



City of Westminster

# Cabinet Member Report

<b>Decision Maker:</b>	Cabinet Member for Economic Development, Education and Skills
<b>Date:</b>	23 January 2020
<b>Classification:</b>	General Release
<b>Title:</b>	<b>HOLBA St Martin's Lane Occupier &amp; Property Owner new Business Improvement Districts Proposal 2020-25</b>
<b>Wards Affected:</b>	St James's
<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, Executive Director - Growth, Planning and Housing Westminster City Council, 64 Victoria Street, London, SW1E 6QP Tel: 020 7641 1747 Email: <a href="mailto:bbrownlee@westminster.gov.uk">bbrownlee@westminster.gov.uk</a>

## 1. Executive Summary

- 1.1 In December 2019 the City Council received a draft Proposal from Heart of London Business Alliance for new Occupier and Property Owner BIDs for St Martin's Lane. The geographic footprint of the St Martin's Lane area comprises 12 streets: St Martin's Lane, St Martin's Place, William IV Street, Garrick Street, Bedford Street, Cranbourn Street, Great Newport Street, St Martin's Court, Bedfordbury, New Row, Charing Cross Road, and Chandos Place. The ballots are proposed to take place during February and March 2020 with the results of the ballots to be announced on 19 March 2020 for the Occupier BID and 20 March 2020 for the Property Owner BID.
- 1.2 St Martin's is not currently part of a Business Improvement District, but Heart of London Business Alliance propose to expand to the area in order to champion the area and its businesses. The intention is for Levy payers in the St Martin's

Lane area to receive the same services that Levy payers in the existing HOLBA BID areas receive. As such the Proposal takes its priorities from the business community and ensures that City for All is at the forefront of their thinking having been developed closely with Council service portfolios.

- 1.3 This report describes HOLBA's proposal to establish new Occupier and Property Owner BIDs for St Martin's Lane. It then sets out the process described in the Business Improvement Districts (England) Regulations 2004 (the 2004 Regulations), which HOLBA and the City Council are required to follow to establish new BIDs in Westminster.
- 1.4 The Leader is responsible for BIDs and so is asked to agree the recommendations in the report.

## **2. Recommendations**

- 2.1 That the Leader endorses HOLBA's proposal to establish new Occupier and Property Owner BIDs for St Martin's Lane.
- 2.2 That they request the Chief Executive as Returning Officer and "Ballot Holder" to hold a ballot on behalf of HOLBA for each new proposed BID.
- 2.3 That the Director of Law be authorised on behalf of the City Council to enter into the necessary legal agreements for collection of the BID Levy service specifications for all services which the City Council will deliver throughout the BIDs' duration and any other necessary matters for the proposed BIDs in consultation with the appropriate officers.

## **3. Reasons for Decision**

- 3.1 HOLBA has a strong collaborative relationship with the City Council. Examples include:
  - Targeting the problem of unregulated waste together resulting in Piccadilly and St James's area having a 70% reduction in unregulated waste.
  - Continuously working together on street cleansing to keep the area clean.
  - Partnership working to address illegal street trading in Leicester Square.
  - Placing the issue of pedicabs on the government agenda with the ultimate objective of a legislative change.
  - There is ongoing work with the events team at Westminster City Council to understand road closures and protests, so HOLBA can notify members of protests and / or road closures in a timely fashion to help manage freight, deliveries and visitors to the area.
  - Collaborative working to deliver the Leicester Square brand identity and guidelines and hosting HOLBA's annual summer screening in Leicester Square. More recent collaborative working to introduce exciting new film related statues to the Leicester Square area.

- Partnership working to deliver a seasonal planting scheme across our public spaces.
- The Leicester Square redevelopment which was completed in 2012 was an example of public and private collaboration – between Westminster City Council, Heart of London and property owners in the area.
- Partnership working to raise standards in the evening and night-time economy, with regular pub watch meetings which council officers attend, Purple Flag and the introduction of Best Bar None.
- Work between HOLBA and the Integrated Street Engagement Unit and the tasking group to help rough sleepers and clear tents on Great Windmill Street
- Guest speakers from Westminster City Council contributing to numerous Perspective events for HOLBA members.

3.2 As with HOLBA's existing BIDs it is anticipated that the new BIDs for St Martin's Lane will play an active part in the joint working arrangements Westminster has set up for BIDs to liaise with City Council members and officers, to enable new ideas, plans and initiatives of mutual concern to be discussed prior to public launch. Officers will also continue to encourage HOLBA's BIDs as with all BIDs to work collaboratively with each other on joint initiatives so as to avoid duplication of resources and contact with the City Council.

3.3 This report describes the Proposal that has been submitted by HOLBA to establish new Occupier and Property Owner BIDs for St Martin's Lane. These do not conflict with City Council policies. The Leader is therefore asked to endorse the Proposal and other recommendations contained in this report. This report has been placed on the forward list of executive decisions.

#### **4. Background, including Policy Context**

4.1 Heart of London Business Alliance was established in 2001 and in 2005, working closely with businesses in the area, enjoyed a resounding 'yes' vote for the establishment of a Business Improvement District (BID), thus becoming the first central London BID. In February 2007, businesses gave a second vote of confidence establishing Heart of London as the first BID in the UK to successfully achieve a second term mandate, with 86% voting in favour. In 2012, 92% of businesses voted positively to continue to a third term: the first in the UK. At the same time, Heart of London successfully extended their area to include a BID for the Piccadilly & St James's area. In June 2015, Property Owners voted in favour of establishing the first two central London Property Owner Business Improvement Districts. In the Leicester Square & Piccadilly Circus area, 85.5% of property owners voted in favour and in Piccadilly & St James's, 83% voted in favour. Subsequently in March 2017 the two Occupier BIDs covering the areas of Piccadilly and St James's and Leicester Square & Piccadilly Circus secured a fourth term to last until March 2022. Leicester Square and Piccadilly Circus BID ballot achieved a turnout of 61% of eligible businesses resulting in a resounding 91% yes vote (92% by aggregate rateable value). Piccadilly and St James's BID

ballot achieved a turnout of 52% of eligible businesses resulting in a resounding 92% yes vote (93% by aggregate rateable value). HOLBA's existing Property Owner BIDs for Leicester Square & Piccadilly Circus and Piccadilly and St James's are up for renewal with ballots taking place during February and March 2020.

- 4.2 BIDs can continue for an unlimited number of terms, providing they are successful in their ballots. HOLBA has submitted its Proposal to establish new Occupier and Property Owner BIDs for St Martin's Lane. The geographic footprint of the St Martin's Lane area comprises 12 streets: St Martin's Lane, St Martin's Place, William IV Street, Garrick Street, Bedford Street, Cranbourn Street, Great Newport Street, St Martin's Court, Bedfordbury, New Row, Charing Cross Road, and Chandos Place. The City Council is statutorily bound to consider the proposal and hold ballots of their businesses on HOLBA's behalf.
- 4.3 The ballots are due to take place during February and March 2020. 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 BIDs will formally start their first term on 1 April 2020 with a termination date of 31 March 2025.

## **5 HOLBA Renewal Proposals**

- 5.1 Heart of London Business Alliance (company number 04293930) is a company limited by guarantee and is the BID Proposer for both the new proposed BIDs for St Martin's Lane. Assuming the ballots are successful, HOLBA will provide governance and run the activities of both the Occupier and Property Owner BIDs. In keeping with legislative regulations, each BID will have separate budget accountability, while contributing to the overall business plan. The BID ballots are administered separately but take place simultaneously. The Property Owner BID is dependent on the Occupier BID being voted in. A Property Owner BID cannot exist without an Occupier BID. The HOLBA Board provides representation for each of HOLBA's BIDs. Members are nominated from a variety of occupiers and property owners to ensure a wide range of skills, experience and opinion.
- 5.2 HOLBA formally submitted its Proposal for new Occupier and Property Owner BIDs for the St Martin's Lane area in November 2019. The BID Levy of 1% will be fixed at rateable value using the business rating list as at 1st April 2020 (rising annually by 3%): Year 1 – 1.00, Year 2 – 1.03, Year 3 – 1.06, Year 4 – 1.09, Year 5 – 1.12. The BID Levy will apply to premises with a rateable value equal to or greater than £80,000. For Occupiers a Levy cap of £20,000 will be applied to all rated properties in the BID with a rateable value of £2,000,000 or more. For Property Owners a Levy cap of £50,000 will be applied to all rated properties in the BID with a rateable value of £5,000,000 or more. HOLBA maintains a voluntary membership scheme for businesses falling beneath the levy threshold or located outside the BID area. This will continue to give smaller businesses the

opportunity to engage with, and benefit from, the BID, whilst not being compelled to contribute a mandatory levy. The budgeted programme of activity for both the Occupier and Property Owner BIDs combined over the first five-year term is circa. £833k.

- 5.3 A “closed year” BID rule applies. This particular rule was incorporated by the existing HOLBA Occupier BIDs in 2017 and will be introduced for the first time for Property Owner BIDs from 2020. The rule means that backdated rateable value reductions, following ratepayer Valuation List appeals, settled by the Valuation Office, are only backdated to the start of the current financial year. No refunds or collections of the BID levy will be made for previous years. All BIDs when introducing the Closed Year Rule are made aware that the restriction of recalculation of BID levy to the current financial year applies equally to rateable value increases and decreases. The rule excludes changes relating to RV£0, RV£1, deletions and insertions, splits and mergers. The rule is included in the published BID rules so that individual businesses are aware of the rule at the point of ballot.
- 5.4 The ballot period lasts for a minimum of 28 days and is due to start on the 18<sup>th</sup> and 19<sup>th</sup> February 2020 and finish on 18<sup>th</sup> and 19<sup>th</sup> March 2020 respectively. To ensure neutrality the ballot will be administered by Westminster City Council.
- 5.5 **ANNEX 1** provides a summary of HOLBA’s St Martin’s Lane BIDs Proposal priorities for their first term. These accord with much of the City Council’s own aspirations for the area and the city generally.

## **6. Financial Implications**

- 6.1 The services provided by the St Martin’s Lane BIDs 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 new BIDs 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 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 BIDs.
- 6.4 The requirement for a closed year rule presents an increase in complexity which will result in an increased administrative charge for the BIDs in order to adapt the current system to accommodate this rule.

Financial implications verified by Karen Wright, WCC Commercial & Financial Management

## **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. HOLBA gave such notice in September 2019 of their request to hold a ballot in February and March 2020 and followed this up with the formal written request to the City Council to hold the ballots.
- 7.3 As required by regulation 4(2)(a)(i) of the 2004 Regulations, HOLBA 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 a summary of 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 HOLBA 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 HOLBA's proposals for new Occupier and Property Owner BIDs for St Martin's Lane 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 HOLBA, in writing explaining the nature of that conflict.
- 7.5 If the City Council is satisfied that the documents provided by HOLBA meet the requirements of the legislation, the City Council is legally obliged by the 2004 Regulations to instruct the ballot holder to hold the BID ballots. The ballot holder for the City Council is the Chief Executive in his capacity as the Returning Officer. Having reviewed the documents, the City Council is satisfied that they do indeed meet the requirements. As such, the City Council will request the Returning Officer to make the necessary arrangements for the BID ballots.

- 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 **Error! Reference source not found.**, 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 HOLBA's proposals for new Occupier and Property Owner BIDs for St Martin's Lane 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 Two legal agreements between the City Council and HOLBA will need to be drawn up to cover: the BID Levy collection, and the service specification for various services such as cleansing and highways which the City Council will continue to deliver throughout each BID's duration, subject to periodic review and consultation with HOLBA.

Legal implications verified by Andre Jaskowiak, Bi-Borough Legal Services

## **8. Consultation**

- 8.1 HOLBA has carried out its own consultation with its businesses in formulating the Renewal Proposals.
- 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: Haylea Asadi, Head of Business & Enterprise by email: [hasadi@westminster.gov.uk](mailto:hasadi@westminster.gov.uk) or tel: 020 7641 1842.

## **BACKGROUND PAPERS**

Heart of London Business Alliance St Martin's Lane BID Proposal 2020 - 2025 dated 12<sup>th</sup> December 2019.

For completion by the **Cabinet Member for Economic Development, Education and Skills**

**Declaration of Interest**

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

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

NAME: \_\_\_\_\_

State nature of interest if any .....

.....  
*(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 recommendation(s) in the report entitled **HOLBA St Martin’s Lane Occupier & Property Owner new Business Improvement Districts Proposal 2020-25** and reject any alternative options which are referred to but not recommended.

Signed .....

Cabinet Member for **Cabinet Member for Economic Development, Education and Skills**

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: .....  
.....  
.....

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 Head of Legal and Democratic Services, Strategic Director Finance and Performance and, if there are resources implications, the Strategic Director of Resources (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 City for All and Economic Development and Place Shaping priorities. 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 effective policing of begging and antisocial behaviour is one of five priority campaigns adopted by HOLBA for their next term. HOLBA are calling on the Metropolitan police to take firm and consistent action against begging and antisocial behaviour, as they are detrimental to both the safety and reputation of the area. They state that whilst we can continue to manage the area through our multi-agency street team, we are not able to directly bring charges against individuals or enforce directly. These are criminal matters with a policing solution.

#### 6. Impact on the Environment

There are no implications though it is worth noting that waste, recycling, freight and personal deliveries consolidation is one of five priority campaigns adopted by

HOLBA for their next term. HOLBA are exploring creative ways to further consolidate waste and recycling collections, as well as freight and personal deliveries. They state that a cleaner, healthier, safer and sustainable environment is key to ensuring the long-term viability of the area and a high quality of life within it. Reducing the number of polluting vehicles on our streets is of paramount importance and we must be imaginative with how we achieve this.

**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 HOLBA's Arts & Culture Strategy builds on the area's key cultural attractions, as well placing the evening and night-time economy at its centre. HOLBA's Place Strategy places the arts and culture at its heart and they will continue to seek out internationally renowned partners to create memorable experiences and signature events unique to the area. HOLBA recognises that the West End's events programme is the product of multiple organisations that all add value to the area, and contribute to its status as a global destination. As such HOLBA are committed to continuing to work with Westminster City Council to ensure alignment with its events strategy. Furthermore, HOLBA will continue to bring their members together to create globally recognised and profile-elevating campaigns, as well as continuing to support third-party initiatives that align with their objectives, including Pride in London and West End Live.