

## Report of Director of City Development

### Report to Licensing Committee

**Date: 8<sup>th</sup> July 2014**

**Subject: Leeds City Centre Business Improvement District Update**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): City and Hunslet	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

1. The purpose of this report is to provide Licensing committee with an update on the progress being made towards the establishment of a Leeds City Centre Business Improvement District (BID). Following completion of an outline feasibility study in February 2014, the private sector supported by the Council has now embarked on the second phase of the programme which will conclude in a BID ballot in February 2015. A potential City Centre BID could operate from April 2015.
2. The Council and private sector partners have a shared aspiration to improve the value and quality of the evening economy however the Council faces significant challenges with reduced public sector funding. Due consideration has been given to what should be the appropriate mechanism to help deliver an improved night time economy offer. In September 2013 Executive Board considered the late night levy but withdrew the report and referred the matter to Scrutiny Board. Scrutiny Board made recommendations that we do not progress with a Late Night Levy at this time and the recommendation was supported by Executive Board. Executive Board concluded that the Late night levy be referred back to Licensing Committee for reconsideration.
3. Executive Board in April 2014 approved recommendations inviting the private sector to come forward with proposals for BIDs. Executive Board indicated support for BIDs developing successfully in line with the Council's strategic objectives. A group of major private sector investors, with the Council's involvement, formed a working

group under the Chamber of Commerce Property Forum. A feasibility study commissioned and completed in February 2014 (listed as a background document). concluded that there is strong support within the business community and across a range of sectors for a Leeds City Centre BID. Since then, the Leeds City Centre BID has progressed to the next development phase which will include formal consultation, development of a business plan, campaign and a BID ballot in February 2015. If successful the city centre BID will operate from April 2015.

4. The private and public sectors are working together to make a step change in generating investment and providing leadership to improve and promote Leeds City Centre as a destination of choice. A Business Improvement District for Leeds City Centre could generate up to £2.2million annually from business and other occupiers, and could lever in further funding from bodies such as the Local Enterprise Partnership. This could be used to enhance the city centre experience including the value and quality of the evening economy, drive increased footfall and spending, attract a wider range of visitors to Leeds, make the city centre more attractive as a place to work, improve the street environment, and be a catalyst for investment in major improvement projects.
5. A BID is where businesses vote to levy additional business rates (typically between 1% and 1.5% additional) to create funds earmarked for improvements to an area. Small businesses can be excluded from paying the additional rates.
6. Leeds City Centre is an economic powerhouse. It is the location for over 115,000 jobs. It is at the centre of the largest concentration of financial and professional services jobs in the UK outside London. It is home to two of the city's universities and its main hospital. It is the main retail, leisure, cultural and visitor destination in Leeds City Region and the evening economy plays a key role as part of an attractive city centre offer.
7. Significant progress has been made in the past few years in improving and developing Leeds City Centre as a leading centre for retail, leisure, culture, innovation, and jobs in major business sectors. Leeds City Centre is the most significant and fastest growing major location for jobs and businesses in Leeds and Leeds City Region. Progress has included developments such as Trinity Leeds and the First Direct Arena which completed in 2013, Victoria Gate which will complete in 2016, and the office schemes at Sovereign Street and Wellington Place on site.
8. But we must not be complacent. The competition is not standing still. The internet, out-of-town shopping centres and supermarkets all pose threats. Leeds competes with other UK and European cities in attracting visitors, shoppers, talented workers, and business investment. Increasingly, successful city centres will be those that provide an integrated quality offer encompassing retail, leisure and visitor and cultural attractions, and office locations. Businesses and people have increasingly high expectations of the quality of cleansing, safety and quality of activities in the places they operate, work and visit. Trinity Leeds and the First Direct Arena have raised the bar, and other projects such as Victoria Gate, Sovereign Square and Wellington Place are following suit. The rest of the city centre, including its shopping streets, office quarters, public spaces and gateways need to be of the same quality.

9. It will be difficult for Leeds City Council to meet these rising expectations in the context of budget pressures. With a BID the Council would commit to an operating agreement to provide a baseline of services, to which the BID could add to.

## **Recommendations**

Licensing committee are recommended to:

- a. Note the progress being made to develop a Leeds City Centre BID;
- b. Note the proposed timescales for implementation and the stages required as outlined in section 4 of this report; and
- c. To await the completion of the work on the proposed approach of the BID, including in relation to the night time economy, which will be reported to Executive Board in September or October 2014.

## **1 Purpose of this report**

- 1.1 This report provides Licensing committee with an update on the progress being made towards the establishment of a Leeds City Centre Business Improvement District (BID). Following completion of a detailed feasibility study in February 2014, the private sector supported by the Council has now embarked on the second phase of the programme which will conclude in a BID ballot in February 2015. If successful, a BID will operate from April 2015.

## **2.0 Background Information and context**

- 2.1 A Business Improvement District (BID) is a defined geographical area where partners work together to create and promote a better place as a business location. BIDs can only be set up by a ballot of business in the relevant geographical area. For a BID to be approved the vote needs to deliver a majority in favour both in terms of the number of businesses and the rateable value of the business premises. Over 200 BID proposals have been developed in towns and cities throughout the UK. 178 (85%) have so far voted in favour of a BID. Each BID proposal is different depending on local needs and priorities, but usually undertake activities including:

- Improving safety and security;
- Enhanced cleaning and maintenance to create a quality street environment;
- Running events and marketing to attract and retain visitors;
- Promoting a vibrant and safe evening economy;
- Investment in signage, way finding, and small scale public realm schemes;
- Articulating a business voice within an area;
- Acting as a catalyst for securing major capital investment in city centre improvement projects;
- Providing a welcoming and orientation service for visitors;
- Attracting major events and
- Skills and employment initiatives to connect people to city centre job opportunities.

- 2.2 For a BID to be successful it must be driven by businesses and other occupiers (such as universities, hospitals, cultural organisations) in partnership with the public sector. The BID is steered by a private sector board. Typically, a BID company is formed by the private sector, working in partnership and sharing resources with the Local Authority.

A clear geographical boundary (yet to be determined by formal consultation) would be identified and each rateable unit within the area assessed for a levy, typically 1% to 1.25% of the rateable value to be paid into a fund for projects to be determined by the BID board. There is scope to introduce a minimum rateable value below which businesses do not pay the levy, ensuring additional costs are not imposed on small businesses. A BID can include all businesses in an area, or it can be focused on particular sectors (eg. retail).

- 2.3 Executive Board of April 2014 received The Director of City Development's report on Business Improvement Districts (BIDs), setting out the next steps for

consideration by the Council following the completion of a detailed feasibility study regarding the potential establishment of a Leeds City Centre Business Improvement District (BID). In addition, the report presented the recommendations from the study and sought in principle support for a Leeds City Centre BID, subject to a full proposal being submitted by the private sector steering group. Members welcomed the principle of a Leeds City Centre BID.

#### 2.3.1 Executive Board resolved:

- (a) That the principle of a Leeds City Centre BID, with the aim of improving and promoting Leeds City Centre as a leading European business location, be supported;
- (b) That agreement be given to consider the Council's support for the final bid boundary following the next phase of consultation;
- (c) That the principle of occupiers of small business units (below a certain rateable value yet to be determined) being exempted from paying additional rates be supported;
- (d) That the Chief Economic Development Officer be instructed to submit a further report to a future meeting of Executive Board (likely to be September 2014) in order to seek approval on the proposed BID business plan, and to progress to a BID ballot.

### 3.0 Main Issues

#### 3.1 Late Night Levy

Scrutiny Board (Resources and Council Services) held an inquiry in late 2013 into a possible Late Night Levy on licensed premises. The report of Scrutiny Board (Scrutiny Inquiry Report: Late Night Levy, Scrutiny Board – Resources and Council Service, November 2013) recommended “that the Executive Board reiterates its openness to support a BID which includes an element of initiatives to manage the night time economy.” The Feasibility Study into a city centre Business Improvement District recommended that licensed premises are included as levy payers, and that a BID could include initiatives to manage the night time economy. Formal consultation will take place in July 2014 and the BID steering group which includes Leeds City Council will give consideration to the activities of the BID.

#### 3.2 Formal Consultation

Options relating to the Leeds City Centre BID on Boundary, Levy, Value and Threshold have been considered in the Feasibility study and will form part of the formal consultation in this current phase of developing a BID.

The BID steering group will give consideration to the BID levy percentage (1% – 1.25%) and could choose to levy a higher rate on licensed premises. It will need to ensure that such a decision is considered in light of the need to secure a positive outcome (Yes vote) at the BID ballot from participating businesses.

### **3.3 Partnership and Ambition**

There is a growing sense of confidence and ambition in Leeds City Centre following the opening of major projects such as Trinity Leeds and Leeds First Direct Arena. Momentum will be sustained in 2014 when Leeds hosts Le Grand Depart, and beyond with the Victoria-Gate project, and the Kirkgate Market improvements.

Partnership between business and the Council is strengthening, around the shared aim to be the “best city centre”, in the “best city” in the UK. Now is the time to build on this momentum, and for the private sector to take the lead, with the support of the Council, in securing the long-term future success of Leeds City Centre.

If we do not change our approach it will be difficult for Leeds City Council to meet these rising expectations in the context of budget pressures. With a BID the Council would commit to an operating agreement to provide a baseline of services, to which the BID could add to.

### **3.4 National Comparisons**

Leeds is the largest city not to have a BID in the UK. Heart of Manchester has a £5m BID commencing on 1<sup>st</sup> April 2013, Birmingham currently has 10 BIDs and London has 25. Liverpool, Nottingham, Newcastle, Reading and Bristol have functioning BIDs and Sheffield is a year into the planning for a BID proposal. Central London has highly successful BIDs, including the New West End Company covering Oxford Street and Regent Street, and the Heart of London BID covering the West End leisure area. There are over 170 BIDs operating currently in the UK. Leeds is lagging behind in this respect. This needs to be addressed, particularly in the light of the significant challenge of the continued reduction in City Council funding.

### **3.5 Boundary and Scope of a potential City Centre BID**

Some BIDs (such as the several in Birmingham City Centre) have tight boundaries and a narrow focus (eg. retail). Others, such as Newcastle City Centre, have a wider boundary and focus that encompasses a range of sectors. The recommendation from the feasibility study is that a Leeds City Centre BID should have a wide boundary and a strategic focus on improving the area as a business and investment location. It should encompass, retail, leisure, hotels, tourism, culture, universities, hospitals and office based sectors. This would reflect the strategic economic importance of Leeds City Centre, and latest research and thinking on the economic role of city centres extending far beyond retail (see the September 2013 “Beyond the High Street” report by Centre for Cities). The final boundary will be subject to further consultation.

### **3.6 Small Businesses**

Leeds City Centre is location to a wide range of small businesses, including independent retailers and market traders. This enhances the diversity and vibrancy of the retail offer in the City Centre. These businesses are facing increased costs and competition. It is therefore recommended that occupiers of small premises with a rateable value below a specified threshold (to be determined through further work) are exempted from a potential BID levy.

### **3.7 Role of Leeds City Council**

- The City Council would need to work with the Leeds City Centre BID to arrive at agreed positions in two areas. There will be a need to establish two agreements with a new BID company: BID operational agreement - which establishes the Council's responsibility to collect the BID levy via the business rates mechanism on behalf of the BID proposer; and the responsibility to organise a BID ballot.
- BID baseline agreement which identifies those services which the City Council currently provides in a specific BID geographical area.
- There will need to be alignment between planning, capital investment and operational strategy of the Council and BID proposals. The Council will also play an important role as a strategic partner in BIDs. It will continue to set the strategic direction for the city centre and town centres, and play a key role in BIDs. BID proposals will need to be aligned with this.
- The BID business plan will need to bring forward proposals that are aligned to the planning and capital investment strategy of the Council.

### **3.8 Governance**

It is usual for a BID to have governance arrangements that is representative of BID levy payers and strategic partners. It is proposed that the Council's representatives on the Leeds City Centre BID will be the Executive Member for Development and Economy and the Director of City Development or their nominated representatives.

### **3.9 Night time Economy**

A BID could decide to address issues of safety and security relating to the night time economy. The activities funded by the BID would need to be in addition to those specified in a baseline agreement as core public service, which could include policing. The decision whether to address night time economy issues would be for the steering group promoting the BID, which would include the Council, alongside private sector business leaders.

The typical BID levy of 1% to 1.5% of rateable value per annum would raise significantly less from late opening licensed premises than a Late Night Levy. However it would be possible to propose a higher BID levy, which would apply only to late opening licensed premises, to raise levels of funding commensurate with what would be raised by a Late Night Levy. However, because the majority of businesses would need to vote in favour of a BID there would be a need to ensure that the businesses affected would be supportive of the proposals. It would also be necessary to ensure that the proposed BID boundary, and the approach to exempting small businesses from contributing, make sense from a night time economy perspective.

The details of the proposed approach in relation to the BID and the night time economy will be clearer in September or October 2014, when a report will be taken to Executive Board on progress with the BID.

## **4.0 Corporate Considerations**

The setup of a BID by the private sector can only be successfully achieved through working in partnership with the Council. Relevant Council services such as Business rates are already involved in provision of rates information. A number of other council services will become involved as a proposal is developed and brought forward to the Council by the private sector.

### **BID development timeline and decision making**

The plan is for a Leeds City Centre BID to be launched from April 1<sup>st</sup> 2015. This has a timeline of significant milestones being met for this to be achieved, as follows:

- Issuing of notice to the Secretary of State and Local Government of intention to hold a ballot, including notice of the ballot date;
- Extensive consultation on the prospectus from July 2014;
- Production of final business plan from August 2014 based on consultation feedback;
- Approval of business plan by the Council Executive Board in Sept/Oct 2014;
- Council to issue public notice of intention to hold a ballot in Nov/Dec;
- Launch of voting campaign and issue of ballot papers in Jan 2015 with
- Ballot date of February 2015;
- Leeds City Centre BID starts operating in April 2015, subject to a “YES” vote.

## **4.1 Consultation and Engagement**

The BID steering group have initiated consultation with nearly 200 stakeholders, through 30 meetings, five presentations and three consultation workshops. There is strong support for a BID for Leeds. A discussion was held with the City centre Partnership Board. The Council has also been consulted including CLT, LMT, the Directors of Environment & Neighbourhoods and City Development, Executive member for Development and the Economy, The Chief Executive, The Leader of the Council and Cabinet Portfolio Holders and various Council officers in appropriate related roles.

## **4.2 Equality and Diversity / Cohesion and Integration**

An equality and diversity screening has been completed. It indicates that there are no specific implications for equality and diversity as a result of the development of a Leeds BID. The Leeds City Centre BID is private sector led and Council backed.

## **4.3 Council policies and City Priorities**

This project will support delivery of the best Council Plan 2013-17 objective “Promoting sustainable and inclusive economic growth” and the city Priority Plan objective, “Best city for business” by raising the profile of Leeds nationally and supporting the sustainable growth of the Leeds economy. Specifically, it will support



the delivery of the following City Priority Plan priorities and Core Strategy Objectives:

- Support the sustainable growth of the Leeds' economy;
- Raise the profile of Leeds nationally;
- Support the continued vitality, economic development and distinctiveness of the City Centre as the regional centre; and
- Promote the role of town and local centres as the heart of the community which provide a focus for shopping, leisure, economic development and community facilities and spaces.

Proposals for BIDs are aligned with our planning framework for managing towns and districts and the city centre.

#### **4.4 Resources and value for money**

The City Council could benefit from the purchase of additional resources by the BID from Council services should the BID be successful. This will be to top up those services that the Council already provides in a BID selected area. Examples could include cleansing, marketing and promotion, funding of projects by the BID. There is however, no obligation on the part of the BID to use Council services particularly.

#### **4.6 Risk Management**

The development of a BID proposal is not a guarantee of a successful BID ballot. The risks involved are borne by the private sector BID proposer.

### **5 Conclusion**

- 5.1 BIDs are proven mechanism for supporting investment in the trading environment through additional funding of city centre maintenance type projects, support for the night time economy, promotion and marketing, led by the private sector and supported by local authorities.
- 5.2 It is important that the city seizes the opportunity of a step change brought about by important developments of Leeds Arena, Trinity Leeds and Victoria-Gate to support the establishment of a city Centre BID.
- 5.3 There is now considerable momentum driving the development of a BID in Leeds City Centre. The opportunity in Leeds is now, enabling the city to build on positive developments and ensuring we future-proof the return on investment of our new and emerging developments in the city centre.
- 5.4 BIDs in Leeds could form part of a cohesive approach that brings together management and operational support for town and district centres and a holistic approach to supporting business sectors, particularly retail. A robust policy framework will provide consistency and clarity for both the private sector and the City Council in progressing BIDs citywide to a successful conclusion.

### **6 Recommendations**

Licensing committee are recommended to:

- a) Note the progress being made to develop a Leeds City Centre BID;
- b) Note the proposed timescales for implementation and the stages required as outlined in section 4 of this report; and
- c) To await the completion of the work on the proposed approach of the bID, including in relation to the night time economy, which will be reported to Executive Board in September or October 2014.

## **7. Background Papers<sup>1</sup>**

### **7.1 Leeds BID Feasibility Study - February 2014**

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.