



# City of Westminster Cabinet Member Report

<b>Decision Maker:</b>	Councillor Tim Mitchell, Cabinet Member for Finance
<b>Date:</b>	13 <sup>th</sup> April 2018
<b>Classification:</b>	General Release
<b>Title:</b>	Victoria Westminster Business Improvement District New Business Improvement District Proposal 2018-2023
<b>Wards Affected:</b>	St. James's and Vincent Square
<b>Key Decision:</b>	No
<b>Financial Summary:</b>	No additional costs to the City Council. The cost of administering the ballot is accommodated within existing budgets.
<b>Report of:</b>	Barbara Brownlee, Interim Executive Director - Growth, Planning and Housing Westminster City Council, Portland House, Bressenden Place, London, SW1E 5RS Tel: 020 7641 1747 Email: <a href="mailto:bbrownlee@westminster.gov.uk">bbrownlee@westminster.gov.uk</a>

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## 1 Executive Summary

- 1.1 The City Council has received a draft Business Improvement District (BID) Proposal from the Victoria Westminster Partnership. The proposal seeks to commence on 1 October 2018 as a 4.5-year term until 31 March 2023. Victoria Westminster Partnership - Victoria BID are seeking to create a neighbouring Victoria Westminster BID to the east of the current footprint. This area comprises of areas running from Buckingham Gate to Parliament Square as far south as Page Street. It includes historical areas such as Westminster Abbey and Wellington Barracks incorporating the Guards Museum. The ballot

is proposed to take place in June and July 2018 with the result of the ballot to be announced on 27 July 2018.

- 1.2 The Victoria Westminster BID Proposal reflects the priorities of their business community and ensures that it will lobby on behalf of the business community; enhance the physical environment while preserving the distinct character of the area; and will drive down business costs using collective purchasing power to deliver savings. The vision of the BID is to see the area further realise its potential and to ensure that Victoria remains a world-renowned business and visitor destination through catalysing the revitalisation of the area; enhancing its iconic status as London's centre; and developing the experience of working, visiting and living in the area.
- 1.3 This report describes the Victoria Westminster BID's future proposal, which has been developed closely with Council service portfolios. It then sets out the process described in the Business Improvement Districts (England) Regulations 2004 (the 2004 Regulations), which the Victoria Westminster BID and the City Council are required to follow to secure approval and commencement of the BID.
- 1.4 The Cabinet Member for Finance, Property and Corporate Services is responsible for BIDs and so is asked to agree the recommendations in the report.

## **2 Recommendations**

- 2.1 That the Cabinet Member for Finance, Property and Corporate Services endorses The Victoria Westminster BID Proposal.
- 2.2 That the Cabinet Member for Finance, Property and Corporate Services requests the Chief Executive as Returning Officer and "Ballot Holder" to hold a ballot for the Victoria Westminster BID Proposal.
- 2.3 That the Director of Law be authorised to complete the necessary legal agreements required for the operation of the BID Levy, Ballot and service arrangements and any other necessary matters for the proposed BID in consultation with the appropriate officers.

### **3 Reasons for Decisions**

- 3.1 The development of a BID represents an incredible opportunity for businesses situated across SW1, to drive forward a powerful agenda that ensures Victoria Westminster remains one of central London's most significant districts
- 3.2 This partnership approach between Victoria BID; Westminster City Council, the Greater London Authority and other statutory bodies, will see a stronger and more influential voice for our business community enabling us to shape a thriving and sustainable Victoria Westminster.
- 3.3 The extensive consultation with the business community within the footprint, identifies five priorities that businesses would like to see addressed. These priorities are highlighted within the Victoria Westminster BID Proposal and Annex 1.
- 3.4 As a location, the area suffers from pockets of poor public realm, poor pedestrian connectivity and inadequate signage. Through a collective partnership the BID will see over £5.6m of investment spent on a range of tactical and strategic projects. These projects will be highlighted by the business community, as interventions that they would like to see implemented.

### **4 Background, Including Policy and Context**

- 4.1 Victoria's transformation has been facilitated by the Victoria BID, the custodians of this new prestigious location. Through collaboration, as a business partnership, Victoria BID has provided a business voice to encourage social and economic growth. It is through their success that Victoria Westminster partnership has fostered an energy and enthusiasm to galvanize support from the private sector to form a neighbouring BID to the east of Victoria – The Westminster Victoria BID.
- 4.2 The Victoria Westminster development team, guided by the partnership has been undertaking an extensive consultation exercise in the form of a perception analysis to ascertain what Victoria Westminster needs. The survey was carried out over a period of 6 weeks, consisting of an online questionnaire that was promulgated to all the business community who would be eligible to vote in the upcoming ballot. The BID will only provide services that are identified and determined by the local business community. The Victoria BID will not affect level or quality of services provided by the local authority and all levy generated is purely for added value.

- 4.4 The Victoria Westminster Partnership has submitted its BID Proposal for to establish itself on 1 October 2018 with a termination date of 31 March 2023. The City Council is statutorily bound to consider the proposal and hold a ballot of their businesses on the behalf of the Victoria Westminster Partnership.
- 4.5 The ballot for the Victoria Westminster BID is due to take place during June and July 2018. If the majority of voters who vote in the ballot, both by aggregate rateable value and number voting, support the proposals, and the City Council does not exercise its veto option, then the BID will formally start on 1 October 2018.

## **5 The Victoria Westminster BID Proposals**

- 5.1 Victoria BID operates as a not for profit company limited by Guarantee and is the BID proposer for the creation of a BID in Victoria Westminster. During the development phase a Management Committee was established from the business representatives based within the proposed footprint. The partnership brought together a number of key stakeholders who have all made a financial contribution to provide seed funding to develop the BID. The committee has been supported by the Victoria BID Board, with Victoria BID being responsible for the financial management of the BID and will work collectively to oversee and agree the strategic plan for the BID.
- 5.2 Victoria Westminster Partnership as the BID proposer putting forward these plans for 2018-2023, will operate the BID. Assuming a successful ballot, in addition to the management committee, a number of steering groups will be established to shape and influence the day to day delivery of the BIDs activities, represented by business levy payers and the wider stakeholder community.
- 5.3 The Proposed BID area comprises a modest footprint to include Buckingham Gate to Parliament Square and as far south as Page Street, encompassing St. James' Park also. The Victoria Westminster BID proposes to charge a 0.85% levy to all businesses with a rateable value equal to or greater than £150,000. This is in line with the charges made for the Victoria BID. The BID levy will assume a fixed growth rate of 2.5% per annum, applied annually on 1 April. All new hereditaments entering the rating list after 1 October 2018 will be levied at 0.85%. The BID ballot and all costs related to the BID process will be met by the BID proposer – Victoria Business Improvement District should the proposal be unsuccessful. The levy per hereditament will be capped at £40,000 plus the inflationary rate of 2.5% per annum. Properties that come on to the rating list during the BID term will be subject to the BID levy from that date. Through a collective partnership the BID has a budgeted programme of

activity for the BID area over the next 4.5-year term of £5.6m which will enable delivery of tactical and strategic projects, highlighted by the business community, as interventions they would like to see implemented. Generally, the management and overhead costs of the BID are met firstly, through the voluntary contributions generated by the BID, minimising as much as possible a commitment from the BID levy funds

5.4 The ballot period lasts for a minimum of 28 days and is due to start no later than 25 June 2018 and finish on 26 July 2018. To ensure neutrality the ballot will be administered by Westminster City Council.

5.5 **ANNEX 1** summarises the Victoria Westminster's BID proposals for the proposed term grouped under the following priorities:

- Place Making
- Clean and Green
- Destination Victoria Westminster
- Safe and Secure
- Sustainable Prosperity

These accord with much of the City Council's own aspirations for the area the city generally.

## **6 Financial Implications**

6.1 The services provided by the BID will be integrated with those provided by the City Council. Other than staff time spent on negotiating the precise details of their provision, the services will not cause additional cost to the City Council.

6.2 The Business Improvement Districts (England) Regulations 2004 require the City Council to pay for the ballot, which is only recoverable in the event of a very low turnout of votes supporting the BID proposal. Staff time will be funded from existing budgets and the cost of the ballot will be met from Civic Enterprise Fund reserves so there will be no additional cost to the City Council.

6.3 The typical costs of a BID ballot are as follows:

Typical ERS costs = £4,000 per BID per term

Typical Solace costs = £1,000 per BID per term

Typical Sharpe Pritchard costs = £2,000 per BID per term

Typical Capita costs recharged to BIDs = £22,500 p/a per BID

These costs have been estimated based on the invoices associated with BID activity over the last year.

- 6.4 The City Council will be responsible for collecting the BID Levy through the existing business rates system into a ring fenced BID fund before passing it over to the BID.

## **7 Legal Implications**

- 7.1 The process for a BID to become formally established or renewed is set out in the 2004 Regulations and is as follows.

- 7.2 The BID proposer must notify the City Council and the Secretary of State at least 84 calendar days in advance of a request to hold a ballot. The Victoria Westminster Partnership gave such notice in March 2018 of their request to hold a ballot in June and July 2018. The Victoria Westminster Partnership will follow this up with the formal written request to hold a ballot in June 2018.

- 7.3 As required by regulation 4(2) of the 2004 Regulations, the Victoria Westminster Partnership have also sent the City Council:

7.3.1 A copy of the BID proposals (the required contents of which differs depending on whether it is a new proposal, a renewal proposal or an alteration proposal);

7.3.2 A summary of the consultation the BID proposer has undertaken with those liable to pay the BID levy;

7.3.3 the proposed business plan, to include estimates of cash flow, predicted revenue and expenditure, and the predicted budget over the duration of the BID arrangements and the contingency margin included in the budget;

7.3.4 The financial management arrangements for the BID body and the arrangements for periodically providing information to the City Council on the finances of the BID body;

7.3.5 And information to satisfy the City Council that the Victoria Westminster Partnership has sufficient funds to meet the costs of the ballot should it be required to do so under regulation.

- 7.4 The City Council must consider whether the BID proposals conflict with any formally adopted and published policy by the City Council (whether or not the City Council is under a statutory duty to prepare such a document). If the City Council is of the view that they do conflict, then it must, as soon as reasonably practicable after receiving the proposal, notify the Victoria Westminster Partnership, in writing explaining the nature of that conflict.

- 7.5 If the City Council is satisfied that the documents provided by the Victoria Westminster Partnership meet the requirements of the legislation, the City Council is legally obliged by the 2004 Regulations to instruct the ballot holder to hold a BID ballot. The ballot holder for the City Council is the Chief Executive in his capacity as the Returning Officer.
- 7.6 The 2004 Regulations grant the City Council a power to veto a BID proposal after it is approved by a ballot, which is exercisable only if it is likely to:
- 7.6.1 Conflict to a material extent with any policy formally adopted by and contained in a document published by the City Council (whether or not the council is under a statutory duty to prepare such a document), or
  - 7.6.2 Be a significantly disproportionate financial burden on any person or class of persons (as compared to the other non-domestic ratepayers in the geographical area of the BID) and (i) that burden is caused by the manipulation of the geographical area of the BID or by the structure of the BID levy; and (ii) that burden is inequitable.
- 7.7 If the City Council wishes to exercise its power to veto, it must do so within 14 working days from the day of the ballot, and must have regard to all of the following:
- 7.7.1 The level of support (as evidenced by the result of the BID ballot or re-ballot of a BID ballot, as the case may be) for the BID proposals;
  - 7.7.2 The nature and extent of the conflict referred to in paragraph 7.6.1 above;
  - 7.7.3 In relation to paragraph 7.6.2 above, the structure of the proposed BID levy and how the financial burden of the BID is to be distributed amongst ratepayers in the geographical area of the BID;
  - 7.7.4 The extent to which the BID proposer discussed the BID proposals with the authority before submitting the BID proposals to the authority; and
  - 7.7.5 The cost incurred by any person up to the end of the 14-day period in developing the BID proposals and canvassing in relation to the BID proposals.
- 7.8 At the time of writing, the City Council is of the opinion that:
- 7.8.1 The Victoria Westminster BID Proposals are in line with Council policies and priorities; and
  - 7.8.2 The proposals are not a significantly disproportionate financial burden on any persons or class of persons.

- 7.9 As such, currently the City Council has no intention to exercise its right to veto, but may review the situation in the event of any significant change in circumstances.
- 7.10 The BID proposer must notify the City Council and the Secretary of State at least 84 calendar days in advance of a request to hold a ballot. The Victoria Westminster Partnership gave such notice in March 2018 of their request to hold a ballot in June and July 2018. The Victoria Westminster Partnership will follow this up with the formal written request to hold a ballot in June 2018.

## **8 Consultation**

- 8.1 The Victoria Westminster BID has carried out its own consultation with its businesses in formulating the Proposal.
- 8.2 Ward Members have been consulted during the drafting of this report. No responses have been received.

If you have any queries about this Report or wish to inspect any of the Background Papers please contact: David Wilkins, Interim Strategic Manager – Business & Enterprise on [dwilkins@westminster.gov.uk](mailto:dwilkins@westminster.gov.uk) or tel 020 7641 1640, or Rachel Thevanesan, Business & Enterprise Officer on [rthevanesan@westminster.gov.uk](mailto:rthevanesan@westminster.gov.uk) or tel 020 7641 4957.

## **BACKGROUND PAPERS**

**ANNEX 1**, Summary of the Victoria Westminster BID Proposal 2018-2013.



For completion by the **Cabinet Member for Finance, Property and Corporate Services**

**Declaration of Interest**

I have <no interest to declare / to declare an interest> in respect of this report

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

NAME: **Councillor Tim Mitchell, Cabinet Member for Finance, Property and Corporate Services**

State nature of interest if any

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*(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)*

For the reasons set out above, I agree the recommendations in the report entitled **The Victoria Westminster Business Improvement District New BID Proposal 2018-23** and reject any alternative options which are referred to but not recommended.

Signed .....

Councillor Tim Mitchell, Cabinet Member for Finance, Property and Corporate Services

Date .....

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, the City Treasurer, and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

## **Appendix A**

### **Other Implications**

#### **1. Resources Implications**

There are no implications

#### **2. Business Plan Implications**

There are no implications though it is worth noting that BIDs make a valued contribution to priorities identified in the Economic Development Strategic Framework and Enterprise and Employment Programmes 2015-19. Significant additional investment in economic development and place shaping is generated through Westminster's BIDs. The funding is used to implement the projects prioritised by the business community in the BID business plan. BIDs are taking an increasing role in place leadership, stewardship and driving local economic growth. While BIDs are business-led, they benefit those working, living and visiting the area.

#### **3. Risk Management Implications**

There are no implications

#### **4. Health and Wellbeing Impact Assessment including Health and Safety Implications**

There are no implications

#### **5. Crime and Disorder Implications**

There are no implications though it is worth noting that continuing to work collaboratively with partners to address crime and disorder matters features as a priority within the Victoria Westminster BID Proposal.

#### **6. Impact on the Environment**

There are no implications though it is worth noting that continuing to work collaboratively with partners to address environmental concerns and improve air quality features as a priority within the Victoria Westminster BID Proposal.

#### **7. Equalities Implications**

There are no implications

#### **8. Staffing Implications**

There are no implications

## **9. Human Rights Implications**

There are no implications

## **10. Energy Measure Implications**

There are no implications

## **11. Communications Implications**

There are no implications though it should be noted that Victoria Westminster BID's Proposal includes significant activity around promoting the area through continuing their destination building campaign, developing destination branding and delivering a programme of events to enable local employees, students, residents and visitors to enjoy the area's many assets including its open spaces.

Note to report authors: If there are particularly significant implications in any of the above categories these should be moved to the main body of the report.