

# Housing and Economy Committee

10.00am, Thursday, 18 January 2018

## Old Town Business Improvement District: Progress Report

Item number	7.3
Report number	
Executive/routine	Executive
Wards	11 City Centre
Council Commitments	<a href="#">C2</a>

### Executive Summary

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This report provides an update on the progress towards the development of a proposed Business Improvement District (BID) in the Old Town area.

This report summarises:

- BID Scale and Scope;
- Business Consultation;
- Next Steps Document; and
- Legislative Steps

## Old Town Business Improvement District: Progress Report

### 1. Recommendations

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The committee is asked to:

- 1.1 Note the progress in the process towards a proposed BID for the Old Town area.
- 1.2 Note that the Old Town BID Steering Group will produce a business plan in March 2018 which, in line with legislation, requires to be assessed by the Council by 12 April.
- 1.3 Agree that officers will complete the required assessment in consultation with the Convener and Vice Convener of Housing and Economy Committee and City Centre Ward Members.

### 2. Background

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- 2.1 BIDS can provide effective support networks in key business areas of the city. Edinburgh has three operational BIDs: Greater Grassmarket; West End and City Centre. Queensferry Ambition also ran for five years until July 2017.
- 2.2 The Greater Grassmarket BID is in the final year of a five-year term. Interest from the board, BID members and some businesses in the Old Town led them to explore options to establish a new BID for the Old Town, rather than undertake a renewal ballot for their original area.
- 2.3 The process for establishing a BID is set out in legislation which requires Local Authorities to support and facilitate the BID development process.
- 2.4 Key milestones to date include: establishing a steering group (May 2017); consultation (June – December 2017); and issue of the [Next Steps](#) document (November 2017.) These are followed by further consultation. An Edinburgh Old Town BID as proposed would have capacity to raise £3 million over five years through levy contributions. These funds would be used by the BID to take forward their business plan.
- 2.5 The steering group will prepare a business plan in early 2018. This plan requires approval by the Council and BID Scotland prior to a ballot of businesses in June 2018. Success at ballot provides for a five year operational term.

- 2.6 Although Council is required to support and oversee the BID development process, the proposals must be business led. The detail presented in the Next Steps document has been developed by the business representatives on the steering group. Council officers have attended steering group meetings as facilitators. Councillor Lezley Marion Cameron, Vice Convener, has also attended steering group meetings to represent the City of Edinburgh Council and Housing and Economy Committee.

### 3. Main report

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#### **BID Scale and Scope**

- 3.1 A successful Old Town BID could include up to 911 Old Town businesses and raise an estimated £3 million through levy contributions over a five-year period. This would allow the private sector to work with partners to deliver a wide range of projects and services to improve their business environment; represent their interests and help benefit the wider community.
- 3.2 The Old Town BID area is currently proposed to include the Royal Mile, Grassmarket, Cowgate, Cockburn Street, Jeffrey Street, St Mary's Street, connecting streets and closes. The final scope of the BID area will be defined by the steering group following further business consultation and economic analysis of the area.
- 3.3 The BID area includes businesses from many sectors including retail, offices, services, culture, museums, arts venues, food, drink, hospitality, hotels and accommodation.

#### **Business consultation**

- 3.4 Consultation has been underway since January 2017 and aims to gather evidence of support for (or opposition to) a BID; and to gather views on which issues would be important to tackle.
- 3.5 Early engagement with existing business groups included a Business Breakfast hosted by the Council (January 2017); an Information Event (March 2017); distribution of an Information Pack (June 2017); and an initial online survey (June – August 2017).
- 3.6 The survey was accompanied by an information pack and was issued to the 911 businesses in the proposed area. Almost 200 surveys were returned. Further face to face consultation with over 600 businesses across the area was undertaken between June and December 2017. This consultation has helped shape the steering group's current proposals set out in the Next Steps document.
- 3.7 A new survey has been circulated to encourage wider feedback on the next step proposals. The [Old Town BID](#) website aims to inform businesses of progress throughout the process. Social media channels, Facebook and Twitter have also been established providing open platforms to share news and encourage comment.

- 3.8 Since distributing the Next Step document in November, 41 responses have been registered on the on-line survey. This may be due to busy pre-Christmas trading period, however, the steering group are now undertaking further campaigning and consultation to drive up active engagement.
- 3.9 Proposals for a BID, which would require businesses to pay an additional levy on non-domestic rates, have not been universally popular.
- 3.10 The Vice Convener is proposing to host an open meeting to clarify the Council's role, the legislative progress leading to a ballot and to encourage discussion as part of the engagement process.

### **Next Steps Document**

- 3.11 The [Next Steps](#) document has been distributed to all businesses in the area.
- 3.12 The document sets out the steering group's current proposals, based on feedback from businesses to date, for both the geographical scope of the Old Town BID and a suggested levy structure.
- 3.13 It also presents background information on BIDs, an explanation of the voting system; proposed time lines; and, emerging business priorities for a successful BID.
- 3.14 Emerging business priorities which a successful BID would seek to address include:
- Making the area look better, as befitting UNESCO World Heritage status to the benefit of all stakeholders, workers, residents and visitors;
  - Marketing and promoting the Old Town, creating a strong and aspirational identity, sense of "place" and global appeal;
  - Increasing the perception of safety and security and addressing anti-social behaviours, particularly in relation to the night time economy, lighting and streetscape;
  - Using street closures, markets and heritage related events to animate the streets, increase footfall circulation and enhance the visitor experience; and
  - Supporting smaller businesses with property enhancement grants, creating a strong single voice to lobby the Council and provide communication on business related matters.
- 3.15 The steering group's proposed basis for the levy calculation is 1.5% of rateable value (RV). This was agreed by a majority of the steering group following considerable debate and analysis of the proposed area, the variety of business types and sizes; set against the ambition of the BID and the resource needed to take this forward.
- 3.16 BID levy rates are not directly comparable since each is different in scale, scope and ambition. Rates across Scotland's 36 BIDs range from 1% to 3% and the average is 1.46%. Essential Edinburgh levy charge is currently 1%. Some BIDs use a banding structure. This proved unpopular in the Greater Grassmarket BID.

More information on BID Levy structures can be found in [BIDs Scotland National Report 2017](#).

- 3.17 Included within the current proposals is a provision that businesses occupying the smallest properties (£10,000 RV and below) would be exempt from paying the levy. Correspondingly, businesses occupying the largest properties which have a RV above £667,000 would pay no more than £10,000 per annum. There are 14 large premises, including two Council operated premises which would be capped at the maximum contribution of £10,000.
- 3.18 There are 285 businesses that fall within the £10,000 RV and below category. Under legislation they would be exempt from levy payments and a vote in the ballot. The steering group have proposed that there would be an option to join voluntarily for a contribution of £150 per annum which would enable them to access all BID operational benefits and services.
- 3.19 The Next Steps document encourages further feedback and comments from businesses and stakeholders in the BID area. This will inform the development of the final business plan, which may include revisions to the BID area and levy structure.
- 3.20 The BID ballot will be based on the steering group's final businesses plan and is proposed to take place in June 2018

### **Legislative Steps**

- 3.21 Legislation requires that the steering group must provide 154 days notice of their intention to hold a ballot by writing to the Chief Executive of the Council. With a proposed ballot date of 21 June 2018, this notice is expected by 18 January 2018.
- 3.22 The steering group is required to submit its final business plan to both the Council and Scottish Government 98 days prior to the ballot, by 15 March 2018.
- 3.23 The Council, in conjunction with the Scottish Government, is required to assess the business plan within 28 days of receipt by 12 April 2018.
- 3.24 The Council has discretion to approve the proposals and authorise the ballot, or exercise a veto should valid reason be found.
- 3.25 Given the turnaround required for 12 April, it is proposed that officers assess the business plan in consultation with the Convener and Vice Convener of Housing and Economy and City Centre Ward Members.

## **4. Measures of success**

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- 4.1 A competent Business Plan is presented by the BID Steering Group to the Council in March 2018.
- 4.2 BID proposals meet the approval of the levy paying businesses.

## **5. Financial impact**

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- 5.1 Funding of £20,000 has been provided from the Economic Development Service budget to support activities in this report, matching £20,000 provided by BID Scotland.
- 5.2 Should the BID succeed at ballot in June 2018, the Council would become a member of the BID and would require to pay levy contributions on its 11 operational properties in the BID area. Under the current proposals set out in the Next Steps document, the levy fee for the Council would be £33,606 per annum.

## **6. Risk, policy, compliance and governance impact**

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- 6.1 The risk in any BID development process is that the eligible voting businesses will not vote in favour.
- 6.2 Council officers remain neutral in this process. The ballot campaign will be led by the business members of the steering group and employees of the BID.
- 6.3 Governance and compliance of the BID process is set out within legislation
- 6.4 Successful BIDs are business-led. The Council has a role in supporting and overseeing the process and evaluating proposed Business Plan.
- 6.5 Council officers and Elected Members involved in steering group meetings to date have provided guidance and practical support, but have not voted on or been key in the decisions detailed within the proposals which remain business-led.

## **7. Equalities impact**

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- 7.1 The Enterprise and Innovation work plan delivers programme three of the Council's Economic Strategy for Jobs: Supporting Business. As part of the process of writing the Economic Strategy, and the Economic Review which informed it, a full Equality Impact Assessment was undertaken.

## **8. Sustainability impact**

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- 8.1 The City of Edinburgh Council determined (in consultation with Historic Scotland, the Scottish Environment Protection Agency and Scottish Natural Heritage) that the Economic Strategy did not require a Strategic Environmental Assessment. View the Screening Determination and the Screening Report. Sustainability impacts have been taken into consideration on a project by project basis.

## **9. Consultation and engagement**

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- 9.1 Consultation and engagement is a key part of the development of any BID proposal. Led by the BID team (paid employees of the BID) and steering group business members, this has been ongoing since January 2017.
- 9.2 Active engagement from businesses outside of the steering group has been limited to date. Proposals for a BID are not universally popular. Measures are planned by the steering group during early 2018 to seek more active engagement and stronger support from across the wider business community.

## 10. Background reading/external references

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- 10.1 Old Town BID [Next Steps](#)
- 10.2 BID Scotland [guidance](#) and relevant [legislation](#)
- 10.3 [BIDs Scotland National Report 2017](#)

### **Paul Lawrence**

Executive Director for Place

Contact: Jim Galloway, Head of Enterprise and Innovation

E-mail: [jim.galloway@edinburgh.gov.uk](mailto:jim.galloway@edinburgh.gov.uk) | Tel: 0131 529 3211

## 11. Appendices

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