



REPORT TO: POLICY AND RESOURCES COMMITTEE ON 3 SEPTEMBER 2019

SUBJECT: ELGIN BUSINESS IMPROVEMENT DISTRICT – RENEWAL BALLOT

BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT, PLANNING AND INFRASTRUCTURE)

1. REASON FOR REPORT

- 1.1 To inform Committee on the renewal ballot for the Elgin Business Improvement District (BID) and to seek the Committee's approval to support the proposals.
- 1.2 This report is submitted to Committee in terms of Section III (B) (7) of the Council's Scheme of Administration relating to dealing with the administration of the levy, collection and payments.

2. RECOMMENDATION

2.1 It is recommended that the Committee:-

- (i) agrees to approve the Elgin Business Improvement District (BID) proposal and business plan for 2020 – 2025 (APPENDIX II); and**
- (ii) vote in favour at the ballot stage for the minimum annual levy cost of £17,300, which is within the current budget for the levy**

3. BACKGROUND

- 3.1 As reported to the Economic Development & Infrastructure Committee on 19 February 2019 (paragraph 11 of the minute refers), Elgin BID became operational on 1 February 2010 with the establishment of the City of Elgin BID Ltd comprising of a board of 14 directors.
- 3.2 Building on the success of the previous and present Elgin BID, it is proposed to secure a further 5 year mandate through a re-ballot process. The request along with highlights of what has been achieved by the BID is enclosed as **APPENDIX I.**

- 3.3 The first two phases of Elgin BID focused on transformational infrastructure projects through the Town Centre Fund, Elgin CARS and Castle to Cathedral to Cashmere project with Council being the lead & delivery body for these partnership projects with Elgin BID having taken an active role in these initiatives.
- 3.4 Over the years Elgin BID has been delivering an evolving programme of various initiatives, events, marketing, promotion, business engagement and support alongside with offering a small grants scheme. As the Moray Council's contribution of £520,000 to cover all administration costs for 10 years enabling all levy payments to be invested in projects and services is coming to an end, it means for the next phase Elgin BID will be more limited in investments unless external funding can be secured.
- 3.5 Under the legislation, which governs the Scottish Business Improvement Districts, the Local Authority has to consider the proposal and business plan for a BID. A Local Authority has the right to veto, if for example it conflicts with any Planning Acts or for reasons such as the proposed levy would create disproportionate or unreasonable financial burden amongst rate payers. However any appeal against a veto will be decided by the Scottish Ministers.
- 3.6 The full details are contained in **APPENDIX II** and **APPENDIX III**.
- 3.7 A programme of business and community consultation has taken place over the past 12 months. In total, information was gathered from 147 different businesses, representing 36% of the membership with 21% stating their support so far. It was the outcome of these consultations that identified the business member's priorities and projects for Phase 3. In addition to the business members input, meetings, surveys and consultations were carried out with the following:
- **Independent Shoppers** - A team of 4 staff from North Highland Events and Promotions conducted surveys in the Out of Town Retail developments and in the City Centre. In total 200 surveys were carried out, 100 in each location.
 - **Young people** - 74 young people completed our "Your City, Your Views – Young Persons survey", this was achieved through links at Elgin Youth Café and Elgin Academy.
 - **Moray Council Elected Members** - A drop-in session was hosted by the Board of Directors for the Moray Councillors, providing an opportunity to ask questions, seek clarity and make suggestions about future activities. In total 13 Councillors took advantage of the opportunity, the equivalent of 50% of the elected members.
- 3.8 The proposal is to retain the 2015 – 2020 BID boundaries, the existing levy rate at 1.6% of the rateable value of non-domestic properties falling within the BID area alongside the management and operational arrangements.
- 3.9 A minimum levy of £60 is proposed, payable for all non-domestic properties liable to pay the non-domestic rate within the Elgin BID area, having a rateable value of up to £5,000. A maximum levy of £9,760 is proposed for

non-domestic properties liable to pay the non-domestic rate having the rateable value of £610,000 and above.

- 3.10 The annual levy will be linked after the first year to the Consumer Price Index (CPI) on the 1 of December of each year. Any increase in the CPI at that date will result in a corresponding increase in the following year's BID levy or any revaluation of the non-domestic rate during the term of the BID. The BID Board reserves the right not to implement the annual CPI increase should they deem it appropriate.
- 3.11 It is proposed to exempt lock-up garages, car parking, advertising stations and the city substation from the BID levy. Zero Rated properties will also be exempt in order to support their business owners as they develop their properties. As soon as these properties are liable for a Rateable Value, they will be eligible to pay the levy at a rate of 1.6%. Charitable status or mandatory charitable relief will not apply to the BID levy, as all will benefit from an improved environment, projects and services.
- 3.12 It will be the responsibility of Moray Council, as billing agent, to administer the billing process and the collection of the levy. It will deal with all enquiries concerning the payment of these demand-notices. All other enquiries concerning the demand-notices will require to be answered by a representative of the BID Company.
- 3.13 Elgin Bid will be liable to pay for the cost of the administration, collection and recovery cost of the levy. It consists of £6,098.13 annual cost for administration and £5,657.20 of annual cost for additional software requirement, subject to confirmation by the supplier.
- 3.14 The Taxation Team has previously made use of the council's corporate invoicing software to raise and administer BID's invoices. There have been a number of limitations in working in this way, which created inefficiencies and required a number of time consuming work arounds. The burden which resulted from working in this manner would be exacerbated if it was also necessary to administer the Tourism Bid.
- 3.15 The Taxation Team's software supplier now provides a module, which works in conjunction with the existing Non-Domestic Rates software suite. The use of this module would simplify administration of a single BID, and would make it possible to administer two BIDs within the staffing resources available to the Taxation Team.
- 3.16 The total annual cost to the Elgin BID is £11,755.33, however if the proposed Tourism BID is also successful with their ballot, the software charge would be shared and the cost will be reduced to £8,926.73.
- 3.17 **Key Dates and Ballot** – Under the legislation, 98 days' notice is required to the Scottish Government and Local Authority with the final BID business plan and proposal being submitted by 21 August 2019. The ballot procedure has been sub-contracted to the Electoral Reform Society, which has carried out the majority of BID ballots in the UK including the Elgin BID ballot in 2009 and 2014. The key dates are:

- Publish notice of the ballot by 2 October 2019
- Ballot papers to be issued by 16 October 2019
- Final day for voting papers to be received by 27 November 2019
- Announcement of ballot results by 28 November 2019

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The Elgin BID renewal ballot proposal will contribute to the corporate plan priority to promote economic development and growth, also the LOIP priority of a growing and sustainable economy.

(b) Policy and Legal

The legislations which implement BIDs in Scotland are:

- The Planning etc (Scotland) Act 2006 (Part 9)
- The Business Improvement Districts (Scotland) Regulations 2007
- The Business Improvement Districts (Ballot Arrangements) (Scotland) Regulations 2007 and
- The Planning etc (Scotland) Act 2006 (Business Improvement Districts Levy) Order 2007

Under the legislation where the local authority is of the view that the BID proposal or renewal and preliminary procedures conflict with a policy formally adopted and published by the authority, the authority shall notify the BID proposer in writing explaining the nature of that conflict.

A local authority can veto a detailed BID proposal if it conflicts with any of the above Acts or for reasons such as the proposed levy would create disproportionate or unreasonable financial burden amongst rate payers. However an appeal against a veto will be decided by the Scottish Ministers.

As in the present Elgin BID arrangements, any proposed improvement projects and services will be in addition to any existing provisions provided by Moray Council and Community Planning Partners. It is intended to continue the operational agreement between Moray Council and City of Elgin BID Company, which will be updated in consultation with Legal to reflect all changes.

(c) Financial implications

Corporate Management Team Additional Expenditure Warning
When the council approved the budget for 2019/20 on 27 February 2019 (para 4 of the Minute refers), the three year indicative budget before the council showed savings required in 2020/21 of £12.2 million and £6.7 in 2021/22. Although the final figures will vary, it is clear that the council will have to reduce its costs significantly across all services in future years . All financial decisions must be made in this context and only

essential additional expenditure should be agreed. In making this determination the committee should consider:

- *Is there a statutory requirement to incur the expenditure?*

Should the ballot be successful, Moray Council would be liable to pay a levy for its properties in the BID area. For the financial year 20/21 the levy liability is £17,300 for seven office buildings, one community centre, one library and one store. On the assumption of a 2.5% index linked annual increase, it could rise by year 5 to £19,095. There is a budget for the levy at its current level. Any inflationary increases will be an additional cost to the Council.

Are there any alternative actions available to avoid or reduce the cost?

Should the Council vacate or dispose of any of the buildings the levy liabilities would be reduced.

Are there alternative ways in which the service could be provided?

The Elgin BID proposal is offering a comprehensive Town Centre service for the businesses and it is unlikely that an alternative model could provide this.

- *What are the risks and consequences of not allocating the funding?*
The non-domestic rateable value of all the Council buildings in the Elgin BID area is £1,080,900. Should the Council decide to either not vote or vote no in the ballot, it would have a major impact on the likelihood of a successful outcome of the renewal ballot as the Council is the highest levy payer in the Elgin BID area in terms of non-domestic rateable value.
- *Does the expenditure contribute to long term financial stability?*
No

If in light of these factors the spend is considered essential, Committees should consider how it could be accommodated within the service budget, including what other activity would have to cease or diminish with what impact and risk. Only following these considerations should request be made to the Council for additional budget allocation.

The present annual budget allocation for the Elgin BID consists of administration support of £55,000 and levy payment of £17,300, which comes to an end this financial year. Should the re-ballot process be unsuccessful, it would present a savings of levy payment.

If the savings recommended in this report are approved, this will reduce the savings target by a minimum of £17,300

Should the re-ballot process be successful, the budget allocation for the levy would be over a five year period for the Council properties in the Elgin BID area.

While in isolation these figures may not be significant, the cumulative impact of all new pressures will require to be taken into account for future years. If the committee recommends additional budget to be allocated this recommendation will be considered in the next quarterly budget monitoring report in the context of the current overall financial position of the Council and in particular in the overall context of spend beyond affordable limits that impinges on the Council's reserves policy position.

It is proposed that the levy would be paid for from the Council's Property Services for Corporate Buildings budget.

The annual administration charge for billing and recovery process of the levy is £6,098.13. The annual software charge is estimated to be £5,657.20 subject to confirmation by the supplier. The total annual cost to the Elgin BID is £11,755.33, however if the proposed Tourism BID is also successful with their ballot, the software charge would be shared and the cost will be reduced to £8,926.73.

(d) Risk Implications

There are no risk implications arising from this report. The Elgin City Centre BID Company will take steps to assess and minimise any risks whether financial or otherwise through its monitoring and evaluation systems. A contingency budget has been set aside in the financial table as outlined in the business plan to cover any unforeseen circumstances.

(e) Staffing Implications

The Economic Growth & Regeneration section will continue to work with the Elgin BID company to support any developments and external funding opportunities.

(f) Property

Moray Council would be liable to pay a levy for presently 10 properties within the Elgin BID area at a non-domestic rateable value of £1,080,900.

(g) Equalities/Socio Economic Impact

There are no equalities/social economic impacts arising from this report.

(h) Consultations

The Corporate Director (Economic Development Planning & Infrastructure), the Head of Development Services, the Head of Financial Services, the Legal Services Manager, the Equal Opportunities Officer, Head of Housing & Property, Taxation Manager and Tracey Sutherland, Committee Services Officer have been consulted and comments received have been incorporated into the report.

5. CONCLUSION

- 5.1 The Elgin BID has proven to be a sustainable regeneration model for the City Centre. It is democratic, time bound, accountable and provides a clear mandate for actions. It relies on a strong, committed and solution orientated partnership with a clear vision and leadership.**
- 5.2 The close partnership work has enabled to attract substantial additional investments into Elgin – none could have been achieved by a single organisation.**
- 5.3 A successful renewal ballot of the Elgin BID will enable implementation of further actions and priorities and ensures a vibrant future for the City Centre.**

Author of Report: Reni Milburn, Economic Growth & Regeneration Manager
Background Papers: Proposals, correspondence and reports on file in
Environmental Services
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