

CARDIFF BUSINESS IMPROVEMENT DISTRICT

Purpose of report

1. This report is intended to assist Members in monitoring the progress in developing a Business Improvement District in Cardiff.

Background

2. The Council's vision for Cardiff is 'to be Europe's most liveable Capital City'. Two of the priorities underpinning this vision are 'Sustainable economic development as the engine for growth and jobs' and 'Working with people and partners to design and deliver services'. Members may wish to consider the plans for a Cardiff Business Improvement district in light of these priorities.
3. Business Improvement Districts (BID) are business led partnerships, created through a ballot process to deliver additional services for local businesses with a dedicated budget. The BID is a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.
4. Businesses that lie within the proposed area for a BID, and who would be subject to the levy, vote in a ballot. A successful vote is one that has a simple majority both in votes cast and in rateable value of votes cast. Once the BID is in operation the levy is charged on all businesses within the BID area (regardless of whether or how that business voted in the ballot).

5. Usually BIDs charge a levy rate of between 1% and 4% of rateable value. However, this is dependent on local circumstances and an increasing number of BIDs charge using a banded system. The additional funding raised is ring-fenced for up to five years in the specified area to support activities identified by participating businesses.
6. To date just two BIDs have been established in Wales, in comparison to approximately 150 BIDs in operation in England. Swansea formed one of the first BIDs in the UK in 2006 and a second was established in Merthyr Tydfil in October 2012.
7. A recent report by the Greater London Authority (GLA) found that BIDs in the capital city, of which there are 36, raise £20m annually through their levy and attract a further £5m in additional income.

Issues

8. The Economic Development Directorate Delivery Plan¹ was considered by the Committee at its meeting on 4 June 2015. This Plan states the following within the 'Planning for the Future' section of Directorate/Service Priorities:

Progress proposals for a city centre Business Improvement District.

9. The actions outlined in the Economic Development Directorate Delivery Plan to achieve this project are as follows:

Q1 Feasibility and proposal BID development

Q2 Engage with local business community

Q3 Finalise and communicate BID

Q4 BID Ballot implementation.

¹ Economic Development Directorate Delivery Plan – Appendix C of Item 4 – Economy and Culture Scrutiny Committee – 4 June 2015 – <http://cardiff.moderngov.co.uk/mgAi.aspx?ID=2047#mgDocuments>

10. The Mosaic Partnership have been appointed by Cardiff Council to help with the process of establishing a Business Improvement District in Cardiff. The Mosaic Partnership is an international consulting team specialising in place management, place marketing and place making. They have advised over 100 individual locations around the world, and successfully assisted in the creation of more than 50 successful Business Improvement Districts.
11. Representatives of the Mosaic Partnership will be present at the Committee meeting and will provide Members with information on the work undertaken with businesses in Cardiff and outline to proposed area for a Cardiff BID.

Previous Scrutiny – Task and Finish Inquiries

12. In January 2014 the Economy and Culture Scrutiny Committee completed its Task and Finish Inquiry into *Small Business*. As part of this inquiry Members met with local business owners as discussed a range of topics, including the idea of introducing a BID in Cardiff. The following is an extract from the report submitted to Cabinet:

One city centre arcade business owner who was a resident of Canton, and who also had experience of Business Improvement Districts (BIDs) from other parts of Wales and England, suggested that BIDs could deliver benefits for small businesses. Other visitors to the Listening Morning echoed this view, feeling that while the city centre was an obvious location for a BID, other neighbourhoods of Cardiff might also benefit from this partnership approach.

13. The following recommendation was made to the Cabinet as part of this report:

R15. Consider developing more than one Business Improvement District in Cardiff, to spread the benefits evenly across Cardiff's business sectors and neighbourhoods.

14. The Cabinet response to this Inquiry report was formally received by the Economy and Culture Scrutiny Committee at their 8 January 2015 meeting. This response stated that the above recommendation was partially accepted. The following narrative was included:

With regard to the introduction of Business Improvement District proposals in Cardiff, our recent bid for Welsh Government funding was unfortunately unsuccessful. This funding would have enabled the Council to commission consultants to begin the process, and lead us to the point of a ballot following an extensive consultation process. The Council is, however, currently in the process of seeking 'invest to save' funding to help support the development of a Business Improvement District.

The intention is to focus initial activities on the city-centre as this is where the scheme will potentially have the biggest impact and generate a significant budget. If this is successful, the intention would be to look at other key retail centres in neighbourhoods, using the city centre success as a showcase to galvanise support. However, experience from other cities suggests that detailed modelling would be required to support BIDs in neighbourhoods to ensure that revenue raised will produce a significant surplus once administration costs are taken into account. A potential means of mitigating administrative costs in neighbourhoods would be to manage all future BIDs through a single administrative structure which would include the city centre.

15. The Economy and Culture Scrutiny Committee undertook a further Task and Finish Inquiry – *Cardiff Central Market and Historic Arcades* – which reported its findings in October 2014. A survey of shop owners within the market and historic arcades was undertaken as part of this inquiry, which included questions regarding their awareness and support for a Cardiff BID. The following is an extract from the report submitted to Cabinet:

- *The overwhelming majority of traders indicated they did not know about these proposals, with 83% of market trader respondents and 93% of arcade shop owner respondents stating they did not know about these plans. It can*

be seen that some traders would be willing to support a BID, but many stated that they need more information in order to make a decision.

- *Members also took the opportunity to discuss the development of a city centre BID with the facility managers off the respective arcades. The representative of the Morgan Quarter arcades indicated that he can see how a BID would work in Cardiff but felt it would be hard to get shop owners on board with it, particularly where it involves paying an additional fee on top of service charges, business rates and rent.*
- *The benefits to a BID would have to be sold and clearly defined to business owners before they are likely to agree. This was a view also given by the owner of Rules of Play, who stated that they could work in Cardiff, as they do in Swansea, but it would be a difficult concept to sell to traders, and it would need to be clear whether it was the individual trader or the landlord who would get decision making powers.*

Previous Scrutiny – Items to Committee

16. In January 2014, the Economy and Culture Scrutiny Committee considered an item on future arrangements for City Centre Management in Cardiff. This item included significant focus on the creation of a city centre Business Improvement District (BID). In their letter to the Cabinet Member – Finance and Economic Development, the following information was noted:

- *Members were convinced of the potential benefits of a BID, and aware of views recently expressed to them by local small business entrepreneurs that they would like to have some control over how their investment in the city centre was spent.*
- *Officers managed to assuage the concerns of Members that small enterprises could find themselves led by medium and large sized firms like St David's and John Lewis to develop a BID that was more designed for the needs of large*

businesses than for smaller business owners. Members were informed that evidence from England shows that the numerical majority of small businesses in city centre environments requires local authorities to carefully canvas and represent their interests, or the 50% quorum on voting for a BID might not be achieved.

17. In considering Quarter 2 Performance of the Economic Development Directorate in December 2014, the minutes of the meeting note that Members were informed that the bid to the Welsh Government for Business Improvement District funding had been unsuccessful. An “invest to save” bid for Council funding was being prepared to enable the BID process to continue.

18. The minutes of the Committee’s March 2015 meeting note that Members were informed that funding had been secured internally to progress a BID. The Council would procure advisors to scope and take a proposed BID to ballot in the New Year. The letter written to the Leader following this meeting states:

The Committee welcomes the news that the proposed Business Improvement District (BID) is being progressed via internal sources of funding and that a partner has been appointed to help assist the Council in carrying out the necessary work to progress a BID for Cardiff. [...] We hope the BID will gain the support of the business community in Cardiff and look forward to receiving future updates on this matter.

19. The response from the Leader, received on 28 April 2015, informed Members that work had begun with the appointed consultants in establishing a BID in Cardiff and that the process was likely to take around 12 months until completion.

20. Members of the Committee again touched on the Business Improvement District in their scrutiny of Quarter 4 performance in May 2015. Members wrote to the Leader to note:

While we have slight frustration that there has not been more progress this year, we are pleased that consultants have been appointed with a view to undertaking

a ballot by the end of 2015. We will continue to monitor progress in this area in future meetings and look forward to receiving a more substantial item on plans for the way forward should the ballot find in favour of establishing a Business Improvement District in Cardiff.

21. The response from the Leader, received on 30 July 2015, stated:

With regard to the development of a business improvement district, work is already underway, and a task group has been formed of local businesses to progress the proposal. If it is deemed suitable the appointed consultants would be able to present to scrutiny at a future date to outline the processes and next steps. It is important that we appreciate that this is very much a business led initiative, but clearly there is a role for the local authority in supporting a business improvement district.

Way Forward

22. Councillor Peter Bradbury (Cabinet Member – Community Development, Co-operatives & Social Enterprise) has been invited to the meeting and may wish to give a statement. Neil Hanratty (Director – Economic Development) will be joined by representatives of the Mosaic Partnership in presenting the progress and proposals for a Business Improvement District in Cardiff.

Legal Implications

23. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council

must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

24. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/ Council will set out any financial implications arising from those recommendations.

Recommendations

25. The Committee is recommended to give consideration to the information in this report and received at this meeting, and to submit any recommendations, observations or comments to the Cabinet Member.

Marie Rosenthal
Director of Governance and Legal Services
4 September 2015