

**Report of the Chief Executive from the portfolio of the Cabinet Member for Economic Development**

**Economic Infrastructure Fund**

**Report Summary**

1. This report sets out a proposal for funding to be approved from the Economic Infrastructure Fund (EIF) to support the creation of the Business Improvement District. Members are recommended to consider and approve this allocation.

**Recommendation**

2. It is recommended that Cabinet approves £25,000 of EIF funding to be used to fund work to create a Business Improvement District in the City Centre of York.

Reason: To unlock significant investment and to support the Council Plan priorities of creating jobs and growing the economy.

**Background**

3. The Economic Infrastructure Fund (EIF) is a £28.5m fund that was created to enable projects of strategic importance to the city's ambitions for creating jobs and growing the economy. So far investment from the fund approved to date from previous Cabinets is £28.2m.
4. Projects are considered first by officers through internal programme management arrangements which bring together Chief Officers with responsibility for areas of activity related to this agenda, and by extension the aims of the EIF.

## **Bid to Facilitate the Creation of a Business Improvement District**

5. A bid for £25,000 of the EIF to be used to create a Business Improvement District in York has been put forward. The full bid is included in Annex A and has been considered by officers.
6. As outlined in the BID, the £25,000 will be used to supplement the funding of a Business Improvement District Manager. The City Team already have funding for this post until April. EIF funding is sought to ensure that this post is funded until the Autumn to ensure that an effective prospectus is produced in consultation with all city centre businesses.
7. A Business Improvement District (BID) is an initiative based on a discrete geographical area in which a prospectus, developed by a BID company made up of local businesses, is voted on by businesses in the area. Business Improvement Districts are well established and exist across around 190 locations across the UK, predominantly on high streets.
8. A successful Business Improvement District will deliver additional services as outlined in the prospectus to be funded by an additional levy on businesses in scope. Under current proposals the Council will collect this levy through the business rates collection and transfer funds to the BID company. This could be used to support promotion of the city, additional security, new events and festivals.
9. The City Team are currently leading this work based on a proposal to include all businesses within the inner ring road. To create a Business Improvement District, consent is required from a majority of all city centre businesses (rateable value and numbers of voters). If successful, this would be the largest Business Improvement District in the country.
10. As outlined in Annex A, evidence from other business improvement districts has shown that a successful BID can lead to improved spend and sales, improvements to physical surroundings, improved competitiveness as a city, more effective marketing activity and improved safety and security.
11. The funding bid outlines that the Business Improvement District would leverage significant additional funding for the city centre of around £4 million over five years. The initiatives this funding would be used to

invest in would be completely within the control of the businesses within the improvement district.

12. Officers have considered the merits of this bid and propose that Cabinet approve funding from the EIF. This is because a successful Business Improvement District will unlock significant investment to support the growth of the city centre economy. Given the importance of a successful city centre to York's overall economy and other objectives including public safety.
13. Given the importance of this scheme, it is important that all potential sources of funding are sought and businesses in the city have adequate information to allow them to evaluate the effectiveness of the BID. We know that BIDs in other parts of the country have had some difficulty in effectively evaluating their success. Therefore, in return for receiving this funding, we would like the City Team and Make it York to (a) provide information that will support an evaluation of the effectiveness of the Business Improvement District (this could take the form of anonymous sales data for a number of city centre businesses) and (b) that they seek further funding to support the creation of the BID from non City of York Council sources. This could include the Government loan scheme for BIDs (<http://www.britishbids.info/our-services/the-bid-loan-fund/>).

### **Council Plan**

14. This paper is central to the Create Jobs and Grow the Economy council priority and has been discussed and agreed at the Create Jobs and Grow the Economy Priority Board.

### **Financial Implications**

15. The recommendations in this paper will have a financial cost of £25,000. It is recommended that this is funded from the Economic Infrastructure Fund as proposed in the Paper.
16. The available EIF balance for investment prior to this bid is £337.5k. If the BID allocation were to be approved then the remaining balance would be £312.5k

## Human Resources (HR)

17. This paper does not have human resources implications for the City of York Council.

## Equalities

18. The proposal for a BID has the potential for significant improvements which would have positive equalities implications. To ensure that these are realised, a Community Impact Assessment will be undertaken as the detailed proposals are developed. This should include consultation across communities with clear actions to maximise the positive opportunities and mitigate any detrimental impacts.

## Legal

19. The funding for the Business Improvement District is conditional on further advice that this does not violate regulations around State Aid.

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<b>Dept Name:</b> Office of the Chief Executive	<b>Report Approved</b>	√	<b>Date</b>	20 February 2015
<b>Tel No.</b> 553343				
<b>Wards Affected:</b> <i>The decision required from this paper affects all wards within the city walls including Guildhall, Micklegate and Fishergate.</i>				<b>All</b>

## Annex A: Business Case for the Business Improvement District Bid

Glossary of Abbreviations used in the report:

BID – Business Improvement District

DCLG – Department for Communities and Local Government

EIF – Economic Infrastructure Fund

ERDF – European Regional Development Fund

GVA – Gross Value Added

NDBR – Non Domestic Business Rates

ONS – Office for National Statistics

REM – Regional Economic Model