

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 26 AUGUST 2003

SCOTTISH EXECUTIVE CONSULTATION BUSINESS IMPROVEMENT DISTRICTS IN SCOTLAND

Report by Director of Development Services

1 PURPOSE OF REPORT

- 1.1** To advise the Committee of consultation proposals issued by The Scottish Executive for the establishment in Scotland of Business Improvement Districts (BID's) and to seek the Committee's endorsement of a proposed response to the Scottish Executive.

2 INTRODUCTION

- 2.1** In July 2003, the Minister for Finance and Public Services in the Scottish Executive issued a consultation paper on proposals for establishing business improvement districts in Scotland.
- 2.2** The commitment to this consultation was contained in the "2003 Partnership Agreement" under the heading "Sharing the benefits of economic growth".
- 2.3** The consultation paper poses a series of 9 questions, the themes of which are covered in the text of this report. It is proposed that this report be used as the basis of the Council's formal response to the consultation.
- 2.4** It is requested that responses and views on the consultation paper be submitted to The Scottish Executive by 10 October 2003.

3 BACKGROUND

- 3.1** The concept of BID's originated in America and has been successfully used there (e.g. Times Square in New York). Pilot schemes in England and Wales have been identified and legislation is currently being brought forward.
- 3.2** The concept is of a voluntary partnership between local authorities and local businesses where agreement is reached to take forward schemes of benefit to the local business community. Funding is (at least in part) from increased business rates payments, augmented by direct private sector contributions from businesses, landowners etc and contributions from local authorities and EU Funds.
- 3.3** The services provided by a BID should be additional to agreed baseline local authority services. BID projects would reflect local need and could vary from

modest to ambitious projects and could relate to environment, security, access, transport, visitor and shopper facilities etc.

- 3.4 The proposals acknowledge that property owners will benefit from any increase in property values (rental levels in the short term and capital values in the longer term) which will accrue as a result of the improvement of the local area. Accordingly, it is proposed that landlords be invited to contribute on a voluntary basis to BID's.
- 3.5 There should be a financial and management structure to take forward agreed projects and projects should address a specific local concern and deliver specific and measurable outputs.
- 3.6 There would have to be specific agreement between the local authority and the local business community to proceed with a BID, with at least 55% of non-domestic ratepayers voting in favour of the proposals and those voting in favour representing at least 50% of the rateable value of all ratepayers voting. Once there is agreement, all businesses within the BID area would be required to pay the agreed levy. The agreement would last for a maximum period of 5 years, after which there would require to be a review.
- 3.7 The benefits to the businesses could include increased turnover, increased property values, improved staff recruitment and retention, improved security, lower insurance premiums etc.

4 RESPONSE TO THE CONSULTATION PROPOSALS

- 4.1 One of the strengths of the BID proposal is the opportunity for the local business community to identify and then with the participation of statutory bodies to address agreed local needs. The proposals for the level of positive support required from the business community to institute a BID are considered to be appropriate as a mechanism to ensure that the burden of cost is fairly borne, reflecting the spread of benefit which will be achieved in the local business area.
- 4.2 It may not be realistic, however, to expect full funding by businesses in town centres in areas such as East Ayrshire where business investment is under pressure from competing out-of-town centres and city centres. In these areas BIDs will depend on a degree of partnership support from the Scottish Executive or other public development agencies. One approach might be to offer pound for pound matching support for funds agreed by private businesses
- 4.3 It may also be difficult to achieve support for schemes which require 100% participation. Schemes with a lower target, in which only a proportion of businesses were required to make a commitment of funds for a limited period may be more realistic. Such schemes would reflect the principle set out in para 4.1, but would better reflect the range of capacities within the business community to contribute. Such a variant on the basic scheme would probably need to be associated with modest programmes of serviced level improvements to be acceptable to those businesses willing to contribute.

4.4 A further key issue is consultation, which will have to be significant. Effective consultation will have to be undertaken with a range of parties who would be involved - individual businesses, property owners, business associations. It is likely that the lead role in organising such consultation will have to be taken by the local authorities.

4.5 In East Ayrshire, it is envisaged that only Kilmarnock, Cumnock and possibly Stewarton are likely to be of sufficient size to entertain the development of BID's. It is proposed that discussions will be instituted with established business groupings in these areas to explore the extent to which businesses in these areas may be interested in the concept or a variant as suggested at para 4.3.

5 POLICY IMPLICATIONS

5.1 If implemented and funded adequately, the proposals for BID's would meet the guiding principles of the East Ayrshire Community Plan and would support the achievement of its strategic objectives expressed in the "Improving Opportunities" theme.

6 FINANCIAL, LEGAL AND PERSONNEL IMPLICATIONS

6.1 There are no legal, personnel or financial implications.

7 RECOMMENDATIONS

7.1 That the Committee :

- (a) note the contents of this report;
- (b) authorise the Director of Development Services to respond to the Scottish Executive consultation in the terms of the observations made in this report; and
- (c) Authorise the Director of Development Services to institute discussions with local businesses on potential interest in BIDs in East Ayrshire.

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Director of Development Services
11 August 2003 / jrs

BACKGROUND PAPERS

1 Business Improvement Districts : A Consultation Paper (The Scottish Executive : July 2003)

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