

Proposed Business Improvement District – Penicuik Town Centre: Progress Report

Report by Ian Johnson, Head of Communities and Economy

1 Purpose of Report

- 1.1** The purpose of this report is to update Cabinet on progress with the development of a proposal for the establishment of a Business Improvement District covering Penicuik Town Centre.

2 Background

- 2.1** The Business Improvement Districts concept was originally set up in Canada over forty years ago but took off in the USA in the late 1970's. Business Improvement Districts came into force in Scotland in April 2007 following legislation passed by the Scottish Parliament in 2006.
- 2.2** A Business Improvement District involves businesses within that District working together and investing collectively in local improvements which will be of benefit to the businesses involved whilst contributing to the sustainable economic growth of the local economy. By working together businesses can reduce costs, share risks and create new platforms for growth. A Business Improvement District is not a substitute for Central and Local Government investment but is an additional investment to strengthen the local economy and give local businesses a unified voice, helping to provide an arena for businesses and Local Authorities to increase their understanding of each other's priorities.
- 2.3** Business Improvement Districts are developed, managed and paid for by the business sector through a compulsory Business Improvement District levy. A Business Improvement District can only be formed following a successful ballot of the businesses within the prospective Business Improvement District. The interests of both large and small businesses are protected through a voting system that requires a majority in the numerical votes cast and the rateable value of votes cast.
- 2.4** A Business Improvement District can last for no more than five years and will either be dissolved at the end of its term or will seek a new mandate by way of a renewal ballot.

2.5 Once formally established, Business Improvement Districts can be utilised for a range of economic development/regeneration related initiatives. In respect of town centres, this can include:

- community safety related activities;
- improvement of perception and image;
- public realm improvements;
- organisation of markets (farmers markets) ;
- support for business development activities ;
- development of events programmes ; and
- premises improvement schemes (potential future Penicuik Townscape Heritage Initiative scheme).

This list is not exhaustive and highlights the wide range of initiatives Business Improvement Districts can potentially support. The proposed initiatives should also be drawn from the results of consultation undertaken with the local business sector. This directly gives the local business sector the direct opportunity to say what initiatives they believe would assist in regenerating the town centre.

2.6 At its meeting held on 8 October 2013, Cabinet considered and approved the content of a report entitled “Proposed Business Improvement District – Penicuik Town Centre“. The report noted that with regard to Penicuik Town Centre, efforts were made in recent years by business representatives to establish a Business Improvement District. Unfortunately this did not progress beyond the establishment of an informal, private sector led, steering group which met on a fairly infrequent basis. However, the group was successful in securing a grant of £20,000 from the Scottish Government to assist with developmental operations such as marketing and website development. Only a small sum (£1,663) was expended, for marketing purposes. Council officers were involved, in late 2013, in discussions with the Director of Business Improvement Districts Scotland, Scottish Government officials and representatives from the informal Penicuik Town Centre Business Improvement District steering group in an attempt to regenerate interest in the concept and drive forward the initiative in the interests of Penicuik Town Centre.

2.7 The outcome of these discussions was the agreed transfer of the remaining £18,337 to Midlothian Council to kick-start the Penicuik Town Centre Business Improvement District initiative. A formal steering group, chaired by a private sector representative, was established in late 2013 / early 2014 and since that time significant progress has been made.

- 2.8** The Council is represented on the steering group by Councillor D Rosie, Councillor A Montgomery and the Economic Development Manager.
- 2.9** Following the establishment of the steering group, a key area of activity for the group was the appointment of a Project Officer to effectively explain the Business Improvement District concept to the local business community in advance of the confidential postal ballot. The Project Officer was appointed in July 2014, initially on a part time contractual arrangement. Since that date the project has moved at pace with a detailed town centre business sector consultation undertaken together with a date of 26 May 2015 set for the Business Improvement District ballot. The Project Officer has also recently prepared an initial draft business plan which has been submitted for comment to the Business Improvement District Scotland Director. A copy of the draft business plan has been placed in the Members' library.

3 Report Implications

3.1 Resource

In terms of human resource implications, any ongoing work associated with the Penicuik Town Centre Business Improvement District steering group and progression of the initiative will continue to be handled by the Council's Economic Development Manager in close liaison with Council colleagues, the Penicuik Business Improvement District steering group Project Officer and appropriate Penicuik Town Centre business representatives. The Council's Economic Development Manager currently serves as the Interim Secretary and Interim Treasurer on the steering group. These roles will be subject to review if there is a positive vote in the forthcoming ballot for the formation of a Business Improvement District.

In the development of the Business Improvement District ballot proposals and setting of the ballot date on 26 May 2015, detailed advice has been sought from Council staff who deal with Legal and Elections matters. In the run up to the ballot date there are a series of key timelines that are required to be met. This advice has proved invaluable and close liaison with and the involvement of relevant Council staff will continue to ensure that the ballot operates as smoothly as possible.

With regard to Financial Resource implications, grant monies amounting to £18,337 for the Penicuik Town Centre Business Improvement District project were received by the Council from the Scottish Government in late 2013. A key condition in the Scottish Government's grant award letter stipulated that any expenses incurred over and above the grant awarded will not be reimbursed by the Scottish Government.

From late 2013, stringent efforts have been made to develop and take the Business Improvement District proposal to ballot within the £18,337 set budget parameter. Considerable in kind support has also been afforded to the project from Council staff. In summer 2013 it was clearly evident that a dedicated Project Officer would be required, initially on a part time basis, to drive the project forward. The Project Officer is employed on a contractor

basis and his fees are met from the Business Improvement District budget held by the Council. It was soon evident that the budget held by the Council would not be sufficient to cover committed and likely future expenditure for this project. In the run up to the ballot the Project Officer is almost working full time due to the amount of complex and detailed work required.

Consequently, the sum of £ 20,000 was vired from the Business Gateway budget held by the Council to provide top up to the Business Improvement District budget. Approval to take this course of action was secured from colleagues at The City of Edinburgh Council – the Lead Authority for the implementation of the Business Gateway contract in Edinburgh and the Lothians. A condition of the virement is that Business Gateway is given appropriate accreditation in any publicity associated with and / or promotion of the Business Improvement District. This course of action provides a budgetary ceiling to meet any potential unexpected expenditure. It is anticipated that most of the Business Improvement District budget will be utilised in the run up to the ballot.

As stated at section 2.3 of this report, Business Improvement Districts are developed, managed and paid for by the business sector through a compulsory Business Improvement District levy. Considerable discussion has taken place involving appropriate Council colleagues, staff in The City of Edinburgh Council's non domestic rates section, the steering group Project Officer and the Director of Business Improvement Districts Scotland as to the best way forward in respect of the collection of the levy in the event of a positive vote in the ballot.

Since Local Government reorganisation in 1996, the City of Edinburgh Council has collected non domestic rates on behalf of Midlothian Council. This arrangement has been covered through a Service Level Agreement. There are operational and practical reasons for requesting that the arrangements for collection of the Business Improvement District levy be undertaken by City of Edinburgh Council. This would require an extension to the current service level agreement between the two Councils, and would necessarily incur costs. These specific costs would amount to a total of £37,000 over the five year lifetime of the project. Whilst that level of charge is fairly common the issue is how it will be funded. It is considered to be counter-productive and unreasonable to impose those costs on the businesses who are being asked to pay the levy itself. Accordingly, if the outcome of the ballot were to be positive, a further report to Council seeking additional funding of £37,000 would be required.

3.2 Risk

Withdrawal of Council support for the project would effectively force termination of the project at a crucial stage. The balance of funds held by the Council to assist development of the project would also likely have to be repaid to the Scottish Government. Businesses are now expecting the ballot date to be 26 May 2015. Any delays in respect of the ballot date will undoubtedly be detrimental to the project, particularly when taking into account the previous failed attempt to establish a Business Improvement District in Penicuik. In addition, many of the goals outlined in the Penicuik and

District Neighbourhood Plan in respect of town centre regeneration would not be met if the Council decided not to participate. There is also a risk that ultimately when the ballot is held, the majority of Penicuik Town Centre businesses vote against the proposal.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☒ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

3.4 Impact on Performance and Outcomes

Participation in the proposed Penicuik Business Improvement District project initiative will positively impact on a wide range of economic development related outcomes as highlighted in the Penicuik and District Neighbourhood Plan. This includes job creation, increased footfall in the town centre and the occupation of vacant business accommodation. In addition, participation in the proposed Business Improvement District initiative forms one of the priorities for action contained in *Ambitious Midlothian*, the Council's Economic Development Strategy.

3.5 Adopting a Preventative Approach

Economic recovery/growth and employment are two of the six national priorities where there is an expectation that each Community Planning Partnership will show how it is giving priority to demonstrating improvement in these particular areas. Accordingly, from a preventative approach, having a vibrant and successful local economy will positively impact on most, if not all, of the national priorities. Successful town centres are a key component of a thriving local economy.

3.6 Involving Communities and Other Stakeholders

Key stakeholders in the Penicuik area, such as Penicuik Community Council and Penicuik Community Development Trust, were consulted during the initial development of the Business Improvement District proposal. In the run up to the announcement of the Business Improvement District ballot date a series of consultations were held with Penicuik Town Centre businesses to gather their suggestions as to potential initiatives that, if implemented, could have a positive impact on the town centre. In addition, in developing the proposed Business Improvement District business plan, a number of consultations have been undertaken with Divisional colleagues and Police Scotland to shape and inform the content of the baseline services aspect of the business plan. Pupils from Penicuik High School also directly participated in the development of the brand name for the proposed Business Improvement District (Penicuik First) together with the design and development of a project website.

3.7 Ensuring Equalities

There are no equalities issues at this stage. If any equalities issues arise during development of the proposed Business Improvement District they will be fully addressed by steering group members.

3.8 Supporting Sustainable Development

There are no sustainability issues at this stage. If any sustainability issues arise during development of the proposed Business Improvement District, they will be fully addressed by steering group members.

3.9 IT Issues

There are no IT Issues arising from this report.

4 Recommendations

4.1 It is recommended that Cabinet:

- (1) notes progress with the proposed development of a Business Improvement District in Penicuik Town Centre;
- (2) agrees that the Council continue to provide appropriate project governance support to assist with the development and operation of the proposed Penicuik Town Centre Business Improvement District;
- (3) notes that in the event of a successful outcome of the ballot a further report to Council seeking up to £37,000 will be required to meet the total projected levy collection costs; and
- (4) agrees that a further progress report is presented to Cabinet once the result of the proposed Penicuik Business Improvement District ballot is known.

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Background Papers:

Penicuik Town Centre Business Improvement District