

Request for Funding for Collection of Penicuik Business Improvement District Levy

Report by Mary Smith, Director, Education, Communities and Economy

1 Purpose of Report

- 1.1** This report requests Council to allocate up to £37,000 to cover the costs of collecting the levy from local businesses which comprise the Penicuik Business Improvement District (BID).

2 Background

- 2.1** The background information relating to BIDs was provided in a report to Cabinet on 3rd March 2015 (Item 8 refers). In summary BIDs involve businesses within the defined "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. BIDs are developed, managed and paid for through a compulsory Business Improvement District levy. They last for five years at which point they are either dissolved or seek a new mandate.

3 Penicuik Business Improvement District

- 3.1** A BID can only be created through a ballot of the affected businesses, under a system that requires a majority of the numerical votes cast and the rateable value of the votes cast. The Penicuik BID ballot took place, in accordance with the statutory rules, over the period 13th April to 26th May with the result being announced on 27th May 2015. A total of 39 valid ballot papers were received of which 30 were in favour of a BID: and in terms of aggregate rateable value £346,200 were in favour, with £85,100 against.
- 3.2** Accordingly, following the vote in favour of forming a BID for Penicuik the necessary procedures are being followed to establish the required governance and management structure.
- 3.3** In the report to Cabinet on 3rd March reference was made to the costs of collecting the levy from each of the businesses, advising that 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.

Those costs are estimated to be up to £37,000 over the five year lifetime of the project.

- 3.4** The report to Cabinet also noted that it would be both counter-productive and unreasonable to impose these costs on the businesses which are being asked to pay the levy itself. Accordingly, Cabinet agreed 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 collections costs.

4.0 Report Implications

4.1 Resource

Details of the overall financing of the Penicuik BID were provided in the aforementioned report to Cabinet. This report is concerned solely with the request for a supplementary estimate of £37,000 payable over the five year lifetime of the project, specifically to cover the costs of collecting the levy. Allocation of the funding could most appropriately be arranged through a supplementary estimate of £20,000 for this financial year, with the remainder provided for in the preparation of budgets over the following four financial years.

4.2 Risk

If the Council does not cover the costs of the collection of the levy, then such costs would need to be met by the businesses themselves. This additional unforeseen cost would be seen as unreasonable by the businesses, creating a potentially negative feeling at the start of what should be a very positive venture, and creating potential reputational damage to the BID project.

4.3 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

4.4 Impact on Performance and Outcomes

The 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.

4.5 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.

4.6 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 were 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.

4.7 Ensuring Equalities

An equalities impact assessment is not specifically required to accompany this report: this is because the statutory governance arrangements for managing and operating the BID will need to have ensured compliance with equalities legislation. Those governance arrangements are currently being established.

4.8 Supporting Sustainable Development

The BID will directly assist in promoting sustainable town centres.

4.9 IT Issues

None.

5.0 Recommendations

It is recommended that Council approves a budget allocation of up to a total of £37,000 over a period of five years specifically to fund the collection of the Penicuik Business Improvement District levy, of which £20,000 be identified as a supplementary estimate for this financial year.

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Background Papers: None