

## ABERDEEN CITY COUNCIL

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COMMITTEE	Enterprise, Planning & Infrastructure
DATE	23 Feb 2010
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Aberdeen Business Improvement District (BID)
REPORT NUMBER:	EPI/10/064

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### 1. PURPOSE OF REPORT

The purpose of this report is to update Elected Members on progress made toward the establishment of the Aberdeen Business Improvement District since last reported by way of an Information Bulletin Report to Members of the Enterprise, Planning & Infrastructure Committee on 26<sup>th</sup> November 2009.

Secondly, the report outlines future anticipated finance and resource commitments (from within existing resources) required to support the Aberdeen Business Improvement District Development Company Ltd up to an anticipated ballot in Q4 2009 and beyond.

### 2. RECOMMENDATION(S)

- (a) That Elected Members note the progress made towards the establishment of an Aberdeen Business Improvement District; and,
- (b) That Elected Members note and approve the proposed financial transfer of £200,000 from the Enterprise, Planning & Infrastructure directorate's budget to Aberdeen Business Improvement District Company Ltd, subject to agreed performance outcomes.

### 3. FINANCIAL IMPLICATIONS

Funding for the initial stage of development of the Business Improvement District project was met by an Energising Aberdeen board allocation of £200,000. At the time it was known that this level of funding was not considered sufficient to take the development of the BID project up to the point of ballot and that additional funding would be required to meet this objective.

Whilst this initial funding allocation has not yet been fully exhausted, Aberdeen City Council has identified further support, both in terms of staff and financial resources, from within the Enterprise, Planning & Infrastructure

directorate budget to meet the anticipated future requirements of the Business Improvement District project.

#### 4. SERVICE & COMMUNITY IMPACT

This report relates to Vibrant, Dynamic and Forward Looking policy statement:

- 1) Ensure the sustainability of the successful economy of the Aberdeen City and Shire.
- 2) Continue to drive regeneration and take advantage of regeneration opportunities city wide as they present themselves and identify, in consultation with the local communities, immediate priorities for regeneration purposes.

City centre re-development is a strategic priority of the Aberdeen City and Shire Economic Future (ACSEF) Economic Manifesto with the establishment of a Business Improvement Development identified as a key priority in the action plan for the city centre.

#### 5. OTHER IMPLICATIONS

If the Business Improvement District project does not progress to ballot there is a policy and reputational risk accruing to Aberdeen City Council in respect of private sector cooperation and support for this initiative resulting in loss of momentum for the project.

#### 6. REPORT

##### Background

- 6.1 A Business Improvement District (BID) is a partnership between a local authority and the local business community with the objective of developing and implementing project services that will benefit the trading environment within the boundary of a clearly defined commercial area.
- 6.2 Aberdeen Business Improvement District partnership operates through a private company limited by guarantee with no share capital has been established (Company No. SC352258) following approval of Full Council to the company's formation on 13<sup>th</sup> August and 12<sup>th</sup> November 2008 respectively. The Company has a Board of Directors consisting of Gordon McIntosh, Corporate Director, Cllr Kevin Stewart, John Michie of Aberdeen City Centre Association and Barry Matheson, Managing Director of John Lewis Aberdeen and Edinburgh.
- 6.3 The Board of Directors is advised by a Steering Group partnership consisting of a majority of representatives drawn from the local business community in addition to a limited number of senior officers from Aberdeen City Council.

- 6.4 The Steering Group's function is to provide advice and guidance to a Business Improvement District development team during the developmental stages of the Business Improvement District up to and beyond the ballot point. The Business Improvement District Development Company has also appointed a Service Contractor to progress the various development stages in the lead up to the statutory ballot stage.
- 6.5 Aberdeen Business Improvement District Development Company is further supported by a 1.5 FTE officer time and resource commitment from the Major Projects Team based in the Planning & Infrastructure Service of Enterprise, Planning & Infrastructure Directorate drawing upon other Council resources as appropriate.

#### Progress & Anticipated Future Milestones

- 6.6 As reported - by way of an Information Bulletin report - to Elected Members of this Committee on 26<sup>th</sup> November 2009, a number of important preparatory developmental stages for an Aberdeen Business Improvement District have already been achieved.
- 6.7 Since November 2009 the design, distribution and subsequent analysis of a Business Perception and Attitudinal Survey Questionnaire; and the successful delivery of the first Business Improvement District 'demonstration' project, a television advertising campaign on STV North from mid December 2009 to mid January 2010 promoting Aberdeen City Centre as a retail destination.
- 6.8 A number of critical elements or deliverables now require to be achieved between Aberdeen City Council and the Aberdeen Business Improvement District Development Company Ltd in the lead up to, and beyond, a statutory ballot of businesses in Q4 2010.
- 6.9 These include a Baselines Services Agreement (in effect, a Service Level Agreement) under which the Council, other service providers in the Business Improvement District area and the Aberdeen Business Improvement District Development Company enter into service level agreements which identify and quantify the current level of service provision provided within the proposed Business Improvement District area. This then allows the Aberdeen Business Improvement District Development Company to specify which additional services, if any, over and above the minimum baseline it wishes to provide or procure within the area.
- 6.10 The process of identifying levels and type of service within the proposed Business Improvement District area is currently underway, and need to be finalised before the Business Improvement District becomes operational (assuming a successful ballot, in Q1 2011). Experience from other Scottish and United Kingdom Business Improvement Districts suggest that

the following services are typically encompassed by local authority and Business Improvement District Company agreements:

- Street cleansing and trade waste collection;
- Street lighting
- Roads maintenance
- Trading Standards and Environmental Health
- Festive Lighting
- Car parks and parking (public access)
- Soft landscaping & maintenance
- Markets administration
- Tourist information services
- CCTV and security

6.11 Each service level agreement will be signed off by the relevant Corporate Director and will incorporate standard wording regarding budget availability and the Council's budgeting process. These will state that the level of service provided in each service level agreement will be dependent upon the availability of funds through the Council's own annual budgeting process and that, should there be any reduction in service levels, these will not be disproportionately or unfairly applied within the proposed Business Improvement District area.

6.12 This covers the Council's position for annual budgeting purposes, but also reassures the Aberdeen Business Improvement District Development Company that the Business Improvement District area will not be disproportionately affected by any future city budget changes, and hence treated differently from other parts of the city.

6.13 The second major deliverable is the creation and agreement of a Business Improvement District Proposal document. A Proposal Document is a statutory requirement and is necessary for balloting purposes as Non-domestic ratepayers must have a clear understanding of the proposed scheme in order to be able to vote accordingly.

6.14 Business Improvement District Proposal documents typically contain the following information:

- the works or services to be provided, the name of the provider and the type of body it is;
- the existing local authority baseline services;
- the geographical area to be covered by the BID arrangements;
- the non-domestic ratepayers to be liable for the BID levy (i.e. whether all business or specified classes of business), how the levy will be calculated, and whether costs incurred in developing the BID proposals, holding the ballot, or implementing the BID are to be recovered through the levy;
- the ratepayers who will benefit from relief from the levy and the level of that relief;

- whether the BID arrangements may be altered without an alteration ballot and, if so, which aspects may be so altered;
  - the duration of the BID arrangements and when they will start.
- 6.15 The Planning etc (Scotland) Act 2006, Part 9 – Business Improvement Districts, gives the Council the Power of Veto over a BID proposal and hence determine whether a ballot shall be held or not. The Council is required to consider a BID proposal within a prescribed period (70 days) and give notice that it is or is not going to veto the proposal. If exercising a veto, the local authority must set out the reason why and give details of the right of appeal. If not exercising a veto, the local authority must set out its reasons for not doing so.
- 6.16 Upon the Council's receipt of Aberdeen Business Improvement District's Proposal document, it shall be referred to committee for consideration by Elected Members in terms of the powers conferred upon the Council above.
- 6.17 Other statutory deadlines, per the provisions of the Planning etc (Scotland) Act 2006, include a requirement for Aberdeen BID Development Company to notify Aberdeen City Council of its intention to go to ballot (not less 154 days); submission of Business Improvement District Proposal document (not less than 98 days); option to veto (not less than 70 days); and, request to hold a ballot (not less than 56 days).

#### Finance

- 6.18 The Energising Aberdeen Board of 26<sup>th</sup> March 2008 approved the award of £200,000 (subject to a £15,000 clawback provision in the event of Aberdeen BID Development Company securing additional funding from Scottish Government). The overall funding requirement was supported by evidence from other BID projects throughout Scotland which suggested that total funding in excess of this amount is generally required to take BID projects up to the point of ballot.
- 6.19 At the time it was known that this level of funding was not considered sufficient to take development of the BID project up to the point of ballot and that additional funding would be required to meet this objective.
- 6.20 Whilst this initial funding allocation has not yet been fully exhausted, Aberdeen City Council has identified further support, both in terms of staffing support and, separately, financial resources up to a maximum of £200,000 from within the Enterprise, Planning & Infrastructure directorate budget allocated towards the City Development Company project to meet the anticipated current and future requirements of Business Improvement District. Financial resources will be transferred from Aberdeen City Council to Aberdeen BID Development Company subject to the achievement of specified performance deliverables and under the authority and approval of the Corporate Director for Enterprise, Planning & Infrastructure.

- 6.21 It has now been identified that £1.5m will be required for the first 3 years operating costs of the City Development Company. A total of £1.9m had been allocated leaving a balance of £400,000 which is proposed to fund the BID together with a further project relating to a separate report to Council.
- 6.22 In this respect, it has been identified that the Aberdeen BID Development Company will require to be provided with some assistance with cash flow, as there will be various activities that Aberdeen BID Development Company will wish to undertake early in its life, and before the proceeds of the BID levy collection have been passed from the Council to the BID Company. The proposed financial allocation of £200,000 from Enterprise, Planning & Infrastructure directorate relating to money allocated to the South of the City Regeneration Company and now transferred to the City Development Company will cover this requirement (in the event that a successful ballot is realised) and operational expenses in the lead up to this event.

### Conclusion

- 6.23 In conclusion, the development and delivery of an Aberdeen Business Improvement District remains achievable, albeit not without its schedule risk challenges. In particular, the next six months of progress are critical in terms of meeting the target ballot date of Q4 2010.
- 6.24 Given the number of processes and statutory requirements involved, achievement of the target is dependent upon the timeous realization of Business Improvement District milestones and performance outcomes. Approval by Members of this report will ensure that the financial and staffing resources required of the Council to support Aberdeen BID Development Company are achieved in the lead up to the statutory Business Improvement District ballot at the end of this calendar year.

## 7. REPORT AUTHOR DETAILS

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## 8. BACKGROUND PAPERS

None.