

BID PERFORMANCE 2018-19: BID CHAIRMAN'S ANNUAL REPORT TO THE OVERVIEW AND SCRUTINY COMMITTEE

Summary

- a. The Chichester BID** was set up in 2012 to privatise city centre management under the 2004 BID Act for a statutory five-year period (2012-2017). In 2016 a successful ballot for the second term (2017-22) delivered a 5% increase in turnout (43%) and 82% YES votes. October 2019 marks the mid-term point and work will begin in 2020 to gain a third term at the October 2021 ballot.
- The statutory consultation period in 2016 identified four main priorities for the Chichester BID levy payers:
- P1 Partnerships
 - P2 Business Opportunity
 - P3 Safer and more organised streets
 - P4 Promotion of the City
- b. BID Staffing** - These priorities form the core objectives of all second term actions by the BID. A new staffing structure was introduced and the BID Team is now made up of a full-time Operations Manager and three part-time support roles for Projects and Event Management, Levy Payer Liaison and Engagement, and Office and Company Administration. A part-time volunteer Chairperson manages senior stakeholder relations, policy implementation and best governance practice.
- c. Mid-term snap assessment**
- The BID is now much more customer-facing
 - BID stakeholders feel that the BID has become a more reliable and trustworthy partner
 - The BID has been operating increasingly as influencer and facilitator in the policy landscape since it has no powers
 - Frequent review meetings with the stakeholder officers and members of the Business plan (WSCC, CDC, CCC, Chamber of Commerce, Visit Chichester)
 - The BID Rangers are a major triumph
 - The Ambassadorial engagement role has had a very positive impact on the quality of BID levy layer (BLP) relations
 - A major upgrade of Xmas lighting and events has been achieved for the same money
 - Continual critical improvements are being made to measured footflow data and city profiling
 - The BID has organised more effective events and trails to promote city retail
 - A full suite of quality BID paper publications has been introduced (eg the newsletter, city map, independent passport, annual review, BID levy statement) with more to come
 - Considerable enhancement of the website, digital communications and social media presence of the City
 - A comprehensive PR and media revamp has raised both the BID profile across all interest groups and the City presence in the surrounding area
 - Social media support and annual free social media workshop to BID Levy Payers
 - New operations and inward investment programmes have been co-funded (eg Visit Chichester, the Rangers and Independent retailer training grants)

- Partnership with Visit Chichester and Love Where you Live to promote the city centre as a tourist destination
- Partnership with Sussex Police to support the ChiBAC Business Crime Reduction Partnership
- Creation of scheme with BID Levy Payers to promote discounts for other Levy Payers e.g. Conveyancing services, foreign currency exchange rates etc.
- Internal governance, staffing, legal and financial management has been completely overhauled and is now based on reliable and robust best practice
- The BID is GDPR compliant and a review of all BID documents and filing for 2017 & 2018 has been completed

d. Ambitions for improvement

BID relations with the authorities:

- The BID team is still not consistently a reference point for some authority officers and most members
- WSCC is not investing in the city nor its precinct to the necessary level to prevent continuing deterioration
- Movement on A Boards/business advertising, markets/licensing, enforcement and parking charges has reached an impasse
- Enforcement is needed for pedlars, buskers, street community, market operators, shoplifting, anti-social behaviour, public space protection orders, cycling in the precinct
- We need a full 7-day provision of the BID Ranger weekend “orderly streets” programme, with co-financing from the City and District Councils
- Full collaboration devoting time, ideas and funding in much larger measure to the CDC Vision is not producing sufficient dividends

Shopping will survive the current crisis even if diminished:

- As bricks and mortar shopping diminishes the other advantages of the city need promoting
- We are losing our anchor brands and the City is moving away from being a shopping city to a **community hub**.
- Our **cultural and heritage partners/infrastructure** should now be developed and completed to replace these anchors
- In this context, the **Southern Gateway** is an opportunity for the construction of the missing cultural venue for music and dance
- As do the Northern and Eastern Gateways
- Chichester’s **food culture** is an untapped force for survival
- Given the constraints of high rents and inappropriate stock, a comprehensive policy to develop new retail businesses and models is required through the introduction of **staged and curated markets of quality**
- Action is required on vacant shops: obstructed doorways, dirty windows, to install vinyls and create pop-up shop opportunity

Action:

- The BID feels that a top level task force is required to break these blockages; as neither the City Centre Partnership nor the Chichester Vision can deliver this with anything like the dynamism nor the vision required to steer the City away from the reefs
- This will require full CDC and CCC collaboration to help minimise the constraints to BID and stakeholder activity over the next 2 years and into the third term.

FULL REPORT

1. 2018-19 Activities

1.1 Specific BID achievements against the Business Plan objectives

P1 Partnership

- Runs through all our activities like the veins of a blue cheese
- Readjustment of BID's role as a lead Chichester Vision body:
 - Continuing leadership of Look and Feel, Retail Offer and Evening and Night-time Economy roles confirmed
 - Transfer of Student and Youth Economy role to the Chichester College
 - As the Visit Chichester Retail and Culture Board member, potential additional role under discussion to coordinate the Vision 2022 Cultural Network

P2 Business Opportunity

- We partnered with WSCC in October 2018 to provide free short term, on-street parking vouchers for businesses
- The Chichester Gift Card was launched in October 2018. 146 businesses are signed up to the scheme. £7,422.25 has been loaded on to the Gift Cards since launch and just over £4,000 has been redeemed within participating shops. 2000 Leaflets promoting gift card and listing all businesses on the scheme have been distributed door to door (Midhurst, Petworth, Southsea, Portsmouth)
- Partnered with Chichester District Council to offer Free Retail Mentoring workshops for BID Levy Payers 2018 & 2019
- A campaign on Business Rate Retail Relief to support and inform BID Levy Payers on the changes set out by the Government and how they can apply for the discount

P3 Safer and more organised streets

- January-April 2019 – The BID organised for the streets to be washed and cleaned, ready for the summer festivities
- Organised new planting displays in Crane Street and 95 flower baskets to be put up around the city centre
- Chairmanship of the Chichester Vision Look and Feel Working Party, including the financing and delivery of design scheme for public realm in the City: map, fingerposts, totems, Northgate underpass
- October 2019: Review with Sussex Police for operational improvements to the ChiBAC business crime reduction partnership: confirmation of current provision of radios and Shopwatch and Pubwatch schemes; introduction of monthly meetings and introduction of the DISC reporting scheme

P4 Promotion of the City

- 2018 Christmas campaign activity:
 - Considerably improved Christmas lighting installations from Gala Lights
 - Festivities brochure – to promote late night shopping dates and times and BID street entertainment
 - Organised street entertainment over the festive period
 - BID team partnered with Festive Illuminations to organise real Christmas trees for BID Levy Payers
 - Organised a hugely successful Nutcracker trail in December in 2018 – which saw 539 people enter

- Partnered with West Sussex Waste Partnership and Chichester District Council to create a recycled plastic Christmas tree installation to generate interest and promote Chichester city centre
- May 2019: The BID supported Roman Week with the launch of its annual flag programme and supportive PR and social media
- Media Partnerships:
 - Organised a competition with Chichester Post to promote the Chichester Gift Card
 - The BID Team has forged a proactive relationship with Spirit FM, who provided a dedicated Chichester BID Christmas Spirit channel for two whole months 24/7 in November and December 2018. 21,998 people tuned in to Christmas Spirit promoting key messages for Chichester City Centre
 - Chichester BID teamed up with Spirit FM again in April on an apprentice inspired Chichester Gift Card Campaign. Aim of the campaign was to promote the gift card and the wealth of the businesses involved and Chichester as a shopping destination. Campaign reached 76,160 people both on-air and online.
 - Chichester BID teamed up with Chichester Observer on a weekly feature that shines a spotlight on businesses within the city during the summer campaign
 - Partnered with Petersfield Post and Herald series on a competition to giveaway a Chichester Gift Card – to celebrate the summer campaign
- 2019 Summer Campaign activity - Love Local, Shop Local:
 - Created a brand new set of Flags to mark the start of the Love Local, Shop Local campaign
 - Created an Independents Shopping Guide – which features the 190+ independent retailers and restaurants in the city centre and also a competition to drive footfall to the businesses with an incentive. 22,000 shopping guides (Chichester Independents Passport) 11,000 distributed door to door to Chichester residents and 11,000 distributed to visitor attractions, hotels, B&Bs, points of interest (Midhurst, Petworth, Southsea, Portsmouth)
 - Organised a photography competition to engage consumers on social media and promote enhanced streetscapes of Chichester
 - Teamed up with Spirit FM to create a Super Saturday event on 13th July. Organised over 14 prizes from businesses in the city centre to giveaway to drive footfall and increase dwell time. The event produced a 13% visitor spike.
 - Partnered with CDC to organise Street Party on Thursday 22 August – featuring street food vendors and a carousel (spike?)
 - Invested in activities to help enhance the city centre throughout the summer through street cleaning and planting displays
 - Supported Festival of Chichester to encourage businesses to enter the window competition – 15 businesses entered – highest no of entries received
 - Organised independents bunting and street bunting to be put up around the city centre
 - Partnered with The Chichester Social to run a Social Media Workshop – 13 city centre businesses signed up. These are regularly offered and very popular with our independents
 - A co-ordinated social media and PR campaign to promote all the activity and the businesses who will be doing activity throughout the summer period

P4 Promotion of the City

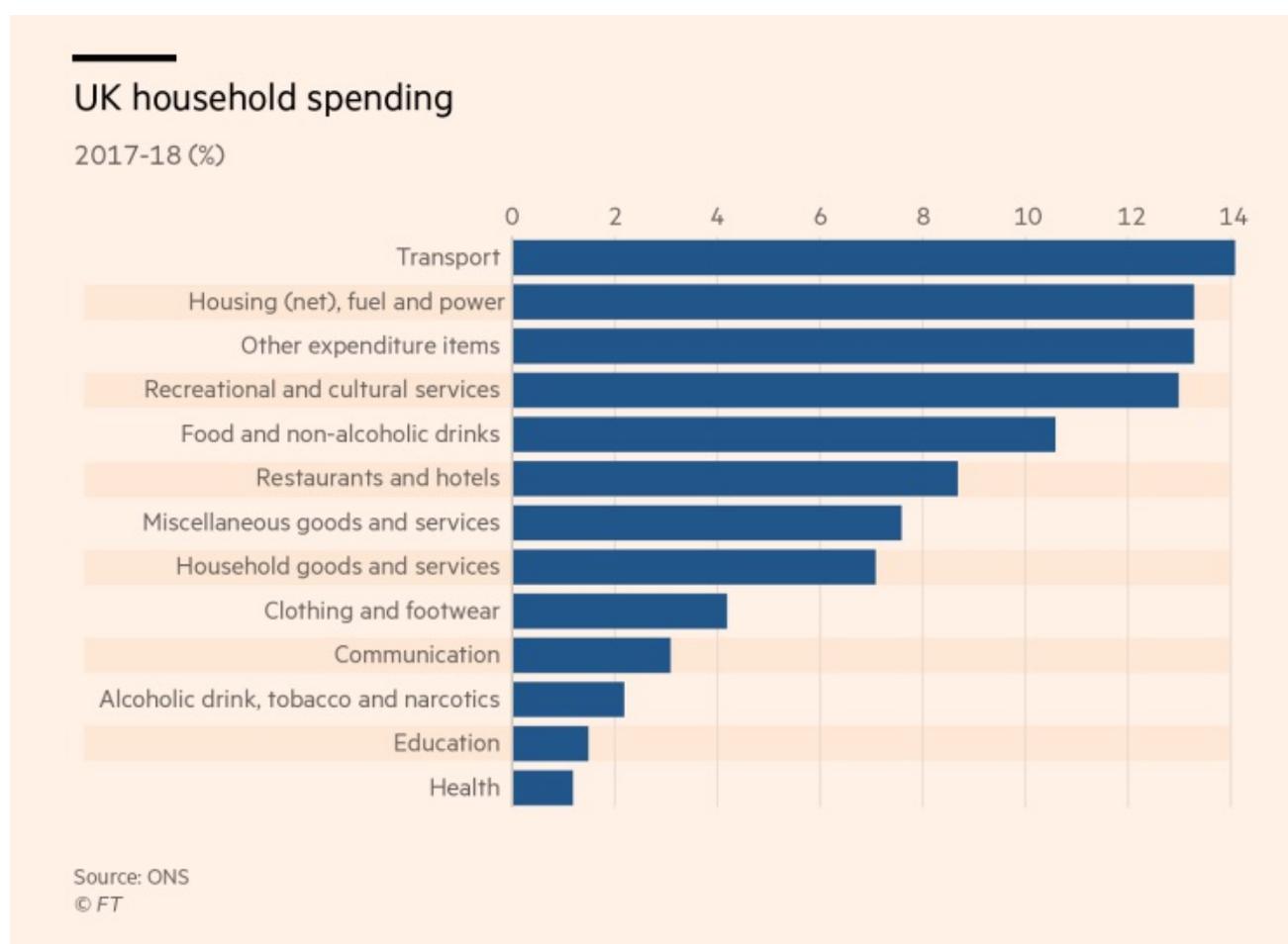
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2. The changing UK High Street

2.1 Shopping is stalling: In September 2019 there was a 1.3% drop in sales. Food sales are holding up better than non-food which are the lowest on record. Clothing purchases dropped by 3.9% on the year and DIY, electronics and furniture slumped 1.2%. The annual increase in sales activity was 0.2%, the lowest since 1995. There have been 4 months of negative sales growth since March. This slowdown is evident both in stores and online. Debt is growing and cash is on the way out: credit card sales grew by 1.6% (Barclaycard) and more than 50% of all debit card transactions are now contactless.

2.2 Shopping habits have changed:



2.3 Vacancies (LDC) – In 2018 25,700 outlets closed their doors, the highest since tracking began in 2010. 22,115 outlets opened, up from the 2015 low but 12% of shops remained unoccupied in the first half of 2019, up 0.6% on 2018. The anchor brands are leaving the high street: 2848 stores shut in the first half of 2018 and there are 3508 fewer chain sites since 2018. 70% of the stores closed by Maplin and Poundworld remain empty, 65% of Carpetright and 43% of New Look. 44% of the former BHS outlets remain empty.

2.4 The majors are in trouble (BBC) - In the past fortnight Pizza Express have started restructuring their debt and Tesco could have gone under (Dave Lewis). John Lewis is withholding 20% of

landlord service fees, Ted Baker shares plunged £23M after a first-half year loss, and M&S admits clothing sales have been falling for 7 years (Steve Rowe). The company started offering a ‘buy now, pay later’ credit option online (Next already does this). Waitrose scrapped its bargain bays and is axing 75 out of 225 top jobs in a £100M cut to salaries. Poundland is seeking to slash rents, Sainsbury is closing 70 Argos stores and French Connection extended its deadline to find a buyer. English Councils are sending bailiffs in to 310 firms a day.

2.5 The retail sector is **one of the UK's largest employers (BRC)** - For the decade from 2016, BRC have predicted that up to 74,000 of the 270,000 shops left in the UK today will be lost and the sector is facing the loss of up to 900,000 jobs. Nearly 30% of the closures will be in the economically fragile areas of Wales and the north of England. 3,000 shops were lost in the first six months of 2019, more than all of 2018 put together and from March 2016 to Sept 2019, UK retail lost 106,000 jobs of which 60,000 have disappeared since Oct 2018.

3. How Chichester businesses are being affected:

3.1 The Chichester shopping area is changing, it is not dying; the commercial property dealers have been measuring our performance against this national picture.

- In 2017 retail property advisers Harper Dennis Hobbs named Chichester 31st out of 1,000 shopping districts across Britain including shopping malls. In 2019 our position had slipped to 32nd following the closure of House of Fraser.
- In April 2018 global real estate service company Cushman & Wakefield named Chichester 4th most resilient UK high street out of 250 town centres after Cambridge, Guildford and Bath and above Oxford, Brighton, Bristol and Winchester.
- In July 2019, Chichester was a finalist for Town/City of the Year South Coast Property Awards, sponsored by CBRE, an American commercial real estate services and investment company. The underdog (Eastleigh) won against Chi, Southampton and Bournemouth-Christchurch-Poole.
- This week, #WDYT, the government Digital Profile Index, placed Chichester 89th out of 1300 for its digital footprint. The City regularly appears in the top 7%.

3.2 These are major achievements against weighty rivals, mainly due to the City’s positive performance against 22 measures:

- **Property:** rental change, yield shift, capital growth value, change in investment volumes (Chichester has the third highest rents in the South-East excluding London)
- **Retail supply:** comparison floorspace density, leisure floorspace density, supply index, retailer demand, comparison spend density, leisure spend density
- **Catchment characteristics:** catchment size, ABI households, students, long term unemployment, tourist comparison spend, propensity to spend online
- **Economics:** business survival rate, house price growth, GVA growth, wage growth, train station passenger numbers, quality of life

3.3 Chi vacancy churn:

Vacancy Rates by Quarter

	Oct 2017	Jan 2018	Apr 2018	Jul 2018	Oct 2018
Chichester	8.3%	7.7%	8.5%	6.3%	6.5%
South East	7.2%	7.7%	8.2%	8.1%	8.0%
UK	9.3%	8.9%	9.2%	9.9%	10.1%

Vacancy Rates August 2019 (Springboard)

- Total retail properties on ground floor 428
- Of which independents 204 (47.7%)
- Of which vacant 35 (8.2%)
- Regional vacancy rate 8.6%
- National vacancy rate 10.2%

3.4 Footfall in East Street (Springboard Aug 2019):

- 12,237,892 in 2007
- 8,868,218 in 2018
- A 27.5% decline
- Avg national decline 2007-2018 = 26.6%

3.5 Visitor Origins (Place Dashboard):

- Southdowns 5% (GU29 4%, PO18 1%)
- East Hampshire 20% (PO9 8%, PO10 12%)
- Chichester/Selsey 40% (PO19 31%, PO20 9%)
- Bognor 31% (PO21 14%, PO22 17%)
- Arundel 5% (BN18 5%)

(See Appendix One for the Noggin Report on our 2018 performance across a maximum of data sets)

4. Next steps

4.1 Destination Management - 80% of our visitors come from just three counties. That means there is huge brand loyalty out there and many repeat visits. Chichester has become a community hub and our focus should be on exploiting its other assets to greater effect: local produce from artisan-makers, SME entrepreneurs (26th district out of 326 (2011Census)), heritage and culture, a centre for well-being.

4.2 Targets for the second half of the BID term

- Success at the BID3 ballot
- Platforms for minor inward investment
- City destination management plan and resolution of the city destination brand
- Packaging of the offer: what's on, clash diary, cultural network, heritage trails
- Promotion of the services and B2B businesses sector
- Completion of public realm and comms installations: business signage, totems, Chi app, digital footprint, fingerposts, mapboards update, city zones

- Green infrastructure: parks, trees, linking floral displays to Festival of Flowers
- Finding a collaborative role for the Chamber of Commerce
- Vacant units and popups
- Business waste recycling offer
- “Live Like a Local” guides for shopping and eating

5. Concerns for 2019-22

Major concerns that will need resolving in the second half of the term if we are to achieve a successful ballot in October 2021:

- Remediating the loss of BID revenues
- Changing the psychology of parking charges
- Replacing markets that are not staged and curated and developing more to grow more young business adapted to the current demand
- Resolving the vexed question of business signage (A Boards)

5.1 BID financing: diminishing returns

Appendix Two is a statement of our CDC account and Appendix Three details the payment schedule. Appendix Two shows how the figures in Appendix Three were arrived at once the Council had retrieved its costs

It is, of course, not only the consumer that is driving the changes on the high street, there are many other factors. High on the list are eye-watering levels of rent and business rates that are squeezing margins to the point where Chi City Centre businesses are folding. High rents determine rateable values which in turn determine the amount of levy that can be expected. Now BIDs are funded exclusively by a levy on the rateable value of business properties so, as the crisis on the high street bites, the levy will diminish. This will be due to both closures and non-payment as well as the fallout of anticipated reductions in the rateable values of properties. If nothing is done about this, the golden goose will die and structured city centre management will revert to the local authorities.

Chi BID is already losing revenue:

2018-19

- The (revised) estimated net levy was £374,732.98
- The Council always retains £5,000 for bad debt at source so the unpublished estimated collection amount was in fact £379,732.98
- A positive account balance of £14,263.04 from 2017-18 was carried forwards
- The amount of bad debt due was £7,300
- The Council paid itself the full costs of levy collection at £15,399.22 (4%). *[In general, UK Councils cap this refund of their costs at 3% and our trade body recommends this. The refund should have been £11,520 in that case but the full cost was imposed]*
- The revised amount payable by the end of the year was therefore £366,287.78 leaving an account deficit of £11,801.54.
- In addition, the BID has been asked by the Council to retain a further £13,500 per annum from this amount for future levy payer refunds, due to possible rateable value reductions and extended non-payment periods through closures.

2019-20

- The estimated net levy was £364,198.46, a loss of income of over £10,000 (2.8%).
- The 2018-19 account deficit of £11,801.54 was refunded at source.

- An estimate for bad debt of £3,500 was agreed
- The costs of collection were revised down to £15,256.13 which at 3% would have been £10,926.
- The amount to be paid to the BID Company was £345,442.33 (although looks like being £349,709.25 in reality)
- A further £13,500 was put aside by the BID for refunds and non-payment through closures.
- At the September half-yearly finance meeting with the Council, it was indicated that collection rates had fallen and a £20,000 deficit may be confirmed which would have to be refunded from the 2020-21 estimate if not before.
- The total levy available to invest in the City this year could therefore be as low as £311,942.33, a collapse of £29,043.91 (8.5%) on the 2018-19 figure.

5.2 Raising money - in this situation the BID has not stood idly by.

BID Investment in partnership projects:

- The BID dedicates 46% of its resources to partnership projects with the public authorities.
- Under the BID 2004 Act the BID can and has entered into baseline agreements to supplement public authority activity that offers additional service to the business community beyond their business rate contribution.
- These baseline agreements earmark investment of 28% of the BID annual budget for crime reduction (£35,500), Christmas lighting (£50,000), street cleaning (£3000), tree planting (£5000) and floral displays (£5000)
- A further 18% of annual budget invests in match funding agreements, most notably to attract incoming visitors (£50000) and to ensure orderly streets (£12064). The BID levy was raised by 0.25% to provide additional investment in the promotion of Chichester through support for the District's then moribund destination management organisation, Visit Chichester.

These activities have raised £74,764 in match funding and sponsorships, £34,764 of which has passed through our accounts and raised our net income by 10%. Further, the presence of the BID has enabled our stakeholder partners to find funding for the city centre and we estimate that an extra £210,000 has been spent in the city centre directly by these agencies. Efficient negotiation of Observer and Post advertorial by our new PR company has provided the equivalent of more than £10,000 of savings on advertising costs.

6. Management of change

- Our Cityscape is changing, not dying. It's cultural and heritage backdrop is exceptional and the general business context remains resilient
- The chronic lack of resources we all suffer from is holding back the city.
- The current state of dilapidation of the City Centre under quadripartite arrangements (CCC, BID, CDC, WSCC) demonstrates that the infrastructure needs of the City regarding its economy, infrastructure, maintenance and image are not keeping up with reality.
- The BID and the City Council are the two local bodies with the clearest mandate to care for the City Centre but both have only limited powers and budgets, which restricts independent action.
- Enforcement inequalities at Sussex Police, the County Council and the District are not providing sufficient support to keep the streets in order. The City and the BID should not be in a position of having to create what is after all a municipal police force.

6.1 Shopping will survive the current crisis even if diminished:

- As bricks and mortar shopping diminishes the other advantages of the city need promoting
- We are losing our anchor brands and the City is moving away from being a shopping city to a community hub.
- Our cultural and heritage partners/infrastructure should now be developed and completed to replace these anchors
- In this context, the Southern Gateway is an opportunity for the construction of the missing cultural venue for music and dance
- As do the Northern and Eastern Gateways
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6.2 Action:

- The BID feels that a top level task force is required to break these blockages; as neither the City Centre Partnership nor the Chichester Vision can deliver this with anything like the dynamism or the vision required to steer the City away from the reefs
- This will require full CDC and CCC collaboration to help minimise the constraints to BID and stakeholder activity over the next 2 years and into the third term.

6.3 CDC collaboration is therefore invited

- To review ways to help minimise constraints on BID and local business activity:
 - A diminishing budget
 - Vacant premises
 - Protection of the retail area
 - Inward investment and Economic growth
 - A cultural and heritage city including food and green infrastructure
- To address limited BID and CCC powers:
 - Planning
 - Business signage
 - Parking
 - Markets
 - Vacant shops and pop-ups
 - Enforcement – buskers, pedlars, homeless, street community, shoplifting, disorderly behaviour, bikes and vehicles in pedestrian zone

Thank you.

Colin Hicks
BID Chairman
October 2019