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**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE  
COMMITTEE ON 18<sup>th</sup> AUGUST 2009**

**SUBJECT: ELGIN BUSINESS IMPROVEMENT DISTRICT**

**BY: DIRECTOR OF ENVIRONMENTAL SERVICES**

**1. REASON FOR REPORT**

- 1.1 To provide an update on the development of a Business Improvement District (BID) for Elgin and to seek the Committee's approval to contribute to its proposed 5 year operational plan.
- 1.2 This report is submitted to Committee in terms of Section E (10, 47 & 48) of the Council's Administrative Scheme relating to applications for assistance by business, tourism development and applications for funding.

**2. RECOMMENDATION**

**2.1 It is recommend that the Committee:**

- i) agrees to support the BID proposal through voting in favour at the ballot stage
- ii) should the BID ballot be successful, agrees a contribution payable from the Economic Development budget, of £60,000 per annum for 5 years, which will include the annual levy calculated at this stage at an average of £11,000 to £12,000 per annum; the balance going towards operational costs and overheads (as outlined in paragraph 4c).
- iii) agrees an in kind contribution through providing office accommodation for a BID manager and some administrative support, and
- iv) nominates an elected member for the board of directors of the new company, City of Elgin BID Ltd. with the option to nominate an additional elected member as observer.

- 2.2 That, since the funding is over a period of 5 years, impacting on future budget planning, the above recommendations be referred to Policy and Resources for their approval.

### 3. BACKGROUND

- 3.1 A report to this committee on 26<sup>th</sup> August 2008, outlined the details for a BID development for Elgin and it was agreed to:
- contribute £2,500 from the Economic Development budget towards the development cost in 2008/2009, and up to £5,000 for the administration of the ballot in 2009/10.
  - an in kind contribution through staffing input at the development stage and to undertake the ballot for the creation of an Elgin BID, and should the vote be in favour, to recommend to the Policy and Resources Committee to approve the collection of the levy for the duration of the BID
  - for the Council to front applications for funding, where appropriate
  - establish a service level agreement with the BID set-up
  - nominate an elected member for the board of a BID partnership
- 3.2 In addition to The Moray Council's contribution of £2,500, the development cost was secured from Scottish Government £20,000, HIE £2,500, and Elgin businesses £2,500, which were for consultancy fees (appointed through tender process) for facilitating independent consultations – workshops/seminars, professional surveys leading to establishing the feasibility of any proposals, marketing costs and business plan. Copies of the draft business plan have been placed in Members Support.
- 3.3 For any additional consultation to be carried out a supplementary budget has been created, supported through contributions from HIE £4,000, The Moray Council £2,000 (linked to survey regarding empty properties above shops in relation to potentially providing a grant scheme via housing to revitalise the town centre as reported to the Communities Committee on 19<sup>th</sup> May 2009) and businesses – Robertson £3,000 and Gordon & MacPhail £2,000.
- 3.4 A series of seminars were held to stimulate interest in the BID process with presentations from other BID areas - Inverness, Falkirk, Scottish Government and Bathgate leading to a Business led working group consisting of over 40 businesses participating. From this, a sub-group had been established to work through practical issues with their recommendations reported back to the full working group. This has now being set up as a Steering Group, ready to be formed as the company Elgin City Centre BID Ltd.
- 3.5 A business, shopper and young people survey has been carried out. The outcome of the business & shopper surveys conveyed opposite priorities and the businesses took these into account when they worked up their vision of what a BID could achieve and projects they would like to see happening. The young people survey wasn't originally planned, however it emerged from the consultation that young people in the Centre, in particular at the Plainstones and bus station were often perceived as a 'nuisance' and detrimental image to the Centre. The working group decided it was important to take their views into account and involve them in the process, which also led to a BID bag competition with youngsters being invited to submit their painted vision of

Elgin City Centre in 2015. (2015 was chosen as businesses also visualised in the seminar what a 5 year BID plan could achieve) The two winning designs are being printed as BID shopping bags. Prizes were donated by the local businesses with over 280 entries and the top designs being planned to be exhibited in empty shop windows.

- 3.6 To give businesses a taste of what collaborative working can achieve, demonstration projects have been developed, which includes the shopping bags initiative as described above alongside with a 'Summer in the City programme'. It was launched at the end of May with a very successful film festival and a range of events taken place in the City up to October. To promote the development of a BID in Elgin, posters, flyers, stickers and regular press releases have been created with a dedicated website at [www.elginbid.co.uk](http://www.elginbid.co.uk). In addition 130 polo shirts with logos at the front and message at the back have been printed, with a range of businesses planning to use them. To support this in the licensed trade and coffee shops, tent cards will be on display on tables.
- 3.7 A business database has been established with a traffic light system to establish the support for a BID. Out of 438 businesses in the defined area, so far only 2 national chain stores stated that they will not support a BID with the majority of businesses approached, indicating that they will be in favour. As part of the ongoing 1:1 consultation and in the run up to the ballot, the data base will continue to be regularly updated.

#### 4. Proposal

- 4.1 The Elgin BID will deliver a wide range of additional activities to enhance the shopping experience for both visitors to the town and residents alike and to allow businesses to maximise their trade throughout the year. Businesses, shoppers and young people had the opportunity to have their say in what they want the BID to deliver. The vision and some of the key areas identified through this consultation are that a 5 year BID plan could achieve by 2015:

A vibrant and vital city centre with a supportive and involved business community with;

- A strong and well marketed reputation as a destination with a joined up and diverse retail and tourism offer reflecting the strengths, heritage and other assets of the area;
  - A clean, well maintained and active appearance with adequate and accessible parking, well managed traffic and clear signage for all;
  - A diverse programme of cultural, sporting and community events and markets, well publicised and making optimum use of new technology.
- 4.2 The key themes and improvement projects include:
- Building a reputation and marketing Elgin as a vibrant destination (building the brand, promoting Elgin, high quality information)
  - Tourism and Entertainment (promoting local heritage, street furniture, café culture, events & festivals)

- Shopping Offer (integrated city centre plan, attract more specialist and quality retailers, an Elgin loyalty card)
- Business Engagement (business to business co-operation)
- Cleanliness, Safety and Appearance (Clean public areas, regenerate shops and buildings, a safety communication system)
- Traffic Management and Access (Improved and up to date signage for traffic and pedestrians)
- Community involvement (Continue to work with young people, investigate the potential for a disabled friendly campaign and other similar initiatives).

Full details are outlined in Annex I: Business Plan – attached.

- 4.3 **Management and Operation** - Following a successful 'yes' vote in the BID ballot, the Elgin BID company will be formed and will become the legal identity and administrative arm of the BID from 1<sup>st</sup> January 2010 onwards. The BID levy contributors will form the membership of the company and a board of up to 14 directors (the positions will not be remunerated) will be elected from this membership. It is intended that the composition of the board reflects the overall profile of the town businesses. The current BID steering group will continue to operate after the vote until the legal process of establishing the new company is completed to ensure there is no break in the momentum of activity. The Moray Council will have nomination rights to Board in recognition of their role as key representative partners (1 board member & 1 observer). The Elgin Fund will have similar rights reflecting their civic leadership role and charitable status (1 board member). The same is proposed for Grampian Police and Moray College (1 board member each).
- 4.4 In order to develop strong working relationships and build on specific areas of knowledge and expertise, partner organisations will be invited from time to time to attend Board meetings as observers. These observers will be from organisations such as HIE, Visit Scotland, Community Council and Shopmobility.
- 4.5 It is proposed that a manager will be recruited with responsibility for delivering the projects and services detailed in this business plan. The manager and any support staff will be recruited by the board and report to and be directed by them.
- 4.6 The request for funding from The Moray Council for £49,000 per year will pay for a BID manager and overheads, alongside in kind contributions of office accommodation and some assistance with administration (photocopying and mailing) and if approved, will allow every penny of the BID levy to be spent on improvement projects and marketing of Elgin City Centre.
- 4.7 **The BID Levy** - The proposed levy for the Elgin BID would contribute in the region of £123,000 to the BID budget. The levy will be set at 1.5% of the rateable value of non domestic properties which fall within the BID area. The BID steering group proposes to exempt ATMs, lock-up garages, advertising stations and car parking from the levy. A minimum levy of £50 is proposed as an entry level contribution, which all non domestic ratepayers would make;

this would be the levy for businesses with a rateable value of up to £5,000 and under. The levy which is charged will be linked after the first year to the retail price index at the 1st of December of each year to take account of any inflation. Any increase in this index at that date will result in a corresponding increase in the second year's BID-Levy. For demonstration purpose only, a 2.5% increase in levy income has been calculated in the financial details.

- 4.8 It will be the responsibility of the local authority, 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.
- 4.9 Following a successful 'Yes' vote, invoices for the levy will be issued at the beginning of each calendar year with the following payment options:
- Businesses with a levy fee of up to £100 – one annual instalment payable within one month of the date of the levy demand-notice.
  - All other levy payments can be paid in two instalments - one instalment payable within one month of the date of issue of the levy demand-notice and the second payable six months later.

Any non-payment of the BID levy will be pursued through all available enforcement options, which are defined within the 2006 Planning Act (BID Levy) Order. If a property is empty on the date of issue of the levy, the property owner will be liable to pay the full levy amount. Any property which is currently exempt from the payment of nondomestic rates due to an award of rates relief will be liable to pay the full levy amount. Any change to property's ownership and/or occupancy during the year will result in an adjustment to the levy which is payable. The levy will be recalculated on the date on which liability for the payment of non-domestic rates was established or terminated. Any additional rateable property formed during the lifetime of the BID (i.e. new build developments etc.) will be liable to pay a proportion of the levy based on the date on which liability for the payment of non-domestic rates was established.

- 4.10 **Funding** – The funding package over the 5 years duration of the BID is outlined under Para 5c – Finance. Businesses, which are out with the BID boundary have indicated that they would be willing to donate funding, as they feel that they also will benefit from this proposal. It has not been included in the financial package at this stage.
- 4.11 Some of the proposed capital projects to improve the City Centre environment have been included in an application to the Town Centre Regeneration Fund. It is a joint application, fronted by The Moray Council in partnership with the Moray Town Centre Partnerships (4 secondary towns) and the BID including Elgin Fund. If successful, it would materialise projects in the City Centre of a value of over £500,000 with Match funding from The Moray Council, Elgin fund and businesses. Further applications have not been submitted as yet, but it is anticipated that approaches will be made for example under ERDF

Priority 4 of the LUPS Structural Fund Programme for specific capital elements within the proposed business plan.

4.12 **Monitoring and Evaluation** - The Elgin BID company will carefully monitor and continually review the performance of the BID against the business plan and the objectives and targets which it sets. Three main elements of monitoring are foreseen;

- the preparation of an annual progress report based on the activities undertaken by the BID group;
- the use of existing surveys either identifying elements which are relevant to the BID or arranging for additional questions of relevance to be added e.g. the work underway on the Elgin Vision;
- specific surveys or consultations commissioned or undertaken by the BID group or other stakeholders or partners.

Two key milestones are identified where specific monitoring is thought to be required.

- Firstly, at the mid point of the BID period, it is proposed to conduct an independently facilitated business and shopper seminar to discuss progress and the factors contributing to this. This will inform a mid point update of the approach.
- Secondly, business and shopper surveys will be conducted in the final year of the programme.

These surveys will include the relevant information fields from the research, which was consulted for this business plan. This will allow progress in customer and business perceptions and behaviour to be measured on a common basis and, through the addition of specific questions the influence of the BID will be assessed. This will then form the basis for planning for the next period of the BID.

4.13 **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 being submitted by 24<sup>th</sup> August 2009. The ballot procedure will be sub-contracted to the Electoral Reform Society, which has carried out the majority of BID ballots in the UK. The provisional dates are:

Publish notice of the ballot by 9 October 2009

Ballot papers to be issued by 18 October 2009

Final day for voting papers to be received by 30 November 2009

Announcement of ballot results by 2 December 2009

## 5. SUMMARY OF IMPLICATIONS

### (a) *Single Outcome Agreement/Service Improvement Plan*

The proposal contributes to the Single Outcome Agreement of the Community Planning Partnership with the Scottish Government in respect of the 'Outcomes' allocated to the 'Wealthier and Fairer' Group and the stated priorities of the Council's Plan for 2008-11 in relation to the economy, jobs and tourism. The initiative will help to achieve the Corporate Plan objective to maximise opportunities from European, Lottery and other funding sources. It will also support the Economic and Environmental Programmes in the Corporate Plan to "Support and develop local businesses, create an environment for sustainable growth through Council policies and actions, and in partnership with other bodies". The proposal will contribute to the Council's priorities of economic development and tourism.

### (b) **Policy and Legal**

The legislation 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.

As previously outlined in the report to this Committee on 26<sup>th</sup> August 2008 any proposed improvement projects and services will be in addition to any existing provisions provided by The Moray Council and Community Planning Partners and subject to an operational agreement.

### (c) **Resources (Financial, Risks, Staffing and Property)**

**Finance** – The estimated core annual budget for the Elgin BID is approx. £170,000 (taking into account a small percentage of non –recoverable levy) consisting of £123,000 of levy and the request of £49,000 from the Moray Council Economic Development budget. It is proposed to retail price index link the levy, which has been calculated for demonstration purpose only at 2.5%, which would result in a minimum investment of over £895,000 over the life span of the BID into Elgin City Centre.

Should the ballot be successful The Moray Council would be liable to pay a levy for its properties in the BID area. In the first year of a BID the liability would be £11,382 and on the assumption of a 2.5% index linked increase, it could rise by year 5 to £12,564. Should there be a significant variant due to The Moray Council changes in properties or any substantial changes relating to the index linked levy, further reports will be submitted to Council.

It is proposed that the levy would be paid for from the Economic Development budget resulting in the following commitments.

|                           | Year 1         | 2              | 3              | 4              | 5              | Total           |
|---------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Proposed TMC contribution | £49,000        | £49,000        | £49,000        | £49,000        | £49,000        | £245,000        |
| Levy                      | £11,382        | £11,667        | £11,959        | £12,258        | £12,564        | £59,830         |
| <b>Total</b>              | <b>£60,382</b> | <b>£60,667</b> | <b>£60,959</b> | <b>£61,258</b> | <b>£61,564</b> | <b>£304,830</b> |

The contribution in the table is calculated in calendar years and in financial years the commitment from the Economic Development budget would be as outlined below;

| Financial year   | 09/10          | 10/11          | 11/12          | 12/13          | 13/14          | 14/15          |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| TMC contribution | £12,250        | £49,000        | £49,000        | £49,000        | £49,000        | £36,750        |
| Levy             | £ 2,846        | £11,453        | £11,740        | £12,034        | £12,334        | £9,423         |
| <b>Total</b>     | <b>£15,096</b> | <b>£60,453</b> | <b>£60,740</b> | <b>£61,034</b> | <b>£61,334</b> | <b>£46,173</b> |

**Risks** – 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.

**Staffing** – The Moray Council Development section will continue to work with the BID's company to maximise income from funding streams as they arise. Any staffing support for the delivery of the BID activities will be employed by the Elgin City Centre BID company.

**Property** – As outlined above The Moray Council would be liable to pay a 1.5% levy for any property above £5,000 of non- domestic rateable value and for any property below that, a £50,- levy, which presents a total in levy bill of £11,382. It is also proposed to accommodate a BID manager in any of The Moray Council's city centre offices and suitable space is being investigated.

**Procurement of EU Funding** - As outlined in Para 4.11, should the BID process be successful, it is anticipated that an application to the Lowland & Upland Scotland Programme (LUPS) will be made and will be subject to further reports to this committee.

**Consultations** - Consultation on this report has been undertaken with:

- the Principal Accountant in regard to the budgetary information
- the Chairperson of the Elgin BID proposal
- the Taxation & Support Services Manager and Elections Officer
- the Principal Solicitor in regard to the setting up of a Service Level Agreement

All are in agreement with the Conclusions and the Recommendation of the proposal.

**5. CONCLUSION**

- 5.1 Should the outlined proposal be successful, the creation of a BID in Elgin could make a significant contribution towards sustainable economic growth through partnership working. It will create a more vibrant town centre, deliver additional town centre services and activities and maximise investment in the area.**
- 5.2 The BID empowers local businesses to initiate improvements in their area and draws in contributions proportionate to the size of the individual business.**
- 5.3 If this pilot BID is successful it has the potential to be rolled out to other towns in Moray.**
- 5.4 The proposed Council's contribution towards the Elgin BID would leverage substantial amount of investment by businesses. It will allow every penny of the BID levy to be spent on improvement projects and marketing of Elgin City Centre**

Author of Report: Reni Milburn, Principal Development Officer

Background Papers: Proposals, correspondence and reports on file in  
Environmental Services, Development and Planning Section

Ref: RM/RA09

Signature: \_\_\_\_\_

Date : \_\_\_\_\_

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