

ANGUS COUNCIL

STRATEGIC POLICY COMMITTEE – 11 JUNE 2013

BUSINESS IMPROVEMENT DISTRICTS (BIDs)

REPORT BY THE CHIEF EXECUTIVE

ABSTRACT

This report informs members of the proposal from Carnoustie Development Group to undertake a study to develop a Business Improvement District (BID) Business Plan for Carnoustie and seeks approval to the allocation of in-kind officer support to this process.

1. RECOMMENDATION

1.1 It is recommended that the Committee:

- (i) issue a letter of support for an application by Carnoustie Development Group to BID Scotland for funding to develop a BID business plan for Carnoustie;
- (ii) note that this implies in-kind support from the Council to assist in determining the feasibility and in particular in calculating the implications for non domestic ratepayers;
- (iii) note that if the study confirms that a BID is feasible in Carnoustie that there will be an expectation of a Council contribution towards implementation of the BID;
- (iv) note that interest in BIDs are likely to arise from other communities in Angus;
- (v) agree to the Carnoustie BID investigation being treated as a pilot within Angus and that while the Council might support other investigations no commitment will be given by the Council for any monetary BID contribution until the results of the Carnoustie pilot are known; and
- (vi) note that a report will be brought to a future appropriate committee meeting on the outcome of the Carnoustie BID investigation.

2.0 BUSINESS IMPROVEMENT DISTRICTS – BACKGROUND

2.1 A Business Improvement District (BID) is a precisely defined geographical area of a town, commercial district or tourism and visitor area, where businesses vote to invest collectively in local improvements resulting in an improved business environment and improved local economic growth. BIDs are supposed to be developed, managed and paid for by the commercial sector by means of a compulsory BID levy – a levy calculated based on non-domestic rates values and paid for by the businesses. The relevant local authority will however have responsibility for collecting the levy and can play a role in facilitating the development of the BID. The key issue here is that BIDs are intended to be business led initiatives.

2.2 Through consultation, normally carried out by a steering group, a range of projects and new services are agreed and a business plan developed. This is then put to a democratic vote with the Chief Executive acting as the returning Officer with all eligible businesses in the proposed area constituting the electorate. A BID is not a substitute for central or local government services but is a way that additional funding can be raised which business then decide how to use to strengthen the local business economy.

2.3 Before agreeing to fund additional investment, businesses themselves will decide how their money will be spent and how much they are prepared to pay for an agreed period of time (maximum duration of five years). Each business liable to contribute to the bid will be able to vote on whether or not the BID goes ahead. The levy monies raised can only be used for the

delivery of the BID business plan. The legislation allows for contributions to be made by other agencies and organisations and depending on the legal entity of the BID, it may be possible for applications to be made to other funding sources or additional revenue developed through commercial ventures.

- 2.4 A BID can deliver major benefits to businesses through increased commercial income, more effective joint activity eg. collective procurement and marketing, improvements to physical surroundings and improved competitiveness. A BID can cover almost any project or service that the businesses agree would be of benefit and worth funding. Projects can tackle issues such as safety/security and marketing / promotion.
- 2.5 The BID can also purchase additional services from its local authority. The BID steering group would be required to include within its business plan a memorandum of understanding or service level agreement showing what services are being delivered by the local authority in the proposed BID area. This would demonstrate that the purchased services were additional.
- 2.6 BIDs came into force in Scotland in April 2007 as a result of primary legislation contained in Part 9 of the Planning etc. (Scotland) Act 2006. A BID steering group was set up to select and oversee the introduction of BID pilots, partly funded by Scottish Government, in advance of the legislation. This group involved experts from the public and private sector who selected 6 BID pilots in the following areas :- Business parks in Alloa, Tullicoultry and Alva; Bathgate town centre; Edinburgh city centre; Falkirk town centre; Glasgow city centre and Inverness city centre. Each BID developed a BID proposal and business plan with ballots carried out during 2008.
- 2.7 At the present time there are 19 BID's progressing in Scotland. As required all of these have strong private sector involvement. However, it is apparent that many, if not all of these BIDs have significant levels of support from the relevant local authorities. The local authorities have been active in both helping to develop the BID proposals and financially supporting the delivery of the BIDs. Examples of the type of financial commitment given by local authorities are as follows:
 - Direct contributions towards initially developing the BID business plan and the annual additional contributions once the BID is fully operational;
 - Payment of the BID levy on Council properties;
 - Secondment of staff to support the BID team; and
 - Establishing a mechanism to collect the levies.

3. CURRENT POSITION

- 3.1 The Carnoustie Development Group (CDG) is the local Community Planning Partnership for Carnoustie and District. CDG has been considering the establishment of a BID to bring about yet to be determined improvements to the business environment of the town. CDG has received support from a local consultancy company (Carlogie Ltd) with significant prior experience in Town Centre Management.
- 3.2 At a recent meeting of CDG representatives with Carnoustie Elected Members and Council Officers the group determined to proceed with an application for seedcorn funding from BID Scotland (up to £20,000) to cover costs associated with the preparation of a BID Business Plan for Carnoustie. The preparation of the Business Plan will involve extensive consultations with the Business Community in Carnoustie as well as the CDG and Council to identify:
 - (a) what it intends to achieve through the BID mechanism (i.e. the BIDS mission, aims and objectives);
 - (b) what the defined area of the BID needs to be to achieve these aims;
 - (c) which non domestic properties should be excluded from the BID e.g. exclusion of schools or charities;
 - (d) what additional rates levy will need to be raised from the remaining properties to secure the necessary resource; and
 - (e) if the BID appears feasible what arrangements need to be made to hold a formal ballot to determine whether or not in excess of 50% or more of the qualifying businesses voting within the defined BID are supportive of the proposal and when any such election will take place given the other electoral commitments in 2014.

4. PROPOSALS

Angus Council Involvement

4.1 For the CDG application for seed corn funding to be successful BID Scotland will be seeking evidence that the application is supported by the Local Authority. At minimum a letter of support will be required to accompany the application. Ideally such a letter would also indicate in-kind support from the Council through officer authorisation to engage with the process of informing the BID Business Plan and if the BID proves feasible commitment to undertake a ballot of the Business community. A draft letter is included in appendix 1.

4.2 The following Council resource commitments are likely to be required:

- Revenue/Finance Sections – pre BID – provided information on Non Domestic Rates (NDR) tax base. This is likely to include some “scenario” planning re the size and scope of the bid.

Post Bid – likely requirements to act as Billing Authority for collection and recovery of the levy. This is done separately from NDR billing and collection and dependent on the scale of BID commitments could require acquisition of additional software.

Recovery of unpaid levies will require enforcement action through the summary warrant process if undertaken through the Revenue/Finance sections.

Dependent on how the BID is administered there may be a need for the Council to establish a BID Revenue account with the normal monitoring and reconciliation requirements however this duty could fall to the BID Company (to be established for a successful BID).

Administration of BID accounts will be required as ratepayers move in and out of premises.

- Election Unit -pre BID Under the Business Improvement Districts (Scotland) Regulations 2007, the ballot holder shall be the person appointed under Section 41 of the Representation of the People Act as the returning officer for local government elections and therefore would be responsible for holding the any proposed ballot. A Ballot paper will be issued for every relevant property and therefore multiple owners will receive multiple ballots.
- Economic Development Unit – Pre BID. It is anticipated that unit officers will engage with the Business community consultation process.
- Local Community Planning – Pre BID. As above and CDG is also likely to seek for administrative support associated with BID activity.

4.3 If a BID for Carnoustie proves feasible, it is likely that Local Authority support would be sought although this could take various forms (see 2.7 above).

5. OTHER BID PROPOSALS

5.1 It is known that other communities within Angus are considering BID applications. Given the uncertainty regarding the degree of commitment which might be required from the Council in order to support a single BID initiative it is proposed that while the Council might support other BID investigations, no commitment will be given by the Council for any monetary BID contributions until the results of the Carnoustie pilot are known.

6. FINANCIAL IMPLICATIONS

6.1 The procurement of appropriate consultancy services to undertake the Bid feasibility study would be the responsibility of the Carnoustie Development Group, utilising seedcorn funding secured from BID Scotland. No direct financial contribution would be required at this juncture from Angus Council however as outlined in Section 4 there would be a requirement for considerable in-kind support. As part of the process of assessing BID feasibility there will be a requirement to determine what if any financial contribution the Council might make to the BID levy. This will be the subject of a separate report to committee if the recommendations of

this report are accepted.

7. RISKS

- 7.1 Given that BIDs can take a number of different forms (see 2.1) there is a likelihood that other communities within Angus might wish to pursue BIDS. If widely adopted this could have significant unplanned resource implications for the Council.
- 7.2 The number of properties in Carnoustie (defined by the DD7 postcode) for which NDR applies is quite low and by the time that agreement is reached on exemptions this will reduce further. On that basis there is a risk that a BID for Carnoustie will not prove feasible.

8. HUMAN RIGHTS IMPLICATIONS

- 8.1 There are no human rights implications arising from this report. However, if a BID is established in Carnoustie, there will be a compulsory BID levy for businesses. However, in terms of Article 1 of the First Protocol, people are entitled to peaceful enjoyment of their possessions, However, Angus Council may take such action as it deems necessary to secure the payment of taxes or other contributions. The legal basis for the action proposed by the Council is in terms of The Business Improvement Districts (Scotland) Regulations 2007 and as such is authorised by law. Any action taken by Angus Council must be proportionate i.e. there should be as little intervention as possible to achieve the Council's desired aim. It is considered that the recommendations in this report meet this requirement and that, in taking such action, the Council would not be acting in any way which is incompatible with Human Rights.

9. EQUALITIES IMPLICATIONS

- 9.1 The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An [equalities impact assessment](#) is not required.

10. ANGUS COMMUNITY PLAN AND SINGLE OUTCOME AGREEMENT

- 10.1 This report contributes to the following local outcome(s) contained within the Single Outcome Agreement for Angus:-
- We have a sustainable economy with good employment opportunities
 - Angus is a good place to live in, work in and live
 - Individuals are involved in their communities.

11. CONSULTATION

- 11.1 Strategic Director (Communities), Strategic Director (People), Strategic Director (Resources), the Head of Finance and the Head of Law & Administration have been consulted in the preparation of this report.

**RICHARD STIFF
CHIEF EXECUTIVE**

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

ECDEV/NP/ FM
10 May 2013

From Angus Council

To:
Business Improvement Districts Scotland
8 Melville Street
Edinburgh
EH3 7NS

Dear Sir

A BID for Carnoustie

Angus Council is exploring the potential contribution that business improvement districts can make to Local Area development in the future.

I note that the Carnoustie Development Group is submitting an application for a seedcorn grant to assist with the process of developing a BID in the town. I am pleased to confirm that the Council supports this application.

The Council's support will be delivered in the following ways:

- A named liaison officer as the key point of contact between the CDG and the Council on this project for up to two years
- Participation in the process of agreeing baseline requirements
- Assistance with the ballot process as required
- Participation in the BID once established in accordance with any agreements previously negotiated in the business planning phase.

The Carnoustie BID investigation is being viewed as a pilot in Angus and while the Council might support other BID investigations, no commitment will be given for any monetary BID contribution until the results of the Carnoustie Business Plan pilot are known.

Yours etc