



Subject:	Business Improvement Districts update
Date:	12 August 2015
Reporting Officer:	Lisa Toland, Head of Economic Initiatives and International Development
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Is this report restricted?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Is the decision eligible for Call-in?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

1.0	Purpose of Report
1.1	The purpose of this report is to update members on proposals to establish two Business Improvement Districts (BIDs) in Belfast and to set out some of the strategic and financial implications for the council, focusing on how this can support our work to develop the city centre.
2.0	Recommendations
2.1	Members are asked to: <ul style="list-style-type: none">– Note the proposals to establish two Business Improvement Districts (BIDs) within the city centre area, including the pending dates for the ballots in the Belfast One and Destination CQ areas– Agree to delegate authority to the Director of Finance and Resources to cast the vote on behalf of the council in the ballot for the Belfast One Business Improvement District– Note a further report will be tabled to September Committee recommending a yes or no vote from Council for the Belfast One BID dependant on further necessary considerations referenced within this report– Agree that the bid ballot should be run by a third party – Electoral Reform Services – on behalf of the council. All costs associated with the ballot will

	be paid by the BID.
3.0	Key Issues
3.1	Members may be aware that DSD has been working on developing the concept of “Business Improvement Districts” since 2010. This has involved developing a legislative framework for BIDs as well as supporting a “BIDs Academy” for a number of locations that had an interest in exploring the concept of a BID for their respective areas. The academy provided the participating areas with consultancy support to help them develop the concept to the point to which they are ready to go to ballot.
3.2	A BID is a business-led initiative in a defined area where businesses decide what additional improvements they want to deliver in that area. The businesses agree on the level of funding required to deliver the projects and services that are additional to those already provided by the council or other public or statutory body, and they agree to fund the shortfall through a levy which all businesses in the area are required to pay.
3.3	The legislation is now in place to support the implementation of BIDs in Northern Ireland and the first successful ballot took place in Ballymena in March 2015 with a 41% turnout and an 80% yes vote.
3.4	Three areas in Belfast were originally part of the BIDs Academy. These were: <ul style="list-style-type: none"> – Belfast City Centre (“Belfast One”) – planned October 2015 ballot – Cathedral Quarter (“Destination CQ”) – planned February 2016 ballot – Lisburn Road.
3.5	Due to unforeseen circumstances, it would appear that the Lisburn Road BID may not be taken forward at this point. This is principally due to a lack of resources to undertake the necessary preparatory work on the BID.
3.6	The Belfast One BID area (see map at Appendix 1) will cover the majority of the retail core from City Hall northwards towards Gresham Street and bounded by Millfield and Victoria Street. The area comprises just over 1000 properties across 71 streets. The total rateable value for properties within that area is £90million. The BID development work for this area is being undertaken by Belfast City Centre Management, using a dedicated staff resource that has been supported by resources from Belfast City Council and Department for Social Development (DSD).

3.7	<p>The Destination CQ BID area (Appendix 2) comprises around 600 properties across 80 streets with a combined rateable value of £20million. The development work on this BID is being undertaken by Cathedral Quarter Trust. The Trust did make an application to the council for financial support to employ a dedicated staff resource but this was not successful. Tourism NI has provided some staff and in-kind costs towards the development work, given the tourism-related focus of this BID.</p>
3.8	<p>In order for a BID to come into force, the BID ballot must attract:</p> <ul style="list-style-type: none"> – A 25% turnout of eligible businesses by number and rateable value – A 50% yes vote by both property number and rateable value. <p>The delivery body will be a Company Limited by Guarantee and would be a legal entity. Local Authorities generally appoint a senior officer or councillor to become a Director on the Board so this issue will have to be considered if the BID progresses. In the development phase, both areas have identified “task teams” that will help develop the business plan and work towards the ballot. Details of the representatives from each of the Task Teams are attached as Appendix 3. It is likely that the Board will look similar to the current task team structure in the event of successful Yes campaigns.</p>
3.9	<p>Both areas have developed some preliminary ideas on the specific priorities that they want to progress through the BID-supported activity. For the Belfast One area, the priorities are:</p> <ul style="list-style-type: none"> – Marketing and promotion – Enhanced service delivery focusing on issues such as safety and security, environment (removal of litter, trade waste etc.), addressing issues such as car parking and signage – Business support activities such as centralised procurement of services and utilities and exploring initiatives to address vacancy rates.
3.10	<p>The BID for the Cathedral Quarter area is likely to focus on marketing and promotional activity, reflecting the dominance of the hospitality sector in the area. The BID may also look at developing new products and initiatives to increase footfall in the area.</p>
3.11	<p>Based on the preliminary ideas there are opportunities for congruence between the</p>

	<p>aspirations of the council to develop an attractive, unique and welcoming city centre – as articulated through the City Centre Regeneration Plan – and the work of the Business Improvement Districts. This may present opportunities for collaboration with these new entities in order to progress a range of key initiatives – and to secure additional resources to support this activity. It may also allow the council to think strategically about how it invests in initiatives to support economic regeneration in the city centre, taking account of how its resources can be utilised to pump-prime or complement other investment as part of a wider programme of activity.</p>
3.12	<p>Each area will produce a business plan which will be used as the basis of a decision by businesses in the respective areas as to whether or not they wish to vote in favour of the BID. The business plan will be based on an indicative budget that is to be raised from the levy. Currently, both BIDs are looking at a levy of around 1-1.5% of the rateable value of their property. In the case of the Belfast One BID area (and taking account of certain exemptions and existing vacancy levels etc.), this could raise a potential levy of around £1.1million annually. In the case of Cathedral Quarter, it is likely that the BID levy across all properties will raise around £300,000 each year.</p>
3.13	<p>Belfast City Council currently owns four properties within the two BIDs areas (excluding car-parks and public spaces). These are City Hall, Digital Services building and Seymour House (all within the Belfast One BID area) and Dunbar Link Yard (located in CQ BID area). While the figures for the council property in the Destination CQ area are not yet available, the likely levy due for the four council properties within the Belfast One BID area will cost around £7,000 per annum. Further consideration needs to be given to the potential levy for DSD transferring property from April 2016 onwards.</p>
3.14	<p>BIDs present the council with a number of strategic and operational decisions that may impact on:</p> <ul style="list-style-type: none"> – How we engage with city centre businesses and how we collectively resource priority initiatives to promote the city centre – The mechanisms that we fund to support city centre promotion and business engagement and the level and nature of any future support to these organisations – How we deal with businesses currently located outside of the BIDs area but still within the city centre core

	<ul style="list-style-type: none"> - How we resource the arms length bodies that operate in the city centre - How we implement the work on city positioning and how we ensure consistency of message while avoiding duplication of activity.
3.15	<p>In the short-term, the council will be required to vote in the Belfast One BID. The ballot will open in mid-September and close on 30 October, with the decision announced the next day. Given that the council currently has three properties in the Belfast One area, it will be entitled to vote. In respect of the properties within the BID area, it is requested that delegated authority be given to the Director of Finance and Resources to complete and return the voting papers on behalf of the council (the Chief Executive is the Returning Officer for the ballot). Further consideration of the Draft BID Business Plan and impacts on Council, our stakeholders and local businesses is required and a recommendation regarding the Council's vote will be tabled to September Committee with a rationale to support the recommendation.</p>
3.16	<p>According to the legislation, the council is responsible for undertaking the BID ballot. In most cases, the ballot has been commissioned by the local authority but undertaken by a third party organisation. Electoral Reform Services has carried out 99% of the ballots for BIDs – including the Ballymena BID. It is therefore proposed that they are commissioned to carry out the Belfast BID. While the council will commission this service, it will be paid for by the BID.</p>
3.17	<p>In addition to the vote, there are a number of wider issues that will need to be considered by the council with regard to BIDs. These include:</p> <ul style="list-style-type: none"> - A baseline service agreement needs established between the council and any BID before a BIDs business plan can be created and future performance measured. While both areas have been working directly with frontline services such as street cleansing and waste management, there is a much wider range of services in which the council invests but which are discretionary and subject to annual budgets and other financial pressures. These include city animation support – supported through funding for cultural and arts groups – as well as significant investment in city marketing through both Belfast City Centre Management (BCCM) and Visit Belfast (VB). The baseline statement is not legally binding: it acts as an indicative commitment by the council (on an annual basis) of what resources it will commit to BID activity

- The Belfast One area covers many but not all of the businesses currently located within the Belfast City Centre Management boundary. The council currently provides core funding to that organisation for delivery of a range of services, as set out in its annual business plan. From next year – subject to the transfer of regeneration powers – the council will also be responsible for the resources currently directed to BCCM by DSD. Consideration will need to be given to the implications for BCCM, given that the BID will now be responsible for many of the services that it currently provides to a significant proportion of city centre businesses. BCCM is currently looking at that issue themselves and a paper on the proposed future operating model will be brought to their board at the end of August 2015
- The legislation also suggests that the council is responsible for collecting the BID levy. Consideration will need to be given to how this can be achieved, given that the other rates income is collected by LPS. In other areas (including Ballymena), this task has been delegated to a third party organisation. The BID will pay for all costs associated with the levy collection. Experience in other locations suggests that the levels of defaults is minimal (less than 10%) but this has not yet been tested in Northern Ireland. The BID can only spend monies that it takes in: if businesses do not pay their contribution, the budget available to the BID is reduced
- The option for the council to be a BID Director: the City Hall is within the BID boundary (as is Seymour House and the Digital Services building). In theory, this could mean that the council could have representation on the BID board and this is the model that other locations have used. Consideration will need to be given to whether this is appropriate and, if so, who the relevant representative should be from the council
- Need to consider potential implications for BCCM and CQT. Currently, BCCM receives £190,000 from the council (and around £170,000 from DSD) while CQT receives no core funding from the council but does received £65,000 per annum from DSD. BCCM is in the process of considering how the organisation should be structured in the future, in the case of a successful BID. CQT is also considering the organisational implications of a BID being introduced, including how this will impact on its activities is supporting the cultural development of that area.
- Given that both BIDs are likely to focus heavily on the need for additional marketing and promotional activities, it will be important for the council to

	<p>consider what resources it currently provides for this activity – principally channelled through Visit Belfast at present. However, given that this organisation is being asked to align to the tourism strategy approach of increasing overnight stays, it is likely that their marketing activity may change to reflect this. If this is the case, consideration may be given to how more local marketing campaigns are organised and resourced, looking at opportunities for synergy and cost reduction.</p> <p>3.18 It will take some time to work through the implications of these issues and therefore it is proposed that a future report is brought back to this committee, outlining the proposed approaches for the council.</p> <p>3.19 <u>Financial implications</u> The BID ballot for the Belfast One area is likely to cost in the region of £3-£4,000. The Belfast One BID anticipates that it will have an operational budget of around £1,100,000 while the Destination CQ budget from the BID levy should be in the region of £300,000.</p> <p>3.20 <u>Equality and good relations implications</u> No specific equality or good relations implications.</p>
4.0	Appendices – Documents Attached
4.1	Appendix 1 - Belfast One BID area Appendix 2 - Destination CQ BID area Appendix 3 – BIDS Task Team Members