

**ANGUS COUNCIL**

**POLICY AND RESOURCES COMMITTEE – 30 AUGUST 2016**

**CARNOUSTIE BUSINESS IMPROVEMENT DISTRICT**

**REPORT BY CHIEF EXECUTIVE**

**ABSTRACT**

The report informs members of the notification from Connecting Carnoustie of their intention to ballot businesses in Carnoustie regarding implementing a Business Improvement District (BID) for the town. It also informs members of the implications of this for Angus Council. It also seeks approval for Angus Council to support the ballot, participate in the ballot and recommends that the Head of Legal and Democratic Services be authorised to vote on behalf of Angus Council. It furthermore seeks approval to vote in favour of/against/abstain from participation in the BID by Angus Council and (note the levy and other costs associated with that).

**1. RECOMMENDATIONS**

- (i) that the committee agrees to support the BID ballot proposal.
- (ii) formally instruct that the BID ballot takes place and agree to meet the cost of the ballot process but recoup costs from the BID group once established and the frequency of collection of levy money is agreed.
- (iii) authorise the Head of Legal and Democratic Services to vote on behalf of Angus Council in the ballot casting a single vote in favour/against/ or abstaining as decided by the Committee.
- (iv) notes the estimated levy and other costs to Angus Council of being part of the BID.

**2. BACKGROUND**

- 2.1 Report 368/13 to Strategic Policy on 11 June 2013 informed members of the proposal by Carnoustie Development Group to undertake a study into the feasibility of establishing a BID for Carnoustie and agreed to allocate in-kind officer support only to support that. The aim was to explore the potential to generate additional income to support the growth and sustainability of the town centre. Around one third of UK economic output is generated in town and/or city centres with a turnover of £2037m – 33% of GVA and employing 27% of the workforce.
- 2.2 A BID is about businesses working together and investing collectively in additional local projects and services to enhance their trading performance and environment. A successful operational BID can lead to reduced costs and a better area for everyone.
- 2.3 The projects and services are funded through an investment of additional money paid by the people liable to pay the non-domestic rates in the defined BID area. The BID levy is based on bandings of rateable values in a similar way to Council Tax as determined by the BID group. Businesses who benefit from the Small Business Bonus Scheme (SBBS) and who may not pay any rates are liable to pay the BID levy. An estimated 200 businesses will be eligible.
- 2.4 BID projects and services are new; they do not replace services that are already provided by Angus Council. The BID levy is an entirely separate levy to which Angus Council has no access. It is fully controlled by the levy payers and is spent where the businesses want it spent. Baseline service provision information was provided by Angus Council and has been agreed with the BID Steering Committee and will form a part of the contract between Angus Council and the BID company.
- 2.5 Each eligible person liable to pay the BID levy will be able to vote on whether or not the BID goes ahead. Where properties are leased out, the owner of the property is only entitled to vote if on the day of the ballot there is no eligible tenant in the property.

### 3. CURRENT POSITION

- 3.1 Following a successful application for seedcorn funding to BID Scotland, Carnoustie Development Group established a steering group and worked to develop the BID proposals and business plan. The development of a BID was a key action from the Carnoustie Charette report in 2015.
- 3.2 Should the ballot result be in favour of supporting the BID, a new company limited by guarantee (the BID company) will be established. This will consist of board members and executives nominated and elected by the businesses from whom the levy is to be collected. It is this body that will deliver the plan. The proposal is that a part time project manager be appointed. If agreed, they will also be the part time Carnoustie Development Trust project manager and effectively become the 'town manager'.
- 3.3 The board can and probably will include a representative from Angus Council, the Community Council, and the Development Trust although they are unlikely to have voting rights.
- 3.4 Connecting Carnoustie formally submitted its intention to hold a ballot to the Chief Executive on 25 May 2016 with a view to holding the BID ballot in December 2016 to determine whether there is sufficient support for the BID proposals.
- 3.5 Connecting Carnoustie has now formally submitted a copy of the BID proposal, together with:
- a summary of consultation with eligible voters
  - the most recent draft business plan available
  - the financial management arrangements for the BID body; and
  - details of eligible voters and relevant properties for consideration by the Council – map attached at Appendix 2.

A summary of benefits to Carnoustie has also been submitted and is attached at Appendix 3.

All other documents are available in the Members' Lounge.

- 3.6 The Local Authority may veto the BID proposals in the circumstances outlined in Part 9, Section 42 of the Planning Etc (Scotland) Act 2006 if the local authority considers that the BID proposals are likely:-
- (a) to conflict with any structure plan, local plan, strategic development plan or local development plan which has been approved or adopted under the principal Act and which applies to the proposed business improvement district or any part of it.
  - (b) to conflict to a material extent with any policy formally adopted by and contained in a document published by the authority (whether or not the authority are under a statutory duty to prepare such a document); or
  - (c) to lead to a significantly disproportionate financial burden being imposed on:-
    - (i) any person entitled to vote in the ballot on the proposals; or
    - (ii) any class of such persons, as compared to other such persons or classes.

<http://www.legislation.gov.uk/asp/2006/17/section/42>

It is proposed that the council supports the ballot taking place and that the committee determines how the council's vote should be placed.

- 3.7 The outline arrangements for holding the proposed ballot are attached at Appendix 1 including details of the ballot holder, timetable, method of voting, eligibility, costs etc. These arrangements will be finalised should the BID proposals be supported by the Council and the ballot goes ahead.

3.8 To date officer support has been provided by way of:-

- Finance/Revenues – Providing a database on non-domestic rates (NDR) tax base providing information on non-domestic properties within the Carnoustie area and general discussions in relation to billing arrangements of any levy and financial requirements in relation to the BID Levy Revenue Account.
- Legal – Officer support and guidance on the process for holding a BID ballot.
- Economic Development – Officer support to steering group; co-ordination of full council response to Baseline Agreements setting out council services in the area as required for the BID Business Plan.
- GIS – Maps of potential eligible BID areas.

#### 4. ANGUS COUNCIL POSITION

4.1 Angus Council will also have a vote in the ballot for each premise where the council is the eligible non domestic rate payer. Whether or not Angus Council choose to vote in favour of the ballot the implications for us should the ballot be successful are:-

- Finance:-
  - Collection and recovery of levy as Billing Authority. This is done separately from NDR billing and will require the purchase of additional software. Arrangements will also be made to account for payments made. Recovery of unpaid levies will be done via enforcement action through the summary warrant process. Administration of BID accounts as ratepayers move in and out of premises. There is also the requirement to set up a Bid Revenue Account to receive the levy and mechanics developed to pay over the levy collected to the Bid Company.
  - It must also be recognised that many businesses do not currently pay rates and this levy will be an additional charge from which there is no relief and it is important that this is understood by all ratepayers.
  - Some 200 properties will be involved in the ballot i.e. approx. 170 ratepayers
  - It is important that sufficient lead in time is provided to ensure that the Business Rates team can issue the Bid levy bills. It is proposed that the bid levy should start at the start of a financial year.
  - There is a one off cost required to purchase software to administer the BID of £10,000. There is also a £5,000 implementation cost. There is also a £2,500 annual maintenance cost. These costs will be recharged to the BID company across the 5 years of the bid or recharged on a shared basis with other BID companies across Angus should any others arise..
  - Councils are able to charge an administration fee for the billing and collection arrangements. The cost varies depending on a variety of factors or could be set at a percentage of the total bid levy which is expected to be £400,000 over the 5 year period of the bid, e.g. 3%.
- Legal & Democratic Services:-
  - Holding the ballot on behalf of the Returning Officer.
  - The drafting of an Operating Agreement between the Steering Group and the Council for the period of the BID.

4.2 Cost to Council services of the additional Bid levy on Council properties. This is based on current Rateable Values but there will be a revaluation by the start of April 2017 and this may lead to different charges being levied. However these figures are reasonable estimates.

The likely levy to Angus Council is £3,600 per annum for 5 years. This is made up of:-

Levy Cost per Band	Banding	Property	Levy
200	2000-5000	0	0
300	5000-10000	Madison's Cafe	£300
300	5000-100001	Panmure Centre	£300
400	10001-20001	0	0
500	20001-40000	0	0
750	40001-60000	0	0
1,200	60001-100000	0	0
2,000	100001-150000	0	0
3,000	150001-200000	Kinloch Care Centre	£3,000
6,000	200001-300000	0	0
6,500	300001 and over	0	
<b>TOTAL</b>			<b>£3,600</b>

4.3 Angus Council continues to pay the rates for Madison's Café and the Kinloch Care Centre and therefore will have one vote per premise in the ballot and be responsible for the levy albeit they can choose to recharge this to the leaseholder. All schools, the cemetery, toilets and car parks are excluded.

4.4 Cost to Angus Alive of the additional Bid levy on properties. Angus Alive will require to decide on their position regarding their votes in the BID ballot process.

Levy Cost per Band	Banding	Property	Levy
200	2000-5000	0	0
300	5000-10000	0	0
300	5000-100001	0	0
400	10001-20001	Access office	£400
500	20001-40000	0	0
750	40001-60000	Library	£750
1,200	60001-100000	Leisure Centre	£1,200
2,000	100001-150000	0	0
3,000	150001-200000	0	0
6,000	200001-300000	0	0
6,500	300001 and over	0	0
<b>TOTAL</b>			<b>£2,350</b>

## 5. ANGUS COUNCIL POSITION ON BALLOT

5.1 It is recommended that the Council agrees that the ballot should take place and that the Head of Legal and Democratic Service votes on behalf of the council. However, it should be noted that as the council has a vote for each premise on which it pays business rates and the overall electorate is relatively small it is possible that the council's votes could determine the outcome of the ballot.

5.2 As a BID is intended to be a mainly business driven entity it does not seem appropriate that the council has such a potentially powerful position given the number of properties it holds within the bid area. To mitigate against the potential skewing of the outcome by public sector votes it is recommended that the council casts only a single vote in relation to a single premise and does not use the other votes available to it.

5.3 There are both advantages and disadvantages to the council of a BID coming into being in Carnoustie. These are described in this report and its appendices. The committee is asked to determine whether the council should vote in favour, against or wholly abstain in the ballot.

## 6. FINANCIAL IMPLICATIONS

6.1 There is a one off cost required to purchase software to administer the BID of £10,000. There is also a £5,000 implementation cost. This can be funded from the 2016/17 Provision for Additional Burdens revenue budget. There is also a £2,500 annual maintenance cost. These costs will be recharged to the BID company across the 5 years of the bid or recharged on a shared basis with other BID companies across Angus should any others arise.

- 6.2 Angus Council will charge an administration fee for the billing, collection and financial administration arrangements – this would cover the expected staff time and other resources required to administer the BID so that it is not a burden on Council revenue budgets and therefore Council Tax payers. The cost varies depending on a variety of factors or could be set at a percentage of the total bid levy, e.g. 3%.
- 6.3 The cost to the Council as a ratepayer of the annual BID levy payment is modest at an estimated cost £3,600 spread over different services. If the BID ballot is successful this additional cost would need to be considered as part of the 2017/18 budget setting process.
- 6.4 The cost of holding the ballot is estimated at £1,500. This does not include the cost of printing the business plan/proposals. These costs will be recharged to the BID company if the bid is successful. If the BID ballot results in a “no” vote this charge will fall to Angus Council and require to be met from the budget for additional burdens.

## **7. CONSULTATION**

- 7.1 The Strategic Directors of Children and Learning, Communities and Resources, the Head of Legal and Democratic Services and the Head of Corporate Improvement and Finance 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.

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List of Appendices:-

1. Connecting Carnoustie - BID Ballot
2. Carnoustie – BID Zone (2 Maps)
3. Benefits of supporting the BID for Angus Council