

**A Business Improvement
District (BID) Feasibility
Study for South Bank and
Waterloo**

**(Main report excluding annexes –
volume one)**

Commissioned by
South Bank Employers' Group
and
Circle Waterloo

Produced by
Partnership Solutions

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Foreword

The steering group consisting of representatives from South Bank Employers' Group (SBEG), Circle Waterloo (CW) and the London Boroughs of Lambeth and Southwark has considered this feasibility study as a comprehensive review of the BID 'landscape' and how SBEG and CW fit within it.

The steering group considers that the study steers us to separate BIDs from South Bank and Circle Waterloo and that future work will deliver separate business cases for each.

However, the steering group will continue to meet and liaise on common issues and local authority support and develop this study as a live document.

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1. Introduction to the study

The South Bank and Waterloo Business Improvement District (BID) feasibility study is a joint commission by South Bank Employers' Group and Circle Waterloo and was funded by the London Development Agency. Partnership Solutions was the consultant commissioned to undertake the study.

The brief was to investigate the feasibility of the BID concept within a study area synonymous with the Waterloo Project Board area. See annex 1.

The fundamental motivation for the investigation of a BID in the South Bank and Waterloo area was the scope to achieve a sustainable funding stream to give a predictable and equitable income for a specified period of time.

However, in addition to this there were a number of other key benefits under consideration that would derive from the introduction of a BID:

- To rationalise existing activities under a single management regime
- To reinforce the role of South Bank Employers' Group and Circle Waterloo as delivery agents for local area management
- To provide a localised and focused approach to design and implementation of locally agreed standards
- To enhance existing public services where it is recognised that more than basic statutory standards are demanded
- To attract further funds from alternative sources, in particular through the new forms of regeneration funds (post Single Regeneration Budget) from the London Development Agency and indeed through s106 agreements

The study focused on a number of key elements as follows:

- Stakeholder interviews
- Business survey
- Baseline data analysis
- Rateable value analysis
- Options analysis for BID implementation

The methodology for each of these elements is set out at the start of each relevant chapter of the report.

2. About Business Improvement Districts (BIDs)

2a. The basics of BIDs

A BID is essentially a flexible funding mechanism to improve and manage a clearly defined commercial area, which originated in North America.

The principle is based on an additional levy on all defined ratepayers following a majority vote of those ratepayers. There is great flexibility around which ratepayers are 'defined' as potential levypayers, and this decision is based upon the needs, conditions and aspirations for the particular area.

For example, an area may opt to give exemptions to certain types or sizes of business or indeed allow discounts on the levy in certain circumstances.

The levy is usually calculated on the basis of a percentage of rateable value (typically between 1% and 3%), but it can be based on any method of calculation. The benefit of using the rating system as the base is that it provides an already 'market tested' analysis of the relative values of each property within an area, hence enabling an overt fairness to the levy calculation.

When businesses are asked to vote on the proposition of a BID, a formal procedure must be carried out guided by legislation and regulations. A BID may only establish in the first instance for a term of up to five years and this must be based on a set of prescribed services as presented in a formal BID proposal such as a focus on -

- Security and safety
- Area management and cleansing
- Marketing and promotion

One of the key aspects of the formal procedure to establish a BID is that the voting process requires a 'dual key' test, ie. the result must achieve:

- a majority in terms of number of businesses
and
- a majority in terms of the percentage of rateable value

2b. The background to BIDs

BIDs originated in North America in the 1960s and were set up to combat declining retailing and commercial activities in older, inner city neighbourhoods. Deteriorating public authority services caused by reduced local tax receipts exacerbated the problems of the inner cities. Canada is reputed to have established the first Business Improvement Area in Bloor West Village, Toronto. The concept grew from a business interest in improving the local area as articulated by Toronto Alderman William Blytchuk in 1971,

'Is it possible that someone went to City Hall asking permission to do something and offer to pay for it on their own? Our businessmen did and the cost of all these improvements is added to their business tax bill every year through a special arrangement with the city. The area now has a bright name to complement its image, "the Bloor West Village". It belongs to the residents of Ward One who should enjoy it and patronize the businesses that made it possible'.

There are now numerous sizes and types of BIDs operating around the world predominantly in Canada (347 with an annual budget ranging from \$3,000 to \$1.7m), the United States (429 with an annual budget ranging from \$18,000 to \$15m) and more recently in South Africa (21 with an annual budget ranging from the equivalent of \$14,000 to \$1.4m) as presented in the only global BIDs study to date published by the Massachusetts Institute of Technology (MIT) in 2003. The study clearly defines a BID as an organisation that is publicly sanctioned but privately managed.

The full MIT research report can be accessed via <http://web.mit.edu/11.204/www/webportfolio/BI/index.html> and this includes numerous examples of international case studies together with website links for further information.

BIDs tend to start on the basis of a 'clean and safe' ethos, with many evolving into marketing and promotional activities soon after. Some evolve further into major environmental schemes and economic development and inward investment activity but this is not necessarily a natural progression in all cases.

The following four international examples briefly demonstrate the different styles of BID and indeed the motivation for their creation –

- Grand Central Partnership, New York
Established in 1988 the focus was on the refurbishment of Grand Central Station and the subsequent enhancement of the public realm surrounding the Station. A major activity in the early years of the BID was providing a solution to the immense homeless population in the area. The BID acted as the catalyst for the creation of a specific homeless centre, and this was then passed over to a new organisation to deal with the ongoing management issues. The BID has now evolved into a wide range of activities with an annual operating budget of \$11m. www.grandcentralpartnership.org
- Center City District, Philadelphia
Established in 1990 the focus initially was purely on 'clean and safe' on the basis that the city had experienced a mass exodus of businesses to the suburbs over the previous 2 decades and was no longer considered an acceptable or desirable location to visit or do business. After spending the first five years cleaning up the city the BID evolved its activities into marketing, promotion, economic development and inward investment to arrest further migration to the suburbs. The BID now has an annual operating budget of \$12m and is a major strategic force within the city. www.centercityphila.org
- Cape Town City Improvement District, South Africa
Established comparatively recently in 2000, the focus is on 'security' in an attempt to regain the streets in the light of the growth in its World City status and standing as an international tourism destination. Approximately half of the annual budget of R14m (approximately £1.2m) is spent on uniformed security personnel who

patrol the streets, and in the first 3 years of operation there has already been a sharp decrease in crime.

www.capetowncid.co.za

- 125th Street BID, Harlem
Established in 1993, the focus for 125th Street BID was on the basics of 'clean, safe and order' following a major capital street enhancement scheme. Predominantly a small business area, 125th Street has managed to engage businesses at a very local level to contribute to the basic management and upkeep of the area. Operating on an annual budget of only \$275,000 for its first term, it proved its value to local businesses and has recently increased the annual budget to \$525,000 following approval from its constituency.
www.125thstreetbid.com

2c. UK legislation and regulations

Government commitment to the principle of BIDs was first demonstrated through the publication of a White Paper in December 2001, a draft Bill in June 2002 and a local Government Bill, which was published in November 2002. Part 4 of this Bill refers to Business Improvement Districts.

The legislative framework required to operate a BID, contained within the Local Government Act, part 4, received Royal Assent on 18th September 2003.

Full details of part 4 of the Act can be found at www.hms.gov.uk/acts/acts2003/30026--h.htm#41 and at annex 2.

The regulations required to complete the legislative framework were published in draft form for consultation on 18th March 2004 with an eight week consultation period for responses ending on 14th May 2004. It is anticipated that the final regulations will be completed in the Autumn of 2004.

Full details of the draft regulations consultation document can be found at www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/page/odpm_odpm_027826.pdf and the latest version of the draft BID regulations (20 July 2004) can be found at annex 3.

Until the final regulations have been passed no formal BIDs can be established in the UK.

2d. UK pilot BIDs

The UK government has committed to the concept of BIDs as a means of managing and enhancing commercial areas in towns and cities. BIDs are being recognised as an important tool to achieve a partnership approach to local area management. Prior to completion of the enabling legislation, a number of pilot BIDs have been established around the country to test the principles and to inform the development of legislation. Formal pilot schemes fall within two programmes:

1. The Circle Initiative

Established in 2001, The Circle Initiative is piloting five pilot BIDs in central London – Better Bankside, Circle Waterloo, Holborn Business Partnership, Paddington BID, and Heart of London. The programme is run by Central London Partnership with the City of Westminster as accountable body and is funded with £4.6m of Single Regeneration Budget from the London Development Agency.

2. The Association of Town Centre Management National Pilot

Established in 2002, the national pilot run by the Association of Town Centre Management has 22 locations where the concept of BIDs is being tested across the country.

In addition to these formal pilot programmes there are also a number of other locations where BIDs are being piloted or feasibility studies are underway. The details of these together with the anticipated ballot dates, where confirmed, are shown below:

Location	Local authority	Activity	Timing
The Circle Initiative			
Better Bankside	London Borough of Southwark	Pilot BID	Ballot – Dec 2004 Start – Apr 2005
Circle Waterloo	London Borough of Lambeth	Pilot BID	No confirmed dates
Holborn Business Partnership	London Borough of Camden	Pilot BID	Ballot – Feb 2005 Start – Apr 2005
Paddington BID	Westminster City Council	Pilot BID	Ballot – Feb 2005 Start – Apr 2005
Heart of London	Westminster City Council	Pilot BID	Ballot – Dec 2004 Start – Feb 2005
The ATCM National Pilot			
Bromley	London Borough of Bromley	Pilot BID	No confirmed dates
Ealing	London Borough of Ealing	Pilot BID	No confirmed dates
Woolwich	London Borough of Greenwich	Pilot BID	No confirmed dates
Hammersmith	London Borough of Hammersmith and Fulham	Pilot BID	No confirmed dates
New West End Company	Westminster City Council	Pilot BID	Ballot – Feb 2005 Start – Apr 2005
Other locations with funding from the LDA			
Kingston	Royal Borough of Kingston upon Thames	Pilot BID	Ballot – Nov 2004 Start – Jan 2005
Pool of London Partnership (North BID and South BID)	North BID - London Borough of Tower Hamlets and Corporation of	Pilot BID	Ballot – Jun 2005 Start – Oct 2005

	London South BID – London Borough of Southwark		
Angel	London Borough of Islington	BID feasibility study	No confirmed dates
Spitalfields	London Borough of Tower Hamlets	BID feasibility study	No confirmed dates
Golders Green	London Borough of Barnet	BID feasibility study	No confirmed dates
Wood Green	London Borough of Haringey	BID feasibility study	No confirmed dates
Morden Industrial Area	London Borough of Merton	BID feasibility study	No confirmed dates
Further details and contact information for all of the locations above can be sourced via www.londonbids.info/bid/bid_london.asp			

* Those areas highlighted in blue above are all located within the London South Central region

2e. Key steps to a BID

There are a number of key steps to establishing a formal BID, as set out in annex 4, as follows:

1. Initial investigation (achieved through this study)
2. Decision to establish a BID and become the BID proposer (the key next step after consideration of this study)
3. Production of the BID proposal
4. Notification to the Secretary of State
5. Issuing of the ballot notice
6. Issuing of the ballot papers and formal ballot period
7. Announcement of the ballot result and subsequent commencement of the formal BID

Details associated with each step together with experiences from the pilot BIDs is provided in the following sections.

2ei. Initial investigation

This initial step investigates the scope for a BID within the area based on a wide range of considerations including need, aspirations, business interest and commitment and the viability in terms of rateable value totals within the area.

On the basis that BIDs are ultimately business-led and funded, it is critical that the business community can identify a demonstrable need that is not capable of being satisfied via the public purse alone. Without this commitment from businesses, a BID will not get off the ground.

For the purposes of South Bank and Waterloo, this stage in the process is being dealt with through this feasibility study.

2eii. Decision to establish a BID

Following a full investigation of all the key factors within step one, the respective boards – South Bank Employers’ Group and Circle Waterloo – will need to make a formal decision about establishment of a BID and if they wish to become the BID proposer.

This decision should be based on all of the elements in relation to step one as set out in the various sections of this report, together with consideration of the indicative boundaries, services and budgets for the prospective BID.

2eiii. Production of the BID proposal

The formal terminology for the BID business plan as per the regulations is the ‘BID proposal’. The formal details required within the BID proposal are set out in Schedule 1 of the regulations as follows:

- (a) a statement of the works or services to be provided, the name of who will provide them (the name of the BID body or local authority BID body) and the type of body the provider is (whether a local authority, a company under the control of the authority, a limited company or a partnership);
- (b) a statement of the existing baseline services (if any) provided by the relevant billing authority or other public authority;
- (c) a description of the geographical area (including a map showing that area) in which the proposed BID arrangements are to have effect;
- (d) a statement of whether all non-domestic ratepayers in the geographical area or a specified class of them are to be liable to the BID levy, an explanation of how the amount of the BID levy to be levied is to be calculated and an explanation of whether any of the costs incurred in developing the BID proposals, holding of the ballot or implementing the BID are to be recovered through the BID levy;
- (e) a statement of the specified class of non-domestic ratepayer (if any) for which and the level at which any relief from the BID levy is to apply;
- (f) a statement of whether the BID arrangements may be altered without an alteration ballot and, if so, which aspects of the BID arrangements may be altered in this way;
- (g) a statement of the duration of the BID arrangements; and
- (h) a statement of the commencement date of the BID arrangements.

It will be the responsibility of the local authority to satisfy itself that all elements of schedule 1 are covered within the BID proposal before commencing the formal ballot process.

2eiv. Notification to the Secretary of State

It is a formal requirement of the regulations that the BID proposer notifies the Secretary of State in writing of its intention to hold a BID ballot. This is only for the purposes of notification and does not involve any ‘approval’ process by the Secretary of State. This is set out in regulation 3 where it states:

(2) 'Subject to paragraph (3), a BID proposer shall, at least 84 days before sending the notice required under regulation 4 (2)(a)(ii), notify the relevant billing authority and the Secretary of State of the proposer's intention of asking the relevant billing authority to put the BID proposals to a ballot

(3) Paragraph (2) shall not apply where a BID proposer sends the notice required under regulation 4 (2)(a)(ii) to the relevant billing authority before 1st April 2005'

This step must be carried out before the formal ballot notice request to the billing authority as set out in the step below. There is no formal template in place for the notification to the Secretary of State, it is merely in the form of a letter setting out the key timetable for the BID ballot process.

2ev. Issuing of the ballot notice

The local authority (known as the 'billing authority' within the regulations) has the legal responsibility for holding the BID ballot on behalf of the BID proposer. To enable them to do this, the BID proposer must send a notice to the billing authority requesting the formal BID ballot process to commence. The details of this instruction are set out in regulation 4 (2):

- (2) Where a BID proposer decides to seek approval of BID proposals in a BID ballot or the BID body decides to seek approval of alteration proposals in an alteration ballot or renewal proposals in a renewal ballot, it shall—
- (a) send to the relevant billing authority—
- (i) a copy of the BID proposals, alteration proposals or renewal proposals, as the case may be, together with a summary of—
 - (aa) the consultation process it has undertaken with those persons who are to be liable for the proposed BID levy;
 - (bb) the proposed business plan (including the estimated cashflow, an estimate of the predicted revenue to be generated and the predicted expenditure to be spent under the BID arrangements, the predicted budget over the duration of the BID arrangements and the contingency margin included in the budget);
 - (cc) the proposed agreement to be entered into with the relevant billing authority; and
 - (dd) the financial management arrangements for the BID body, and the arrangements for periodically providing the relevant billing authority with information on the finances of the BID body; and
 - (ii) a notice requesting the relevant billing authority to instruct the ballot holder to hold a BID ballot in relation to the BID proposals, an alteration ballot in relation to the alteration proposals or a renewal ballot in relation to the renewal proposals, as the case may be; and
- (b) provide the relevant billing authority with such information as it shall reasonably require to satisfy itself that the BID proposer or, as the case may be, the BID body, has sufficient funds to meet the costs of the BID ballot, the renewal ballot, or the re-ballot in relation to the BID ballot, or the renewal ballot, as the case may be, should it be required to do so under regulation 10.

Once the billing authority has received all the required documentation and satisfied itself that the contents cover the requirements within the regulations, it can instruct the ballot holder to issue the formal ballot notice to the eligible voters. The details of this notice are contained within schedule 2 (3) of the regulations as follows:

The ballot holder shall, at least 42 days before the day of the ballot—

- (c) publish notice of the ballot stating—
 - (i) the day of the ballot; and
 - (ii) that the ballot will be taken entirely by post, with votes to be returned by 5p.m. on the day of the ballot;
- (d) prepare a list of persons entitled to vote and proxies (if any);
- (e) send to each person entitled to vote or, if applicable, his proxy a statement which—
 - (i) explains the arrangements for the ballot;
 - (ii) explains that regulation 4(3) allows that person to request a copy of the BID proposals from the BID proposer; and
 - (iii) provides the name and address of the BID proposer; and
- (f) send to the Secretary of State a copy of the notice referred to in sub-paragraph (a).

2evi. Issuing of the ballot papers and formal ballot period

The ballot papers will be issued by the ballot holder (ie. the formal returning officer of the local authority) on the date specified within the ballot notice as set out above. Eligible voters will then be given a minimum of 28 days to vote as set out in schedule 2 (2):

'The ballot holder shall secure that the day of the ballot is –

- (a) a working day;
- (b) at least 28 days after the date on which the ballot papers were sent to voters; (or, where the ballot papers were sent on more than one date, the last such date); and
- (c) no later than 90 days from the date on which he published the notice required by paragraph 3 (a)'

In the latest version of the regulations it is now intended that the local authority will pay for the ballot costs unless one of the following situations occurs, as set out in regulation 10:

- there is less than 20% turnout at the ballot
- the ballot fails to achieve the majorities required
- the ballot is declared void by the Secretary of State as a result of a material irregularity

This does not of course preclude the local authority and BID company negotiating the passing over of the fee to the BID.

Although each local authority is required to estimate the costs of the ballot based on their own systems, experience so far in the pilot BIDs suggest that this is likely to work out about £10/hereditament.

2evii. Announcement of the ballot result and subsequent commencement of the BID

The ballot holder is charged with declaring and announcing the result of the ballot as soon as 'reasonably practicable' after the end of the ballot period. Assuming this is a positive result the BID is then required to have a clear 40 days between the formal announcement and the BID start date, as set out in regulation 9 (13).

There is also a requirement that BID arrangements must come into force following a successful vote no later than 365 days after the date when the BID proposer first submits the BID proposal to the billing authority. This provides ample time and the only reason a BID would be delaying its formal start would be if there were an appeal against the ballot procedure or a veto from the local authority. Details of how these might occur can be found in draft regulations 9 and 12.

Regulation 9 sets out the provisions where a ballot may be declared void:

Subject to paragraph (3), the Secretary of State may declare void a BID ballot, renewal ballot, alteration ballot or re-ballot if it appears to him that a material irregularity has occurred.

In this regulation, "material irregularity" means—

- (a) a contravention of any requirement of these Regulations which, in the Secretary of State's opinion, means it is likely that voting in the BID ballot, renewal ballot, alteration ballot or re-ballot, as the case may be, has been affected to a significant extent by the contravention;
- (b) persons other than persons entitled to vote have purported to vote in the BID ballot and, in the Secretary of State's opinion, it is likely that the result of the BID ballot, renewal ballot, alteration ballot or re-ballot, as the case may be, has been affected to a significant extent; or
- (c) persons entitled to vote have been prevented from voting or hindered from doing so freely in accordance with their own opinion and, in the Secretary of State's opinion, it is likely that the result of the BID ballot, renewal ballot, alteration ballot or re-ballot, as the case may be, has been affected to a significant extent.

Regulation 12 deals with the circumstances that a veto by the local authority could be used, these are as follows:

2.(1) For the purposes of section 51(2) of the Act, the prescribed circumstances are that the relevant billing authority is of the opinion the BID arrangements are likely—

- (a) to conflict to a material extent with any policy formally adopted by and contained in a document published by the authority (whether or not the authority is under a statutory duty to prepare such document); or
- (b) to 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) at burden is inequitable.

(2) For the purposes of section 51(2) of the Act, the prescribed period is 14 working days from the day of the ballot.

(3) For the purposes of section 51(3) of the Act, the prescribed matters to which the relevant billing authority shall have regard in deciding whether to exercise its veto are—

(a) 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;

(b) the nature and extent of the conflict referred to in paragraph (1)(a);

(c) in relation to paragraph (1)(b), 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;

(d) the extent to which the BID proposer discussed the BID proposals with the authority before submitting the BID proposals to the authority under regulation 4; and

(e) the cost incurred by any person up to the end of the period prescribed in paragraph (2) in developing the BID proposals and canvassing in relation to the BID proposals.

2f. The local authority positions on BIDs

London Borough of Lambeth

The London Borough of Lambeth supports the principle of Business Improvement Districts having responded to draft BID guidance in October 2003 and stated:

'The council welcomes the BID initiative and the overall approach which allows retention of a percentage of business rates locally. The BID will strengthen partnership and dialogue between the public and private sector and allow businesses more of a say as to how the rates are spent. In particular, this will mean businesses will be able to clearly see the positive impact of the BID levy on their local environment and on their commercial viability.

Furthermore, there is a service target within the Regeneration (Community Renewal) Service Plan 04/05 specifically related to BIDs and the Council would welcome proposals from the business community to establish a BID.

BIDs will also contribute towards the Lambeth Recovery Plan focus to 'attract investment into the borough' through 'maximising external funding into the borough' and will form part of the London South Central action plan'

London Borough of Southwark

The London Borough of Southwark is fully supportive of the BIDs concept and has been working with the Circle Initiative Better Bankside pilot since its inception in 2001, as well as the independent pilot in the Pool of London area.

Southwark's Regeneration Department Business Plan identifies the objective of demonstrating excellence in the facilitation and administration of BIDs, and to that end has employed a dedicated BIDs Coordinator to act as both an inter-departmental and business sector resource across the borough.

The local authority acknowledges the importance of BIDs as an inward investment tool and as an inclusive local area management model. One of the council's priorities in this area of work is to ensure that local resident communities are also fully engaged in the process of BID development and that investment is made for the benefit of all.

Southwark will continue to support BIDs and to develop and review policy and procedures to ensure their efficient facilitation and administration.

3. Responses from the stakeholder interviews

A total of 31 interviews (meeting 39 stakeholders) took place with board members and other key stakeholders within the two commissioning organisations and the area as a whole. A list of those interviewed can be found in annex 5.

All interviewees were asked a set of standard broad-ranging questions as follows:

1. Do you have a full understanding of BIDs?
2. What do you consider are the key issues for the area, and which of these do you consider to be priorities for your company?
3. What do you consider are the main obstacles to the introduction of a BID in the area?
4. If a BID were to be introduced in the area, do you believe that your company would be supportive in principle. What decision making process would your company need to go through to give support to a BID?

The responses to each question will be taken in turn and key verbatim comments can be found in annex 12.

3a. Do you have a full understanding of BIDs?

It was clear from the interviews that the vast majority of respondents were aware of the concept of BIDs but that their knowledge was fairly limited. Many knew of the origins of BIDs but were unaware of the technicalities and timing of implementation in the UK. There were also a few misconceptions that were picked up during the interviews arising from limited knowledge of the concept. These misconceptions were largely focused around the following aspects:

i. Misconception One

'A BID might simply replace public services, thereby letting the local authority off the hook'. Making it clear that a full baseline service level agreement would need to be drawn up and agreed by all parties prior to the final completion of the BID proposal went at least some way to reassure people that this was not the case.

ii. Misconception Two

'A BID would disproportionately affect the small businesses by charging unaffordable levies'. Explaining that the levy formula can be extremely flexible to enable a BID to tailor the levy to the particular needs of the area was reassuring. It was made very clear that the levy does take into account the type and scale of business by virtue of the rateable value calculations and indeed further adjustments, discounts and even exemptions can be made where it is deemed to be appropriate.

iii. **Misconception Three**

'A BID levy would be prohibitively high for charitable organisations'. Within the detailed levy calculations, allowances could be made depending on the needs within any particular area. One of these allowances could be for those organisations that currently receive mandatory charitable relief from business rates, ie. 80% allowance, hence recognising the limited ability to pay of these organisations.

iv. **Misconception Four**

'There are enough organisations in this area already, we don't want to see yet another layer'. It was made very clear that the prospect of a BID must be viewed as an evolution/rationalisation of existing organisations within the area and not another layer of bureaucracy.

3b. What do you consider are the key issues for the area, and which of these do you consider to be priorities for your company?

In terms of **issues**, specific reference was made to the differing characteristics and needs within the various pockets of the study area. Many referred to the difference between the areas '*either side of the tracks*', ie. the South Bank and Lower Marsh/The Cut.

In addition, reference was made to the scale of problems along the South Bank and a feeling that the problems such as cleansing, security and public realm management generally got worse as you move westwards from Blackfriars Road to Waterloo Station and County Hall/London Eye. Those located at the east end of the patch close to Blackfriars Road recognised many improvements in recent years and had few complaints about their immediate vicinity. However, the closer you get to the 'honey pot' of the London Eye and indeed Waterloo station the more the real concerns and complaints.

There was a reasonable amount of consensus around a few main aspects as follows:

i. **Consensus One**

General maintenance and management of the public realm, with particular concern about the perceived poor attention that the local authority gives to local area management.

ii. **Consensus Two**

Crime, anti-social behaviour and illegal trading directly linked to the perceived inadequate policing and enforcement in the area. Many respondents commented on this issue and could give real evidence of problems they have directly encountered.

iii. **Consensus Three**

Connectivity in the area, and in particular the unappealing subways, were considered to be a major issue for the area and a real deterrent to a good quality urban environment.

iv. **Consensus Four**

Street cleansing and litter collection was a concern in specific areas where footfall is high, for example around the London Eye, but not considered to be one of the biggest issues elsewhere. Some respondents did point out this may be due to the fact that additional cleansing services are already provided by private operators within the area.

v. **Consensus Five**

The plethora of existing groups and initiatives was considered a hindrance to the improvement of the area, with too much time spent on working out relationships rather than making things happen. Many comments were made about the various organisations, some referring to the complexity of the situation.

When it came to highlighting key **priorities**, inevitably many overlapped with their original issues raised. However in order of consensus they seem to fall within the following key categories:

i. **Priority One - Security**

Improved 'visible presence' on the streets - whether this be through Police, Police Community Support Officers (PCSOs), some form of Rangers, or indeed local authority enforcement officers - was the single highest priority. Many referred to the high level of illegal trading activity along the riverside since the attractions arrived and the bridges were completed. If commenting from the other side of the tracks, the statements tended to focus on the prevalence of vagrants and street drinkers. In addition to these aspects, a number of respondents referred to the increasing concerns about the potential terrorism threat to the South Bank given the iconic London Eye and its proximity to the Houses of Parliament.

ii. **Priority Two – Local area management**

Co-ordinated management and maintenance of the area through the rationalisation of existing groups and activities was a significant issue. Many wanted to see more local 'ownership' under an umbrella organisation.

iii. **Priority Three – Marketing and promotion**

A strong identity and enhanced profile for the area was felt to be a priority by many, with the caveat about recognising the need to better manage the space before you can attract even more. This sentiment was felt both sides of the railway line, but with separate character areas within an overall marketing message.

iv. **Priority Four – Market management (for CW)**

The market in Lower Marsh was considered a wasted opportunity by many, particularly those answering from a Circle Waterloo perspective. There was a strong feeling that improvements to the market could begin a transformation of the area.

3c. What do you consider are the main obstacles to the introduction of a BID in the area?

The vast majority of respondents pointed to exactly the same points under this question, much of which reflects the comments made under question (a) above when limited knowledge highlighted possible fears of the concept.

It is possible to sort the comments on **obstacles** into four clear categories, as follows:

i. **Trust**

Concerns about the local authorities' ability to deliver a satisfactory base level of services. From the local authority perspective, it was recognised that BIDs are a good thing given that it would enable the authority 'to get reconnected with its business ratepayers'.

ii. **Differing needs**

Concerns about the scope to achieve a consensus and synergy across the area came through focused on the differing needs and character of the South Bank and the Circle Waterloo area.

iii. **Cost**

Concerns about how the numbers stack up and the impact on different sectors and size of business was a recurring theme amongst respondents.

iv. **Support**

The ability to 'sell' the concept to the business community in an easy language format was a concern.

3d. If a BID were to be introduced in the area, do you believe that your company would be supportive in principle. What decision making process would your company need to go through to give support to a BID?

There was a great deal of support for the principle of a BID

From the South Bank perspective there was only 1 out of 10 major stakeholders interviewed who was not supportive of the principle with a further 2 being undecided at the current time. In rateable value terms this equates to nearly 60% of a possible South Bank BID (whole area) being supportive of the principle, and in number of hereditaments nearly 40%. Further analysis on all of the ratings data is provided in chapter five 'Rateable value analysis'.

From the Circle Waterloo perspective, out of 7 key stakeholder interviews only 1 was unsupportive at the present time but this was only due to the current status of Circle Waterloo as an organisation not of the concept itself. Given the immense number of hereditaments, all of relatively low value within the Circle Waterloo potential area it is not appropriate to present a similar percentage figure as that stated above for South Bank.

The majority of respondents saw a BID as a natural progression to the existing area management arrangements, particularly those within the SBEG area.

In terms of the decision making process, many of the SBEG members were clear about the procedure they would need to go through as it merely mirrored that of the existing SBEG annual subscription, subject to final costing. Whereas for Circle Waterloo, those who do not currently make a financial contribution to an organisation recognised that this would potentially be a more challenging process and indeed may need more lead-in time.

4. Responses from the business survey

A database of 254 businesses was created including a wide range of types and sizes of businesses (excluding those involved in the stakeholder interviews). The full survey questionnaire can be found at annex 6. The survey was then carried out through a number of modes of communication as follows:

- Postal (254 sent, 9 received)
- Email (59 sent plus reminder, 2 received)
- Telephone (31 attempted, 10 achieved)

Total responses 21 (8%)

The table below shows the areas covered by the survey together with where the responses came from.

Areas covered	Issued or conducted	Responses received
Baylis Road	12	1
Belvedere Road	7	2
Cornwall Road	1	0
Kennington Road	12	0
Lambeth Palace Road	1	0
Lower Marsh	80	5
Oxo Tower – Barge House Street	29	2
Stamford Street	5	0
The Cut	38	3
Upper Ground	16	2
Waterloo Road	17	5
Westminster Bridge Road	18	1
York Road	6	0

There was a disappointing response from the business survey in terms of quantity, although the quality of responses that was received was good. On a general note in relation to response rate, much of the survey, by virtue of excluding the major companies already taking part in the stakeholder interviews was focused on small to medium sized businesses. Many contacted were unaware of any local management activity and hence disinterested in the value of the survey to future management arrangements. Indeed it should also be noted that the results are symptomatic of the general problems of consulting small businesses. The survey asked the following questions:

1. What aspects do you think are positive about the area?
2. Do you feel the area is generally improving or declining?
3. Are you satisfied with the existing public services in the area?
4. If not, which ones are you dissatisfied with and why?
5. In relation to a possible BID levy, do you have a view on whether there should be exemptions or reductions?
6. Please indicate the extent to which an enhancement of the following local aspects would affect your business?

7. Which of the above priorities would you, in principle, be willing to invest in as part of a Business Improvement District?
8. Do you have any further comments you would like to make about the area in relation to the scope for a Business Improvement District?

The responses to each question will be taken in turn and the verbatim comments can be found in annex 13.

4a. What aspects do you think are positive about the area?

The main positive aspects that were highlighted by respondents were:

Good transport links	33%
Good location to do business	33%
Arts	33%
Tourism	28%

Other references to positive elements were leisure, shopping, hospitals, colleges, residential and multi-cultural society, and a high and diverse density of people in the area.

4b. Do you feel the area is generally improving or declining?

The vast majority of respondents felt that the area is generally improving:

Improving	85%
Declining	10%
Static	5%

4c. Are you satisfied with the existing public services in the area?

A high number of respondents were satisfied with the basic level of existing services, despite the fact that a higher standard and type of services are generally demanded as shown in the later responses:

Satisfied	71%
Fairly dissatisfied	10%
Dissatisfied	19%

4d. If not, which services are you dissatisfied with and why?

On the basis of the high satisfaction levels in the previous question there was little depth to the answer on this question. However, of those dissatisfied this was largely due to poor policing and poor rubbish collection.

4e. In relation to a possible BID levy, do you have a view on whether there should be exemptions or reductions?

Inevitably the vast majority responded from a 'self-interest' perspective, ie. if there are any exemptions or reductions to be allocated it should be

for them. However, some did express the view that it should be carefully tailored to the particular needs and circumstances in the area together with the potential impact of any BID services to each type of business.

4f. Please indicate the extent to which an enhancement of the following local aspects would affect your business?

The survey contained a full list of local aspects and respondents were asked to judge them based on the affect on their business, together with stating the level of priority. The table below was compiled from the total 21 key stakeholder responses received by post, email or telephone.

The results related to the affect on their business were as follows, shown in priority order:

Impact on business	A lot	A little	No influence
Policing of public spaces	13	4	1
Marketing and promotion activities	13	3	4
Rubbish collection and disposal	12	4	4
Maintenance of footpaths (including street furniture)	12	4	4
Riverside footpaths	11	3	5
Pedestrian signage	9	7	4
Closed circuit TV	9	6	5
Maintenance and management of parks and open spaces	9	6	4
Management and maintenance of the public aspects of buildings and land	9	5	6
Enforcement of illegal traders	9	4	6
Provision of transport facilities such as taxi ranks and bus shelters	8	8	2
Street cleaning	8	7	4
Maintenance of roads	8	5	7
Market management	8	4	6
Creating a local business voice	7	9	3
Festivals and events	7	6	6
Maintenance of advertising hoardings	7	3	11
Graffiti removal	6	9	5
Arts and sculptures in public places	6	6	7
Street lighting	4	6	10
Enforcement and management of parking (including coaches)	4	6	5

* note that not all respondents commented on all categories and therefore the totals do not necessarily tally

The results in relation to the priority the business would put on each local aspect were as follows:

Priorities	High	Medium	Low
Policing of public spaces	10	4	1
Marketing and promotion activities	9	5	0
Maintenance of footpaths (including street furniture)	9	5	0
Rubbish collection and disposal	8	5	1
Closed circuit TV	8	4	0
Riverside footpaths	8	3	1
Enforcement of illegal traders	8	1	2
Street cleaning	7	5	1
Management and maintenance of the public aspects of buildings and land	6	6	0
Graffiti removal	6	5	2
Market management	6	2	2
Provision of transport facilities such as taxi ranks and bus shelters	5	8	1
Pedestrian signage	5	6	3
Maintenance and management of parks and open spaces	5	6	2
Festivals and events	4	6	1
Maintenance of roads	4	5	2
Maintenance of advertising hoardings	3	5	0
Creating a local business voice	2	9	3
Arts and sculptures in public places	2	7	1
Enforcement and management of parking (including coaches)	1	6	1
Street lighting	1	5	2

* note that not all respondents commented on all categories and therefore the totals do not necessarily tally

4g. Which of the above priorities would you, in principle, be willing to invest in as part of a Business Improvement District?

Willing to pay for?	
Marketing and promotion	7
Policing	3
Enforcement of illegal traders	2
Rubbish collection	2
Maintenance of parks and open spaces	2
Pedestrian signage	2
Festivals and events	2
Bus shelters	1
Closed circuit TV	1
Graffiti removal	1
Market management	1
Maintenance of footpaths	1
Arts and sculpture in public	1

areas	
-------	--

4h. Do you have any further comments you would like to make about the area in relation to the scope for a Business Improvement District?

A number of general comments were made within this section which can be found in annex 13.

5. Baseline data analysis

There is a requirement within the regulations to establish a baseline agreement to demonstrate those services that will be continued by public service providers once the BID is created. This is to ensure that the basic level of statutory services continue at an agreed level whilst the BID company enhances various services where demanded, hence the BID services represent '**additionality**'.

Comments from stakeholders in relation to the baseline came through during the stakeholder interviews as referred to earlier in this report. In particular this was reported as the most common 'misconception' in section 3a:

Misconception One

'A BID might simply replace public services, thereby letting the local authority off the hook'. Making it clear that a full baseline service level agreement would need to be drawn up and agreed by all parties prior to the final completion of the BID proposal went at least some way to reassure people that this was not the case.

In the various pilot BIDs to date this has proved one of the most challenging elements of the BID proposal due to the fact that there is no simple scientific method of creating this baseline and therefore has tended not to be finalised until the final stages. In addition, it has proved difficult in many cases to confirm the exact level of services until detailed negotiations have taken place on the precise BID services to be delivered against that of the minimum public services.

Amongst the pilot BIDs aiming for a formal ballot during this financial year (2004/05), one pilot – Kingston - has confirmed its baseline agreement. A copy of this can be found at annex 7.

Initial investigations into the basic levels of service provision within the study area have been carried out but with limited results to date. The following table shows the possible sources of data and the information provided so far.

Source of data	Status/outcome
London Borough of Lambeth	Information requested – <ul style="list-style-type: none"> • Contract details, frequencies and costs for street cleansing, street enforcement and illegal trading (<i>received information on approximate cost of cleansing excluding refuse collection of £790,000 per annum – no further breakdown received to date</i>) • Details of the management of the market in relation to costs and services (<i>no details received to date</i>)

	<ul style="list-style-type: none"> • Details of the breakdown of s106 spend from the London Eye (and any other key s106 funds) in relation to cleansing, enforcement and parking (<i>received indicative costings breakdown from London Eye s106 spend in first year of £100,000 site improvements, £100,000 security measures, £75,000 street trading enforcement, £25,000 extra parking enforcement, £5,000 maintenance of coach bays, £6,000 administration of s106 fund</i>) • Sample data on frequency and outcome of street maintenance and lighting inspections (<i>received sample data of inspection records for street lighting see annex 8</i>)
London Borough of Southwark	<p>Information requested –</p> <ul style="list-style-type: none"> • Contract details, frequencies and costs for street cleansing, street enforcement and illegal trading (<i>no details received to date</i>) • Contract details, frequencies and costs for highway maintenance including street furniture (<i>no details received to date</i>) • Contract details of community wardens (if any are planned for the study area) (<i>no details received to date</i>)
Shell Centre	<p>Information requested –</p> <ul style="list-style-type: none"> • Contract details and costs for cleansing and security services provided around the curtilage of the site (<i>indicative figures received for security provision of approximately ¼ to ½ FTE per day and for cleansing provision of approximately ¼ FTE per day, although this is seasonal, and graffiti cleaning within 24 hours plus specialist cleans once per week, equivalent to ½ FTE per week</i>)
SBEG	<p>Information requested –</p> <ul style="list-style-type: none"> • Contract details in relation to the neighbourhood management contracts procured and paid for by SBEG delivered by CSCB within the study area (<i>£60,000 per annum including watering trees, cleaning public artworks, putting up posters on event structures, checking street furniture, but no further details received to date</i>)
Bfi	<p>Information requested –</p> <ul style="list-style-type: none"> • Contract details and costs for cleansing and security services provided around the curtilage of

	the site if applicable <i>(no details received to date)</i>
IBM	Information requested – <ul style="list-style-type: none"> Contract details and costs for cleansing and security services provided around the curtilage of the site if applicable <i>(received response that no services are provided outside the curtilage of their site)</i>
South Bank Centre	Information requested – <ul style="list-style-type: none"> Contract details and costs for cleansing and security services provided around the curtilage of the site if applicable <i>(no details received to date)</i>
Kings College	Information requested – <ul style="list-style-type: none"> Contract details and costs for cleansing and security services provided around the curtilage of the site if applicable <i>(received response that no services are provided outside the curtilage of their site)</i>
London Eye	Information requested – <ul style="list-style-type: none"> Contract details and costs for cleansing, security and enforcement services provided around the curtilage of the site in relation to the s106 agreement <i>(received response that there was a plan submitted to Lambeth Council about 18 months ago detailing a number of services that they could deliver including CCTV and manned patrols, cleansing, and maintenance and upkeep of Jubilee Gardens. The quotes related to this original plan are now out of date, but a further plan has been submitted for the CCTV and security elements and they are awaiting a reply)</i>
National Theatre	Information requested – <ul style="list-style-type: none"> Contract details and costs for cleansing and security services provided around the curtilage of the site if applicable <i>(no details received to date)</i>

6. Rateable value analysis

6a. The basics of business rates

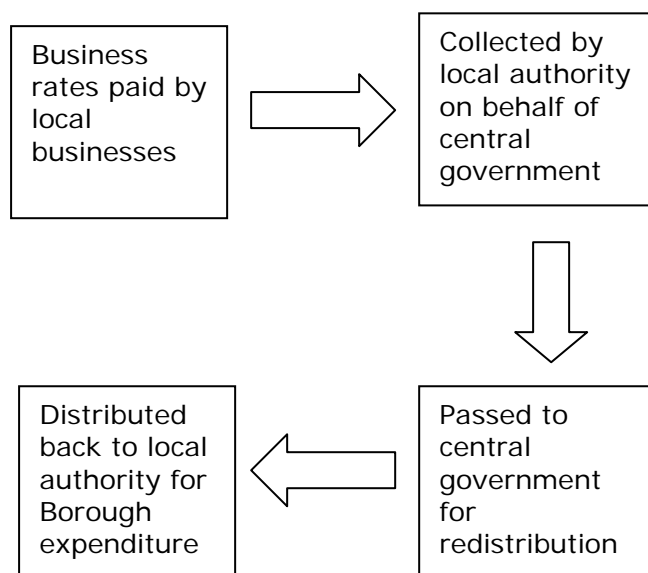
The main essence of a BID is the guaranteed income stream that can be created following a majority vote of a defined business community. The critical distinction between this and other partnership initiatives is that it eliminates the presence of 'free-riders' in a funding regime by ensuring once a vote has been successful all businesses are required by law to pay the levy. The legislation in England has designed so that the funding stream is derived from business ratepayers, ie. occupiers of property. This is to enable the levy to comfortably utilise the existing national non-domestic rating system (NNDR) as the basis for calculation and collection.

Therefore before launching into the details of a possible BID levy it is worth setting out the basics of the rating system.

- Each rateable unit of property is defined as a 'hereditament' (this is not necessarily synonymous with a business address, ie. a large shop or office may occupy a number of hereditaments even though they function as one single business entity)
- Each hereditament has a rateable value which is decided by the Valuation Office and is based upon market rental values within the specified area
- The Valuation Office is an executive agency of the Inland Revenue responsible for assessing rateable values
- Rateable values are determined every five years and these are compiled to form a rating list which is issued to the relevant local authority (we are currently operating under the 2000 rating list, with the new values for 2005 to be determined over the coming months)
- All valuations are made based on a fixed valuation date, and for the 2000 list this was set as at 1 April 1998. For the 2005 list the valuation date will be set as at 1 April 2003.
- The rating list is held by the ratings department of the local authority who are responsible for the billing and collection of business rates for their area on behalf of central government
- The amount of business rates paid is based upon a calculation of the rateable value times by a multiplier
- The multiplier is set nationally on an annual basis
- The local authority is also responsible for applying any reliefs that may be due such as an allowance for a charitable organisation to arrive at the actual rates bill for each hereditament

A common misconception about business rates is that the local authority is able to use all the funds collected locally on an annual basis. However the local authority is merely acting as a collection agency for central government. Once the funds have been collected locally these are passed on to central government, and then redistributed to local councils based on a needs analysis. In many cases, the local authority does not receive

the full amount back to their local area, and indeed this is particularly stark in central London where on average less than 10% of the business rates collected is returned for expenditure in the local area. This is demonstrated in the following diagram. Only a small percentage of the business rates collected in Waterloo is effectively spent in Waterloo and an even smaller percentage is spent on services to businesses themselves.



6b. The BID levy calculation

The legislation does not prescribe the method by which the levy might be calculated although the guidance from the Office of the Deputy Prime Minister (ODPM) recommends use of one of the following methods:

- As a percentage of the rateable value of each hereditament (this is the most equitable approach given that it is already, in principle, weighted to the ability to pay, via the rental values)
- As a proportion of a ratepayer's rate bill (this is complicated by the different multiplier used each year which is set nationally and by the various reliefs applied to each hereditament)
- As a flat rate fee in addition to a rate bill (this does not take into account the ability to pay of each business in a market-tested way as with the rateable value approach)

Therefore, for obvious reasons the vast majority, if not all, of the pilot BIDs across the country have opted to use a percentage of the rateable value. In most cases this is tending to be somewhere between 1% and 3%, although there is no prescribed minimum or maximum percentage.

There is also scope to decide on a fixed or variable levy. This relates to whether an agreed valuation date is set for the purposes of levy calculation and therefore the levy amount payable for a specific period, usually one year, or whether the levy rate directly mirrors the ratings system and therefore takes into account all daily minor changes to the list. The vast majority of pilot BIDs are favouring the fixed levy approach as this is a much simpler system and gives a more predictable income stream.

In addition to the basic principles of a percentage of rateable value there is huge flexibility in the way that this is applied to an area depending on local circumstances. In essence there is scope to do anything that can be justified, bearing in mind the need to keep it as simple for interpretation purposes as possible.

For example, a BID area may choose to –

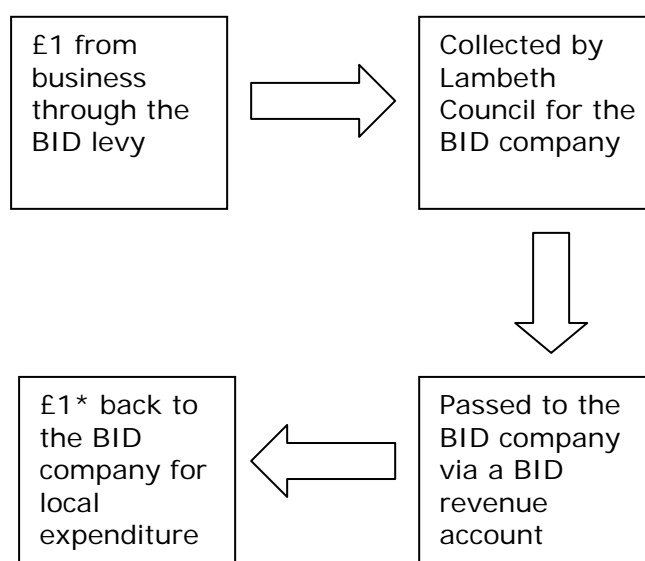
- Adopt 2% of rateable value for all hereditaments, but
- Make an allowance (in line with the NNDR mandatory charitable relief) for charitable organisations
- Make exemptions of certain types of hereditaments
- Make exemptions for small hereditaments below a certain rateable value
- Put an upper limit on the levy amount payable for hereditaments above a certain rateable value

In terms of the experience in London so far with the pilot BIDs, the following table shows some indicative figures and formulas in relation to their levy calculations. It should be noted that these are all still provisional figures and may be subject to change before their formal ballot.

Provisional levy formulae in London pilot BIDs			
Hereditaments	Levy rate	Special rules	Anticipated budget
Piccadilly Circus Partnership			
217	1% fixed using the 2000 list	Exemptions below £50,000 rateable value Allowances for advertising rights at 50% Allowances for mandatory charitable relief at 80% Shopping centre tenants will receive a 50% rebate from their landlord	£550,000
Holborn Business Partnership			
420	1% variable	Exemptions below £8,000	£500,000

	using the 2005 list		
Better Bankside			
275	2% fixed using 2000 list	Exemptions below £10,000	£600,000
New West End Company			
250	1%	Exemptions below £250,000 Retail frontages only	£2,300,000
Kingston Town Centre			
900	1%	No exemptions	£650,000
Paddington Circle			
390	1.5% fixed	Exemptions below £5,000	£400,000

The key issue about the BID income is once the formula has been agreed and the levy is collected, following a majority vote, the funds are collected by the local authority on behalf of the BID and then redistributed straight to the BID company via a ring-fenced BID revenue account. This means that for every £1 the business contributes in BID levy, £1 is spent locally by the BID company as directed by the businesses, as shown in the following diagram.



* The BID company will, of course, have standard company overheads together with the costs associated with the BID levy to fund from this income.

6c. Analysing the data

The rateable value data used for this study is correct as at June 2004 and has been provided by the relevant local authorities. It should be noted that this data changes on a regular basis due to the incidence of appeals against rateable values and the introduction of new properties and splits

of mergers of properties to the list. Therefore for the purposes of this study, the data should be considered 'indicative', however in practice the margin of adjustment is likely to be fairly low.

For ease of analysis and presentation, the specific property address has been used as referred to on the rating list. This may mean in some cases that a property that predominantly fronts onto one street may be classified as another due to its formal address for ratings purposes.

The Valuation Office data is classified into more than 700 property types. However, in order to enable a more simple analysis for the purposes of this study, the CB Hillier Parker 20 property categories has been adopted as used in the BIDs scoping study for the Pool of London Partnership in 2003.

6d. Collecting the levy

As already stated earlier in the report, it will be the responsibility of the local authority to collect the levy on behalf of the BID company. This will involve -

- initial software design to enable a collection system
- issuing of bills (either as part of the rates bill or on a separate bill)
- collecting the levy payments (to be directed straight to a ring-fenced BID revenue account)
- passing the levy funds over to the BID company on a pre-agreed frequency
- enforcing bad debtors (using the existing NNDR enforcement procedures)

The regulations allow for the local authority to 'reasonably' cost out these tasks and in agreement with the BID company pass these on for payment by the BID.

7. Options for BID implementation

7a. Total rateable values for the study area

The study area covers two local authority areas – the London Borough of Lambeth and the London Borough of Southwark, therefore ratings data has been sourced from both local authorities.

The crude totals for the whole Waterloo Project Board area as shown in annex one are as follows:

- Total number of hereditaments (1,093)
 - Lambeth (642)
 - Southwark (451)
- Total rateable value (approx £70m)
 - Lambeth (approx £47m)
 - Southwark approx £23m)

A full database of all raw rateable value data received from both Lambeth and Southwark boroughs as at June 2004 is provided for information at annex 9. It should be noted that this data is constantly changing as a result of appeals, new properties and splits or mergers of properties and should therefore be used as an indicative guide at this stage.

However, it should be noted that these are merely totals for the whole study area and it would not be practical to consider implementation of a BID across this geographical area. The full options analysis and justification for each potential BID area is set out in the following sections based on the following criteria –

- i. geographically manageable and locally acceptable area
- ii. concentration of rateable value
- iii. concentration of particular uses of property
- iv. viability of management structures and experience
- v. existing membership commitment

There are five main options that will be considered in depth as follows –

1. South Bank and Waterloo BID
2. South Bank BID (whole area)
3. South Bank BID (reduced area)
4. Circle Waterloo BID (core area)
5. Circle Waterloo BID (expanded area)

It should be noted that these offer indicative boundaries and statistics for ease of analysis, but there is still scope to make further adjustments if required.

7b. Option 1 – South Bank and Waterloo BID (See annex 10, map 1)

This area is an amalgamation of the South Bank whole area and the Circle Waterloo expanded area. It includes areas in both the London Boroughs of Lambeth and Southwark.

Road	Hereditaments	Rateable Value
Lambeth Palace Road (part)	10	£3,374,065
Belvedere Road	17	£1,827,000
York Road	62	£10,750,445
County Hall (including London Eye)	15	£4,754,900
Hungerford Bridge	7	£102,425
Concert Hall Approach	2	£29,300
Upper Ground	51	£8,789,440
Stamford Street	23	£4,411,050
Waterloo Road (part)	2	£593,000
Charlie Chaplin Walk	1	£315,000
Broadwall	9	£210,275
Oxo Tower	44	£571,775
Rennie Street	2	£1,007,000
Paris Gardens	7	£1,334,650
Hatfields	11	£838,600
Colombo Street	4	£114,450
Waterloo Road	80	£4,822,620
Lower Marsh	88	£1,978,850
The Cut	44	£765,745
Westminster Bridge Road (part)	37	£972,450
Hercules Road	25	£1,414,700
Lambeth Road	8	£262,450
Kennington Road (part)	28	£855,070
Waterloo Station	81	£3,745,950
Cornwall Road	13	£191,200
Wootton Street	9	£203,240
Boundary Row	16	£464,125
Short Street	3	£47,200
Webber Street	2	£34,750
TOTALS	701	£54,781,725
Number of hereditaments with mandatory charitable relief	58	£6,661,590
TOTALS with charitable relief applied at 80% allowance	701	£49,452,400

The possible crude income from a levy is as follows:

Without charitable relief			
1%	1.5%	2%	3%
£547,817	£821,725	£1,095,634	£1,643,451
With charitable relief			
1%	1.5%	2%	3%
£494,524	£741,785	£989,048	£1,483,572

The rationale behind this area and the key issues are as follows:

i. geographically manageable and locally acceptable area

- This area, combines the existing South Bank and Circle Waterloo areas including various peripheral areas that haven't been actively managed by either organisation to date
- On the surface there is a geographical sense in the combination of these two areas, but in terms of both local affinity and a lack of a common perception of priorities for the area as a whole it is potentially an unpopular option

ii. concentration of rateable value

- The rateable value of this area is substantial compared with any of the other options, albeit with considerably more hereditaments to deal with, many of which are small businesses

iii. concentration of particular uses of property

- There are a range of uses within this large area which may not be compatible in terms of the relative benefits to each sector
- However, there is a case to suggest that the relatively small businesses within the area would benefit from being part of a larger organisation hence achieving economies of scale that cannot be achieved if they go it alone
- Although from the stakeholder interviews it was very clear that many were uncomfortable about the principle of 'joining forces'

iv. viability of management structures and experience

- There are considerable advantages with combining efforts in relation to the management and overheads for the organisation
- This enables one organisation to exist with one staff team and one set of overheads, nevertheless there is still scope to arrange the organisational structures so that they reflect the various sectors and sizes of business within the area

v. existing membership commitment

- With SBEG's existing annual membership scheme this paves the way for a positive support for the principles of the BID, which may assist in encouraging the many others who are yet to commit to recognise the benefits of a BID concept

7d. Option 2 – South Bank BID (whole area) See annex 10, map 2

This area includes the whole of the existing SBEG area from Westminster Bridge to Blackfriars Bridge. It includes areas in both the London Boroughs of Lambeth and Southwark. It includes the following streets/areas:

Road	Hereditaments	Rateable Value
Lambeth Palace Road (part)	10	£3,374,065
Belvedere Road	17	£1,827,000
York Road	62	£10,750,445
County Hall (including London Eye)	15	£4,754,900
Hungerford Bridge	7	£102,425
Concert Hall Approach	2	£29,300
Upper Ground	51	£8,789,440
Stamford Street	23	£4,411,050
Waterloo Road (part)	2	£593,000
Charlie Chaplin Walk	1	£315,000
Broadwall	9	£210,275
Oxo Tower	44	£571,775
Rennie Street	2	£1,007,000
Paris Gardens	7	£1,334,650
Hatfields	11	£838,600
Colombo Street	4	£114,450
TOTALS	267	£39,023,375
Number of hereditaments with charitable relief	27	£5,198,250
TOTALS with charitable relief applied at 80% allowance	267	£38,647,000

The possible crude income from a levy is as follows:

With charitable relief			
1%	1.5%	2%	3%
£390,233	£585,350	£780,467	£1,170,700
Without charitable relief			
1%	1.5%	2%	3%
£348,647	£522,970	£697,295	£1,045,942

The rationale behind this area and the key issues are as follows:

- i. geographically manageable and locally acceptable area

- This area, as opposed to the reduced South Bank BID area, more directly reflects the existing South Bank Employers Group area
- There is a natural synergy of activity along the riverside from Westminster Bridge to Blackfriars Bridge

ii. concentration of rateable value

- The rateable value of this area is considerably higher than that of the core South Bank BID area but it is derived from a far greater number of hereditaments, which makes the success of the ballot process potentially more challenging

iii. concentration of particular uses of property

- There is a high concentration in number of hereditaments in retail within Gabriel's Wharf and Oxo Tower Wharf. Although not insurmountable there have been suggestions that these occupiers would not be supportive of a BID and therefore further investigation would be required before proceeding on this basis

iv. viability of management structures and experience

- More so than with the reduced South Bank BID area the budget enables a fair amount towards staffing and overheads, without taking into account additional income streams

v. existing membership commitment

- There is limited SBEG membership within the whole area as a proportion of the total, compared to the reduced area, at the current time, with only one additional occupier with a rateable value of approximately £1,000,000.
- Therefore the SBEG members' rateable value for this area totals approximately £20,000,000, which amounts to just over 50% of the total rateable value for the area. Although this is less than in the reduced area it still represents a considerable proportion of the area

7c. Option 3 – South Bank BID (reduced area) See annex 10, map 3

This area is considered a realistic core area within which South Bank Employers' Group could operate an initial BID. It excludes the area to the east of television centre up to Blackfriars Road. It also only includes areas within the London Borough of Lambeth. It includes the following streets/areas:

Road	Hereditaments	Rateable Value
Lambeth Palace Road (part)	10	£3,374,065
Belvedere Road	17	£1,827,000
York Road	62	£10,750,445
County Hall (including	15	£4,754,900

London Eye)		
Hungerford Bridge	7	£102,425
Concert Hall Approach	2	£29,300
Upper Ground (part)	10	£6,152,700
Stamford Street (part)	8	£174,150
Waterloo Road (part)	2	£593,000
Charlie Chaplin Walk	1	£315,000
TOTALS	134	£23,318,085
Number of hereditaments with charitable relief	26	£5,192,150
TOTALS with charitable relief applied at 80% allowance	134	£19,164,600

The possible crude income from a levy is as follows:

Without charitable relief			
1%	1.5%	2%	3%
£233,180	£349,771	£466,360	£699,540
With charitable relief			
1%	1.5%	2%	3%
£191,646	£287,464	£383,286	£574,929

The rationale behind this area and the key issues are as follows:

i. geographically manageable and locally acceptable area

- This area already represents the core of the South Bank Employers' Group area of activity
- It makes geographical sense in terms of capturing the key gateways into the area of Westminster Bridge, Hungerford Bridge and Waterloo station
- It excludes the Coin Street Community Builders area given that it is perceived that neighbourhood management already exists in this area and therefore the willingness of occupiers to support a BID may not be forthcoming
- It also excludes the eastern tip of the South Bank area as it reaches Blackfriars Road as there is evidence that the demonstrable need for enhanced services delivered through a BID-type model and indeed any real concerns about the area begins to tail off as you reach Blackfriars Road
- This area is fully contained within the London Borough of Lambeth and therefore creates no complications of a cross-borough approach

ii. concentration of rateable value

- There is a significant rateable value in a very manageable number of hereditaments which makes this prospect very attractive in BID terms

iii. concentration of particular uses of property

- The predominant uses in the area are office and tourism/arts. Although these uses are not necessarily immediately complementary there is good evidence from the SBEG activities that there has been consensus between these uses over a number of years

iv. viability of management structures and experience

- At the bottom end of the levy rate, ie. 1%, there is a limited budget to fund a staff team and overheads without heavy reliance on additional income streams. However, if the levy is closer to the top end, ie. 2% to 3%, there is a good size budget
- SBEG has a significant track record of delivery of BID-type services based on local priorities and a very well established network of contacts in the local area

v. existing membership commitment

- There are 10 existing SBEG members within this core area, 8 of which are occupiers (the other two are landowners and therefore would be subject to separate negotiations on voluntary contributions rather than via the mandatory BID levy).
- Those 10 SBEG members account for nearly £19,000,000 of the total £23,318,085 (this amounts to 81% of the total rateable value for the area)
- There is a long track record of financial contributions from SBEG members and therefore the transition from this subscription based approach to a BID levy should be manageable subject to price sensitivities, assuming that the levy is charged instead of the existing subscription fee
- It should be noted that a number of the existing SBEG members currently benefit from mandatory charitable relief from their business rates, and therefore it is assumed that this approach is adopted for the BID levy

7e. Option 4 – Circle Waterloo BID (core area) See annex 10, map 4

This area is considered the minimum core area within which Circle Waterloo could operate a BID. It includes areas in both the London Boroughs of Lambeth and Southwark. It includes the following streets:

Road	Hereditaments	Rateable Value
Waterloo Road	80	£4,822,620
Lower Marsh	88	£1,978,850
The Cut	44	£765,745
Westminster Bridge Road (part)	37	£972,450

TOTALS	249	£8,539,665
Number of hereditaments with charitable relief	18	£1,304,650
TOTALS with charitable relief applied at 80% allowance	249	£7,495,900

The possible crude income from a levy is as follows:

With charitable relief			
1%	1.5%	2%	3%
£85,396	£128,094	£170,793	£256,189
Without charitable relief			
1%	1.5%	2%	3%
£74,959	£112,438	£149,918	£224,877

The rationale behind this area and the key issues are as follows:

i. geographically manageable and locally acceptable area

- Circle Waterloo has been working on the natural focus around ‘the cross’ that is the crossroads where Lower Marsh, The Cut and Waterloo Road meet
- It makes ‘commercial identity’ sense to put Lower Marsh and The Cut together as these areas could and should feed off each other
- Waterloo Road is the natural access route to Lower Marsh and The Cut from the riverside and Waterloo Station
- Westminster Bridge Road (the northern part) naturally relates to the western end of Lower Marsh in commercial terms and is the link between Lambeth North underground station and Lower Marsh

ii. concentration of rateable value

- There is a concentration of rateable value of these four main ‘thoroughfare’ streets
- Taking in surrounding peripheral streets would not be worthwhile in terms of the ratio of rateable value available against the number of hereditaments

iii. concentration of particular uses of property

- The predominant uses within this area are retail (and other ‘customer facing’ uses such as cafes and restaurants) and offices
- However the majority of retail use is focused on Lower Marsh and The Cut, and the majority of office use is located on Waterloo Road. This may create tensions in terms of negotiating an acceptable business plan of BID services that satisfies both markets

iv. viability of management structures and experience

- Without additional income streams the limited budget would require careful consideration of the best value approach to staffing and overheads
- This is likely to necessitate a limited staff team (maximum 2 FTEs) but with an active volunteer board
- With a very limited 'projects budget' over and above the management and overheads costs, it would potentially be difficult to demonstrate the value of the BID to businesses as they will expect to see tangible benefits for their investment

v. existing membership commitment

- This area covers the existing core area of Circle Waterloo SRB boundary and a number of key existing members of the Circle Waterloo board and executive, namely The Old Vic, Young Vic, Costain and Phillips Framing
- However, other than limited match funding contributions to SRB projects, no formal membership scheme is in place at the current time hence there is no track record of willingness to make financial contributions

7f. Option 5 – Circle Waterloo BID (expanded area) See annex 10, map 5

This area includes the core area of Circle Waterloo as defined in option 4 plus adds a number of additional areas/streets. It includes areas in both the London Boroughs of Lambeth and Southwark. It includes the following:

Road	Hereditaments	Rateable Value
Waterloo Road	80	£4,822,620
Lower Marsh	88	£1,978,850
The Cut	44	£765,745
Westminster Bridge Road (part)	37	£972,450
Hercules Road	25	£1,414,700
Lambeth Road	8	£262,450
Kennington Road (part)	28	£855,070
Waterloo Station	81	£3,745,950
Cornwall Road	13	£191,200
Wootton Street	9	£203,240
Boundary Row	16	£464,125
Short Street	3	£47,200
Webber Street	2	£34,750
TOTALS	434	£15,758,350
Number of hereditaments with	31	£1,463,340

charitable relief		
TOTALS with charitable relief applied at 80% allowance	434	£14,587,600

The possible crude income from a levy is as follows:

With charitable relief			
1%	1.5%	2%	3%
£157,583	£236,375	£315,167	£472,750
Without charitable relief			
1%	1.5%	2%	3%
£145,876	£218,814	£291,753	£437,629

The rationale behind this area and the key issues are as follows:

i. geographically manageable and locally acceptable area

- Adding the area to the south west of Lower Marsh, ie. Hercules Road, Lambeth Road and Kennington Road (part) is potentially a natural progression of the retail base.
- Adding Waterloo Station would give the 'gateway' opportunity in terms of marketing and promotion for prospective customers
- Adding the area to the north of The Cut, ie. Cornwall Road and Wootton Street incorporates the new Spacia developments in the railway arches
- Adding the area to the south of The Cut would take in the businesses immediately behind The Cut and in particular the major office locations on Boundary Row, which could be of benefit to their workforce from working more closely with the customer facing businesses of The Cut and Lower Marsh

ii. concentration of rateable value

- There is considerably more rateable value added with these additional areas but generated through an additional 185 hereditaments
- Waterloo station hereditaments may consider themselves a 'special case' in terms of their shopping centre tenant-type status which may require an allowance being made against the levy

iii. concentration of particular uses of property

- The two areas of additional retail are Kennington Road and Waterloo Station – it is not clear at the current time whether Kennington Road feel a local 'affinity' with the Lower Marsh area and indeed it is very clear that Waterloo Station retailers do not
- The addition of office uses on Boundary Row may be accommodated in a potential BID business plan if it can be

demonstrated that cross-fertilisation of activity is of benefit to their workforce

iv. viability of management structures and experience

- The budget is potentially more viable to cover a basic staff team plus overheads, however it would probably still only enable a maximum 2FTE staff team, and would still be reliant on additional income streams

v. existing membership commitment

- As with the core area for Circle Waterloo, there is a very limited track record of financial contributions within this area
- The expanded area also includes 'new' areas to the existing Circle Waterloo SRB area that would require intensive work to develop a relationship before embarking on a BID ballot

8. Key observations and recommendations

The aim of this study has been to investigate the feasibility of the BIDs concept in the South Bank and Waterloo area.

A number of key observations can be made in relation to the overall applicability and potential implementation of the concept:

- There is undoubtedly a demonstrable need for local area management within the whole of the study area, but the focus of this need does differ depending on size and type of businesses
- South Bank Employers' Group has a good track record of delivery in local area management over a considerable period of time and hence businesses within its area/membership can appreciate the benefits of this approach
- Circle Waterloo has limited experience of area management to date and over and above the strong executive group is yet to achieve a real commitment from the numerous small businesses within its area
- Based on the rateable value analysis there is definitely viability for a BID in the South Bank area, but the most likely way of achieving this will be by replacing the existing annual membership subscription with the BID levy. It will also be imperative that additional income streams - such as property owner contributions, s106 funds and regeneration funds - are bound in to the BID proposal
- Based on the rateable value analysis it is more challenging to create a viable budget for the Circle Waterloo area, however the success of this will depend on the ability to capture the imagination of the small businesses and to demonstrate tangible economic benefit whilst keeping management and overhead costs very low. This will undoubtedly limit the type of BID services that could be delivered in this area
- Based on the current business interest and awareness of area management and the concept of BIDs, the larger business community through the SBEG membership have a good understanding and a majority 'in principle' commitment to a BID. In the small business areas, including the Circle Waterloo area and the Oxo Tower and Gabriel's Wharf area, there is limited awareness and understanding of the existing initiatives or scope for the future
- There is a general level of support from both local authorities – Lambeth and Southwark - and this is borne out in the position statements that can be found in section 2f

It is clear from the findings of the study that there is a potential appetite for BIDs, as highlighted in the positive outcomes from the stakeholder interviews.

During these interviews, there were a number of **misconceptions** identified, which can be resolved as follows:

Misconception one – ‘A BID might simply replace public services, thereby letting the local authority off the hook’.

Solution one – A BID proposer is required to enter into a detailed baseline service level agreement with the local authority to ensure that the statutory provision of services is continued and BID services represent true ‘additionality’

Misconception Two – ‘A BID would disproportionately affect the small businesses by charging unaffordable levies’.

Solution Two – A BID proposer may design the levy formula in which ever way it thinks fit for the local area, this may involve discounts or even exemptions to small businesses to ensure that they are not disadvantaged.

Misconception Three – ‘A BID levy would be prohibitively high for charitable organisations’

Solution Three – A BID proposer may introduce specific allowances for charitable organisations if this is deemed to be appropriate, indeed the calculations in the BID options in section 7 of this report identify the impact of a 80% relief on all charitable organisations.

Misconception Four – ‘There are enough organisations in this area already, we don’t want to see yet another layer’

Solution Four – The introduction of BIDs in the South Bank and Waterloo area is not intended to be another layer of bureaucracy, but indeed an evolution of the existing delivery agents within the area, ie. SBEG and Circle Waterloo

It is clear that there are a number of key next steps in terms of the adoption of this report and potential implementation of the BID concept.

Step One – Becoming a BID proposer

Using the analysis within this report it will be important for each of the respective commissioning bodies, ie. South Bank Employers’ Group and Circle Waterloo to take a formal decision on whether they wish to adopt the BID concept and become the formal BID proposer for a BID in their area

Step Two – Agreeing the BID area

If the decision is to adopt the BID concept the key next step will be to agree the indicative boundaries, subject to final tweaking ahead of the formal BID proposal. It is recommended that the most viable

option arising from the study is Option 2 in relation to SBEG. For Circle Waterloo, although option 4 seems the most marketable and potentially manageable there are some serious considerations about whether the budget is enough to sustain a meaningful organisation.

Step Three – Agreeing the levy formula and budget

Agreeing the BID boundaries will enable a clear calculation of the potential BID budget and therefore an agreement on the levy formula for the area taking into account the percentage levy to be adopted together with any special allowances.

Step Four – Detailed business consultation on the draft BID proposal

Irrespective of the boundaries adopted, further business consultation and engagement will be required. At the very least this will be on the basis of firming up the principles for delivery within a draft BID proposal for the SBEG core area. But for the wider areas including the small businesses this will require a further awareness raising and needs analysis exercise to ensure ownership of the concept.

Step Five – Ensuring the local authority is ‘BID-ready’

In parallel with steps 2 to 4 above, it is essential that the local authorities are becoming ‘BID-ready’ to enable them to carry out the various tasks essential to the implementation of a BID. The London Borough of Southwark is now fully conversant with BIDs following their Cabinet report in July 2004 and the focus on their first BID ballot for Better Bankside later this year. The London Borough of Lambeth is yet to have a pilot BID get close to the formal BID proposal process in its area but is embracing the concept as set out in the position statement in section 2f. The main focus of activity for the authorities will need to be on ensuring the business rates department, returning officer and service areas are all briefed to support the BID proposer in relation to the BID levy rules, the ballot and the baseline agreement respectively.

Note – if the BID area includes both local authorities, there will be a need for collaboration on provision of material for the BID proposal, baseline agreements and ratings data. In relation to the levy collection procedures, it is likely that each local authority will deal with its own hereditaments, however in practice this could all be dealt with by one of the authorities by agreement.

Step Six – Creating the BID proposal

Assuming the above steps have been achieved satisfactorily, it is then necessary to formalise the plans into the BID proposal that will go through the ballot process. The key steps to follow according to

the BID regulations are set out in section 2 and annex 4. These steps cover production of the formal BID business plan including negotiation of the baseline agreement with the public service providers, a statement of the proposed BID services and full details of all the legal, administrative and financial aspects of the proposed BID company.

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