

CITY AND COUNTY OF CARDIFF

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ECONOMY & CULTURE SCRUTINY COMMITTEE

12 MAY 2016

CARDIFF BUSINESS IMPROVEMENT DISTRICT – PRE DECISION SCRUTINY

Purpose of report

1. To prepare Members for the pre-decision scrutiny of proposals for Cardiff's Business Improvement District. A report on this matter is due to be taken to Cabinet on 19 May 2016, and the Committee will have the opportunity to provide their views and comments to inform this Cabinet report.

Background

2. Business Improvement Districts (BID) are business led partnerships, created through a ballot process to deliver additional services for local businesses with a dedicated budget. BIDs have a defined geographical area in which a levy is charged on all business rate payers in addition to their business rates bill. BIDs are typically run as not for profit companies and are controlled by the businesses that fund them. There is no limit on what projects or services can be provided through a Business Improvement District.
3. The Economy and Culture Scrutiny Committee has monitored the progress in developing a Cardiff BID during both its 2014/15 and 2015/16 work programmes, having expressed support for the concept being introduced in Cardiff in January 2014. Further information on previous scrutiny can be found below from paragraph 11.

4. There are currently eight BIDs in Wales covering areas in Swansea, Merthyr Tydfil, Newport, Bangor, Caernarfon, Colwyn Bay, Neath and Llanelli. There are over 200 BIDs established across the UK, and Cardiff is the only Core City in England and Wales not to have established a BID.

Draft Cabinet Report

5. A draft of the report to be taken to Cabinet on Thursday 19 May 2016 is attached as **Appendix A**. This report covers the following:

- Background Paragraphs 6 – 18
- City Centre Management Paragraphs 19 – 25
- Issues
 - BID Proposal and Business Plan Paragraphs 26 – 35
 - Implications for City Centre Management Paragraphs 36 – 39
 - Night Time Economy Paragraphs 40 – 45
 - BID Support Paragraphs 46 – 53
- Draft Financial Implications Paragraphs 55 – 66
- Recommendations Page 12.

6. The Cabinet Report sets out the following key points which Members may wish to consider:

- *“The local authority has a statutory responsibility to support the development of BIDs and facilitate their establishment. This includes conducting the ballot and collecting and enforcing the levy. The authority must also confirm that the proposed BID does not conflict with area plans and schemes. If the local authority is of the opinion that the Business Improvement District arrangements are likely to conflict to a significant extent with an existing policy, place a financial burden on rate payers or the burden from the levy is unjust, it can decide to veto the proposals. The local*

authority can only veto proposals within 14 days from the date of the ballot.¹

- *“If a yes vote is achieved there will be a requirement to ensure the BID body has good governance in place – the activities of the BID body will be scrutinised by the levy payers who fund the BID. In particular the BID will need to ensure the correct arrangements are in place relating to membership of the BID body, board elections and annual reporting mechanisms. Typically the local authority will also be represented on the board.”²*

7. The BID is seen to complement the following Council agendas:

- the Council’s Corporate Plan aim to *“work with partners in the public and private sectors to create an environment which supports the development of new business and the growth of current businesses, as well as attracting inward investment.”*
- The Council’s objective that *“Cardiff has more employment opportunities and higher value jobs.”*
- the Council’s Co-operative Council aspirations, bringing together stakeholders to help manage and improve the city centre environment³.

8. Members may also wish to note the three following documents included as appendices to the Cabinet Report:

- **Appendix A1:** Cardiff BID Summary Business Plan
- **Appendix A2:** Draft Operating Agreement
- **Appendix A3:** Cardiff Ballot Authorisation Letter

9. Key information contained within the Cardiff BID Summary Business Plan (Appendix A1) includes:

- Membership of Cardiff BID Task Group (page 4)

¹ Appendix A, Draft Cabinet Report, Paragraph 11

² Appendix A, Draft Cabinet Report, Paragraph 12

³ Appendix A, Draft Cabinet Report, Paragraph 15 & 16

- What Cardiff BID will deliver (pages 5 – 9)
- How BIDs are funded (page 11)
- Cardiff BID Area Map (page 11)

10. The Cabinet report has the following seven recommendations:

- a) Note the receipt of relevant information relating to the proposed Cardiff Business Improvement District including a summary business plan and boundary
- b) Delegate authority to the Director of Economic Development to exercise the Council's vote in support of the proposed BID Ballot in respect of the hereditaments in the Council's ownership within the BID area subject to any detailed clarification of the information received being satisfactory and subject to no material change in the Summary Business Plan..
- c) 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.
- d) To note the proposal to exempt BID levy paying members from Late Night Levy (should the Council choose to introduce it in the future) on the basis that the Business Improvement District will allocate a sum equal to or greater than the figure that would be collected from the imposition of a Late Night Levy.
- e) 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.

- f) 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 and complete a BID Operating Agreement on behalf of the Council.

- g) To nominate, should a yes vote be achieved, the Director of Economic Development as the Council representative to the board of the BID company.

Previous Scrutiny – Items to Committee

11. 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 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”.*

12. 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.

13. 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”.

14. 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.

15. 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”.

16. 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”.

17. In September 2015, the Economy and Culture Scrutiny Committee considered an item on the progress made with regard to the BID, the work undertaken with businesses and to outline the proposed area for a Cardiff BID.

“Committee welcomed the demonstration of tangible benefits of a Cardiff Business Improvement District (BID). The Committee expressed its support for the work and its hope that a vote in favour of the introduction of a BID in Cardiff is achieved.

The Committee noted reservations with regard to the potential impact on businesses that fall outside the Business Improvement District area, the impact on advertising citywide events and on residents who live in the city centre.”

Previous Scrutiny – Task and Finish Inquiries

18. 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 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.

19. 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:

“The Council is, [...], 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”.

20. 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 of 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.*

Other Committees – BID related Scrutiny

21. As outlined in the Cabinet report (**Appendix A**), the Council's Community and Adult Services Scrutiny Committee produced a number of BID-related recommendations as part of its inquiry "*How to reduce Crime and Disorder in the Night Time Economy in a time of austerity*". The recommendations can be seen in paragraph 42, and subsequent consideration of these is given in paragraphs 43 – 45.

Way Forward

22. The Council Leader, Councillor Phil Bale, and Councillor Peter Bradbury (Cabinet Member – Community Development, Co-operatives & Social Enterprise) have been invited to the meeting and may wish to give a statement. Neil Hanratty (Director of Economic Development) will be also be present and will provide a presentation to Members.

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.

Recommendation

The Committee is recommended to:

- a. Consider the contents of the report, appendices and evidence presented at the meeting.
- b. Report any comments, observations or recommendations to the appropriate Cabinet Member.

David Marr

Interim Monitoring Officer

11 May 2016