

## **BID Chairman's Annual Report to the CDC Overview and Scrutiny Committee November 2018**

### 1. Introduction:

1.1 Thank you for your continuing support for the Chichester BID. Without our local authorities and the CDC on particular we would not be able to be so effective in supporting the economic survival of the City.

1.2 The Chichester BID (BID2) was voted in for a second term in October 2016 to deliver four main priorities:

1. Partnership working
2. Business Opportunity
3. Safer and more Organised Streets
4. Promotion of the City Centre

1.3 The BID Area is all those streets within the City Walls plus those in the South, North and East gate areas. Through a compulsory levy of 1.25% on their business rates if above £5,000, 623 local Chichester businesses at the last count are contributing £380,000 to the survival of the City.

- 286 are multiples (46% of the total)
- 46 are charities and public bodies (7% of the total)
- 291 are independents (47% of the total)
  
- 366 are in retail (59% of total)
- Of which 162 are multiples (44% of the retail offer, 26% of total)
- And 204 independents (56% of retail, 33% of total)
  
- 81 are in food & drink (18% of the retail offer, 13% of the total)
- Of which 39 are multiples 48% (9% of retail, 6% of the total)
- And 42 independents 52% (9% of retail, 7% of the total)
  
- 130 are service businesses (21% of total)
- Of which 85 are multiples 65%
- And 45 are independents 35%

### 2. The Context

2.1 Overheads are rising for all businesses:

- Minimum wage
- Workplace pensions
- Rateable values
- Business rates (14000 shops pubs and restaurants rose by c. £50k)
- Rents (Chichester is the 1/3<sup>rd</sup> most expensive in the South after Bath and Winchester and not including London)

- Apprenticeship levy for the larger business
- The BID levy
- 15% devaluation of the pound leading to expensive imported goods
- GDPR

## 2.2 The multiples are suffering particularly:

- High debt burdens, lack of investment
- Too many shops competing – some 50,000 retail premises nationally are deemed surplus to requirements (KPMG)
- Free market rents drive high yield monopolies and drive out SMEs, abandoning areas not worth investing in
- Poor management: over-extension leads to downsizing and no alternatives

## 2.3 Consumers have reduced motivation:

- Austerity has meant more borrowing and less savings
- Two income households, self-employment, part-time working, zero hour contracts
- Changing tastes
- 20% shift to online shopping – cheaper and easier
- Fall in discretionary spending
- Squeezed incomes lead to weak growth in sales
- Renters have reached “Peak Stuff”
- Low consumer confidence
- Stalled housing market, weakened home improvement sector
- Brexit nerves
- Bad weather

## 2.4 The end of “stuff”?

Peak shopping in the UK was reached in about 1920 with 1M stores. Since then the High Street has been in decline. By 1950 600,000 stores were left in the UK, just as “self-service shopping” was introduced from the US, later called supermarkets. By 1970 this had dropped to 400,000 stores, just as more retail space was added when our 850 shopping centres started to be built. In the 1990s our 1300 out of/edge of town retail parks started to add yet more retail space beyond the High Street.

Footfall in UK high streets has dropped by 20% since the crash of 2008, internet shopping and the arrival of the smart phone. The retail workforce has contracted by 200,000. By 2012 there were 290,000 stores left in the nation’s High Streets.

Footfall decreased by a further 4.6% last year (British Retail Consortium) and the BRC is predicting a further 900,000 jobs (that’s 74,000 more shops) will be gone by 2025. 10,000 bank branches including building societies have closed over the past 28 years and online banking has closed 1 in 4 branches in the past 5 years. Approximately 14 shopping outlets per day closed in the first half of 2017. By 2030 there could be as few as 120,000 stores left if the growth in home deliveries is maintained. Of 18,000 current High Street estate agents, all will be online by 2030. It is estimated that there is over 10% excess supply in bricks and mortar shopping.

It is important to remember that this decline in footfall is being driven by the consumer, as shopping habits change significantly. City centres that continue to be supply driven and are not led by the demand of their visitors, are finding that whole streets of their former shopping precincts are closing down.

## 2.5 The rise of the experience economy

The 2<sup>nd</sup> report from Bill Grimsey, the former owner of Wickes, recommends drastic action if city centres are not to die. Redundant retail spaces need to be repopulated and re-fashioned as community hubs, including housing, health and leisure, entertainment, education, arts, business/office space and some shops. Libraries and public spaces should be embedded digital and health hubs. Chichester is well on the way to being able to cope with this shift.

Consequently from next month BID2 will be doubling its capacity to measure Chichester's performance to provide increasingly robust data to the levy payers so they may realign their efforts more in the direction that the consumer is travelling in.

## 3. City Performance

3.1 In April 2018, the international commercial properties company Cushman & Wakefield published a survey of the resilience of 250 UK towns and cities. Chichester is fourth nationally after Cambridge, Bath and Guildford. Oxford is fifth and Winchester 10<sup>th</sup>.

High street resilience had 22 measures over the decade 2007-2017:

- Property: rental change, yield shift, capital growth value, change in investment volumes
- Retail supply: comparison floor-space density, leisure floor-space density, supply index, retailer demand, comparison spend density, leisure spend density
- Catchment characteristics: catchment size, AB households, students, long-term unemployment, tourist comparison spend, propensity to spend online
- Economics: business survival rate over 5 years, house price growth, GVA growth, wage growth, train station passenger numbers, quality of life

3.2 Whilst a lot of this is beyond our immediate control, the BID has reviewed its targets and objectives to seek to influence as many of these measures as it is in a position to do so.

BID2 currently measures city performance in visitor behaviour and conversion at the tills.

Performance data measured:

- Footfall
- Footflow
- Retail (Sales)
- Crime
- Rail Usage
- Car Parks
- Property
- Drive Time

- Demographics

To give as accurate a picture as possible, three measures are used to triangulate the data by collecting evidence-based statistics, viz. a national camera and conversion data via Springboard, 14 Noggin footflow mobile phone counters, and the CDC parking performance reports. Visitor numbers are declining in line with the national picture of some 4.5% a year, some 25% of visitors having been lost since 2008.

### 3.3 Main points:

- Good footfall in 2017 – up 5% but fell 9% in 2018
- Rail, crime and Christmas all to watch
- Sales provide useful reassurance – up 4% year on year
- Property is undergoing change – 6.2% vacancies only
- Look East and West for visitors
- Parking is down but dwell-times are up

### 3.4 The core places to shop (June 2018 footfall):

- 73 Restaurants, Cafés and Drinking Establishments
- 267 Shops, Walk-in Salons, Sandwich Bars (A1)
- 10 Hot Food Takeaways
- 53 Business Services (A2)

### 3.5 Reach:

From Lyndhurst to Lewes, and Selsey to Guildford, in an arc that stretches from Portsmouth-Southampton, through Winchester, Guildford and Horsham round to Brighton (1.4M people)

### 3.6 Weekday importance is flattening:

	2007	2018
M	13%	13%
T	14%	14%
W	14%	15%
Th	13%	14%
F	16%	15%
Sa	23%	19%
Su	7%	10%

## 4. 2018 Successes

### Service Delivery

In October 2017 an entirely new staffing structure was introduced to turn the fortunes and emphasise the organisation's calling to be customer-facing at all times: working in partnership and delivering the services to the levy payers that they have requested.

#### 4.1 BID: Quality of the public/private partnership

Customer-facing organisation – trustworthy service delivery, improved communications

Xmas lights and Festivities

Independents' Month and percentage of businesses

Promotions – trails, Chichester gift card

Improved safety and order - CCC City Rangers

Business-friendly parking - WSCC voucher scheme

Data collection - increased dwell-times

Digital profiling and support

- 4.2 City: 4<sup>th</sup> most resilient UK High Street  
 CDC enabling, mentoring and shop front grants  
 Heritage and culture  
 Well-being profile  
 Farmers Market  
 Community Hub profile  
 Number of local entrepreneurs  
 Balanced provision – visitor/resident/student/worker, multiples/indies

## 5. 2019 Challenges

- 5.1 BID: Reduced business rates would mean reduced income  
 Under-performing partners - Visit Chichester, Chichester Businesses against Crime  
 Disorderly streets - no powers of enforcement  
 Planning flexibility – change of use, A Board replacement, clutter, on-street advertising, communication, on-costs for businesses  
 Parking disincentives – charges, weak visitor incentives

- 5.2 City: Size  
 Brand definition  
 Too offer-driven, insufficiently demand-led  
 Poor quality beds, fine dining, Wednesday market, public design  
 Poor communications infrastructure - broadband, wifi and 4G coverage  
 Falling footfall - internet shopping, legacy shops  
 Youth and Night-time economies  
 Transport – accessibility and convenience

## 6. Future Opportunities

- 6.1 BID: Increasing visitor dwell-times – shopper and experience guides, improved data collection and analysis  
 Levy and cost neutral projects  
 Curated and staged markets potential  
 Chichester Vision developments  
 Parking rewards scheme  
 Procurement  
 BID Academy

6.2 City: Demographic  
Quality experiences  
CDC events and licensing management

6.3 CDC partnering:

- BID to CID? – Community Improvement District
- Through the Vision
- Wifi provision and locked in website provision through PBR
- Establish a landlord register
- Comprehensive programme of activities to drive footfall into the shopping streets
- Enable change of use
- Enabling, mentoring and shopfront grants
- Reducing the burden of the business rate
- Vacancies are running at 6.2% which is  $\frac{3}{4}$  of the regional average. Popup and vinyl shop windows after two years however...
- Introduce parking incentives for short stay
- Orderly streets - enforcement of licensing decisions, pressure on the police and WSCC to do the same, manage street community problems

Thank you for your attention.

**Colin Hicks**  
Chairman  
Chichester BID  
November 2018