre businesses regardless of sector.
 - Work with local authorities and economic development agencies to assist them with attracting local, national and international investors.
23. In addition to the references within the Summary Business Plan, the final BID Business Plan reinforced the commitment to supporting the Night Time Economy, including a specific commitment that:
- The BID will work closely with the Police and Cardiff Council to design the programme of investment for the evening and night time economy, this will include support for the creation of dedicated additional police resource to maintain and improve the safety of the City centre.*
24. In support of these arrangements it is proposed that The Cabinet Member for Skills, Safety and Engagement will task officers with developing an appropriate action plan for the Night Time Economy that will inform the programme for investment agreed for the BID agreed between the City of Cardiff Council and the Police.
25. The BID has already committed to will “Invest in managing the evening and night time economy, and strengthening business participation with crime reduction partnerships to a level equal or greater than the amount a Late Night Levy would have raised from the city centre” on the basis that a Late Night Levy is not introduced for city centre premises.
26. Such an approach is seen as prudent. There are currently seven levies in place across England, but there have been a significantly higher number of councils who have considered and rejected the introduction of a late night levy. These include cities similar in size and nature to Cardiff, such as Bristol, Leeds and most recently, Liverpool who, following an intensive consultation, rejected the need for a levy.
27. These Councils have determined that a BID scheme would provide a more targeted spending of funds and develop a more inclusive approach toward managing the night time economy. One of the Councils that adopted the levy, Cheltenham, has stated that should their current BID proposal be approved, they will scrap the levy. The levy in Cheltenham has raised £77,000 of an estimated £200,000 (39% of the estimate).
28. It is also proposed to invite the Chair of the BID to attend Cardiff Public Services Board meetings to ensure that firm links with the private sector

are maintained and improved upon in this regard, and to ensure future clarity.

29. More detail is available within the Business Plan attached as Appendix B.

BID Support

30. The City of Cardiff Council will be the organisation responsible for collecting the BID levy and subsequently will incur costs to administer the collection. The Council will charge the BID to cover the costs of these activities.
31. In order that the BID company can begin delivering projects it is proposed that a sum will be provided in advance of future payment of the Levy on the basis that this sum will be taken from future collections of the levy. This will enable the BID to begin delivering projects and services should the ballot be successful.
32. In the event that the ballot secures a decision to proceed, a non-profit BID company is to be established to oversee the delivery of the BID. The company will be fully resourced from the levy that it places on the BID area. The proposal indicates that the BID could generate around £1.5 million per annum based on a levy of 1%.
33. The business plan allocates over 83% of the first year's levy to deliver project activities and initiatives, 14% has been earmarked to meet the BID company's operating costs, with the balance (just under 3%) set aside to cover contingencies. The sums allocated to each heading may need to be flexed as part of the process to fine tune the business plan i.e. once the final rating list is agreed and BID levy rules have been determined.
34. In order that the BID company can deliver projects as set out in the BID Business Plan the BID director has requested that the Council agrees to provide the BID company with up front funding to ensure that the BID projects can start being delivered effectively from the earliest stage. As set out in paragraph 30 the Council will collect the BID levy payments and will transfer the amount collected to the BID company. It is intended that the Council will recover the amount provided to the BID company as an advanced payment by retaining the equivalent amount from the BID levy payments collected.
35. It is proposed that the Council would support in principal the advance payment to support activities subject to appropriate due diligence and following discussion with the BID Board should this be established.

Board Nomination

36. At the Cabinet Meeting of Thursday, 19th May, 2016 it was resolved that should a yes vote be achieved, the Director of Economic Development be nominated as the Council representative to the board of the BID company.

37. However a review of BID Boards of other UK cities highlighted the need for elected member representation. In many cases the Leader or lead Cabinet Member for economic development is often provided with a place on the board, albeit with the restriction that local Government can have a maximum of 20% of the total votes available on the board.
38. It is therefore proposed that the Council would nominate the Leader of the Council in addition to the Director of Economic Development for places on the board of the BID. The BID Business Plan current allocates two places for public sector representation, in line with guidance that the BID Board established reflects a broad reflection of the city centre's businesses and organisations.

Reason for Recommendations

39. To propose a Service Level Agreement for the City Centre Management Team.
40. To establish the Council's position the support to be provided to the Business Improvement District.
41. To agree nominations for BID Board.

Financial Implications

42. The draft Service Level Agreement attached Appendix A reflects the 2016/17 resources relating to the City Centre Management Team. Whilst the gross expenditure budgets total to £261,540, 98.8% of this amount (£258,500) is directly funded by income generated externally. The remaining 1.2% (£3,040) forms part of the Council's base budget.
43. The amounts referred to above are inclusive of the 2016/17 budget proposals put forward in respect of the City Centre Management Team. These include the need to generate an additional £45,000 of income (from street food events) and to identify an alternative delivery model in respect of the taxi marshalling service to meet savings totalling £122,000.
44. As outlined in the report, the responsibility for City Centre Management staff and budgets will be retained by the council under the direction of the Head of Economic Development. Any changes to the activities and/or levels of services currently planned for 2016/17 will need to be through a consensual agreement with the Council and be contained within existing resources. Given the significant reliance on externally generated income any agreement to deviate resources will need to consider the impact on the team's ability to generate the require levels of income to balance its budget.
45. The BID levy as collected by the Council, remains the property of the Council and is ring-fenced for the specific purpose of the BID. Therefore, once the details relating to the BID company have been finalised (including the business plan and financial management arrangements),

the Council will need to undertake a final review and satisfy itself that all the necessary arrangements are in place. The review will need to ensure that the governance structure is appropriate and robust accounting and reporting arrangements are in operation. The final business plan will need to demonstrate that income, expenditure and cashflow projections are in-line with the proposal and that VAT, taxation matters and audit requirements have all been factored in, as appropriate.

46. The level of any 'advance' that the Council may agree to will be assessed once the final business plan has been reviewed and the financial management arrangements are clearly understood. Central to the Council's decision will be the need to understand the cashflow implications associated with the early stages of the BID Company's incorporation and set-up. Any advance will be limited to the period prior to bid levy bills being raised and paid over to the BID Company, details of which will be set-out in the Operating Agreement that Council will enter into with BID Company. Any advance paid may be off-set against the Council's BID levy liability in respect of those Council hereditaments falling within the approved scheme.

Legal Implications

47. The establishment of a Business Improvement District is to be conducted in accordance with the Business Improvement Districts (Wales) Regulations 2005

RECOMMENDATIONS

The Cabinet is recommended to:

- a) Delegate authority to the Director of Economic Development, in consultation with the Leader of the Council, the Chief Executive, the Section 151 Officer and the Monitoring Officer to conclude a Service Level Agreement with relation to City Centre Management on the basis of the draft agreement set out in Appendix A.
- b) Give delegated authority to the Section 151 Officer in consultation with the Leader of the Council, the Chief Executive, the Director of Economic Development and the Monitoring Officer to approve an advance to the BID company on the basis that any advance would be repaid through levy collection and paid within the current financial year and based on the principles established in this report.
- c) Nominate the Leader of the Council in addition to the Director of Economic Development as BID Board Members.

NEIL HANRATTY
DIRECTOR OF ECONOMIC DEVELOPMENT
27 JULY 2016

The following appendices are attached:

Appendix A: City Centre Management SLA
Appendix B: BID Board Representation
Appendix C: BID Business Plan

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APPENDIX A

City Centre Management Draft Service Level Agreement

The Business Improvement District (BID) provides an opportunity to bring together key stakeholders in the city centre to maximise efficiency of decision making and to co-ordinate delivery. In light of this it is proposed that the Council's current City Centre Management arrangements are aligned with the BID company.

It is therefore proposed that a Service Level Agreement is developed between the City of Cardiff Council and the Business Improvement District company whereby the management team put in place by the BID company is able to utilise the resources of the City Centre Management team on the basis that current levels of service provision within the Council are maintained. Under such an approach staff employed in City Centre Management team would remain employed by the City of Cardiff Council. This arrangement would be reviewed after the first year of operation.

Current Council Service Provision

The Economic Development directorate budget for City Centre Management for 2016/17 is £261,540. Of this, £86,000 is allocated for employee expenditure. The service is financed from externally generated income and a small Council contribution.

Current Level of Service Provision

Number of Staff & Equipment	Monday to Friday	Saturday & Sunday
	1x City Centre Manager 1x City Centre Administrator 3 x Buggies 1 x Mobility Driver	1x Mobilty Driver 7 x Taxi Ambassadors (PT)
Specification	The City Centre Management team is responsible for managing both the day time economy and the night time economy in the city centre, including: <ul style="list-style-type: none">• Revenue generation via activity sites & street dressing• Environmental management• Traffic management• Security• EVAC• Partnership working – retailers/local business/stadium/police/private and public sector	
Boundary Area	The City Centre boundary is: East - Newport Road West - River Taff (Stadium) North – City Hall South – Callaghan Square	

Service Provision

The current level of service provision will be maintained, met by income generated by the City Centre Management team. The Economic Development directorate will commit to its current allocation of funding, whilst also setting income targets for the City Centre Management team within the scope of retaining current levels of service provision.

Changes to Service Provision

Should there be a requirement for changes to service provision, these will need to be agreed by the Head of Economic Development and the BID Board in order to ensure appropriate allocation of resources. This means that the overall allocation of resources between the strands of work identified in the table above can be altered through a consensual agreement between the City of Cardiff Council and the Cardiff Business Improvement District.

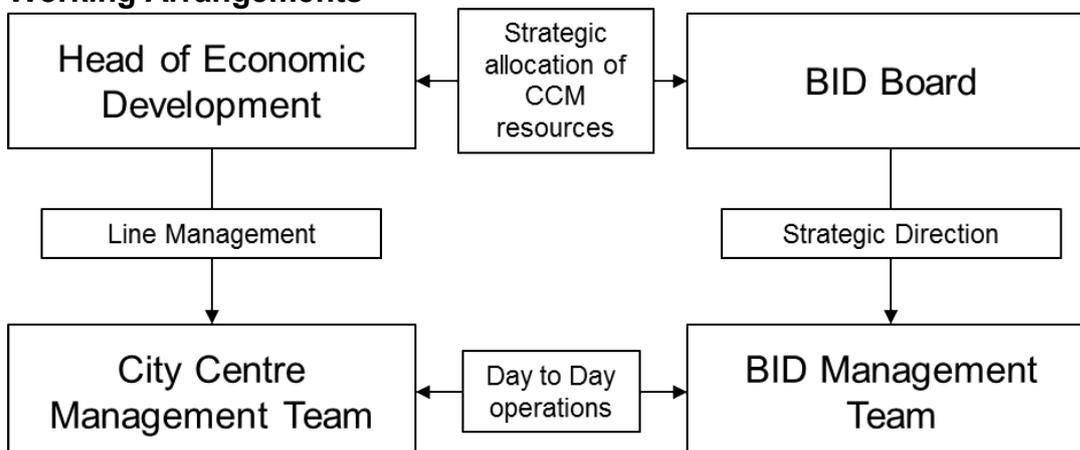
Governance

The Head of Economic Development will remain the manager of the City Centre Management team, and the line manager of the City Centre Manager. Day-to-day activities however will see the City Centre Manager work collaboratively with the BID management team in identifying and addressing City Centre operational issues. This will include allocation of resources in relation to:

- Street dressing
- Environmental management
- Traffic management
- Security

This means that for day to day operational issues resources can be adjusted according to the needs of the Business Improvement District. Any changes to the overall levels of service provision will require the joint agreement of the Head of Economic Development and the BID board. The aim of this arrangement is to ensure that the operational work of the City Centre Management team is aligned with that of the BID management team.

Working Arrangements



Operational Issues

In order to facilitate a close and aligned working relationship the City Centre Management team and the BID management team will be co-located, and the City Centre Manager will report to the BID Director on a day to day basis.

Period of Agreement

The SLA will be reviewed on an annual basis, and will conclude at the end of the BID term.

Reporting

The Head of Economic Development will attend BID Board Meetings as an observer to reflect line management responsibilities with respect to the City Centre Management team.

Obligations

The City Centre Management team will be expected to deliver their obligations as established in the baseline report unless otherwise agreed with the BID board.

In establishing the SLA the BID will be expected to deliver against its Business Plan unless otherwise agreed with the Director of Economic Development.

BID Board Council Representation

Core Cities

Birmingham – Westside BID includes two directors who are councillors.

Bristol – Broadmead BID includes a council project manager.

Leeds – One Cabinet Member who is a board member.

Liverpool – Two Cabinet Members and one officer represents the two BID companies.

Manchester – The Heart of MCR BID is run by CityCo. The board of CityCo includes as directors two Manchester City Cabinet Members, one Salford City Cabinet Members and Two Manchester City officers.

Newcastle – the BID here is managed by NE1, which includes a two city councillors plus the chief executive on the board as Non-Executive Directors.

Nottingham – Business Led Board.

Sheffield – The board includes Deputy Leader & Cabinet Member for Business, Skills & Development, Sheffield City Council; and Director of Business Strategy and Regulation, Sheffield City Council).

Selected Wales BIDs

Swansea – BID Board includes two Cabinet Members.

Merthyr Tydfil – BID Board includes Cabinet Member.