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| Report to: | Enterprise Services Committee |
| Date of Meeting: | 4 February 2014 |
| Report by: | Executive Director (Community and Enterprise Resources) |

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| Subject: | Hamilton Town Centre Business Improvement District (BID) – Update to Operating Agreement |
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update Committee on the progress of the Hamilton Business Improvement District (BID) and seek approval to implement the updates to the Operating Agreement.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the updates to the Operating Agreement, set out in Section 4 of this report, be approved; and
- (2) that the Executive Director (Community and Enterprise Resources) in consultation with the Head of Legal Services, as appropriate be authorised to conclude the operating agreement between the Council and the BID company in the best interests of the Council, and on such other terms as appropriate, whilst remaining within existing budgets.

3. Background

- 3.1. The Enterprise Resources Committee of 15 June 2011 and Enterprise Services Committee of 19 June 2012, approved the Council's support for the creation of a Business Improvement District (BID) for Hamilton Town Centre, and authorised funding to assist in the creation of the BID and the costs associated with taking the proposal to a ballot of local businesses.
- 3.2. Following a successful ballot on 12 October 2012, a BID company was established in late October 2012 and has gone on to deliver a variety of projects and initiatives in partnership with the Council including Christmas Light Switch-on, Classic Car Event, 'Spring Into Hamilton' Event, Real Radio Campaigns and a variety of business initiatives with a less public exposure.
- 3.3. During this period, the Council has been carrying out its statutory obligations to collect the BID Levy from the participating businesses. The levy has been collected through the Council's debtors system during the first year of the BID, however, this has proved to be a challenging and time consuming approach. An IT system exists and can be provided by the same IT provider as the Council uses for the collection of non domestic rates which will make this process significantly more efficient for the Council and could improve collection rates to the benefit of the BID. The estimated cost of this system is £19,000 and a £2,000 maintenance fee per annum.

- 3.4. The transfer of the monies raised through the levy to the Bid Company is regulated by the statutory instruments regulating BIDs in Scotland. Alongside the statutory legal guidance, most BIDs also have an Operating Agreement which deals with the practicalities of the process. The Operating Agreement for Hamilton is currently under negotiation between the Council and the BID Company. This has proven to be a lengthy process due to complexities in VAT and procurement rules, however, officers from Community and Enterprise Resources and Finance and Corporate Resources have worked closely together to finalise a Draft Operating Agreement which satisfies the requirements of the Council and its statutory obligations whilst providing a suitable mechanism for the BID.

4. Proposals

- 4.1. The negotiation of the Operating Agreement has resulted in a number of changes and updates to the Committee Report of 19th June 2012 and approval is sought for the following:-
- The Council will make available the existing Palace Grounds Service Charge money, totalling £44,000 per annum over the life of the BID and which the Council is obliged to invest in a range of events to promote Hamilton Town Centre, to the BID on the basis that it will continue to deliver the same base projects the Council currently uses this money for, enhancing these through additional BID core funding. Council staff will continue to take an active role in the organisation and running of these events.
 - The Head of Regeneration Services be authorised to approve the expenditure of the above funds based on the BID's delivery of events and the Council's ongoing programme of activities.
 - The Council provide office accommodation and IT support, if appropriate, for the BID manager in Brandon Gate, or such other suitable premises, over the period of the BID. The Head of Property Services, in consultation with the Head of Administration and Legal Services, be authorised to conclude such legal agreements as necessary to formalise this arrangement. This arrangement will be at no cost to the BID company.
 - The Council will not seek to recover the cost of collecting the BID Levy or recovering arrears from the BID company.
- 4.2. The Council supporting the BID in this way, will provide it with the financial and organisational stability to give it the greatest prospect of successfully delivering its objectives to the mutual benefit of Hamilton's businesses and the wider community.

5. Employee Implications

- 5.1. There are no employee implications arising from this report.

6. Financial Implications

- 6.1. Funding will be made to the BID through existing Palace Grounds Service Charge resources totalling £44,000 per annum.
- 6.2. There will be some costs associated with the collection and debt recovery processes, however, when put in the context of the Council's wider collection costs these are diminimus.

- 6.3. Any non-payment of the statutory levy will be dealt with under the existing procedures for managing debt within the Council. The level of bad debt provision will be kept under review with the BID Company advised periodically on collections levels. The BID Company has a provision for a level of non-payment in its business plan.
- 6.4. The costs associated with the purchase of the new IT collection system are £10,000 for the licence, £9,000 implementation and £2,000 p.a. maintenance. The money to pay for this has been identified from existing Community and Enterprise Resources' budgets.
- 7. Other Implications**
- 7.1. The risks associated with not supporting the proposal is that the BID company will be in a poorer financial position and have greater risk of failure in delivering the Business Plan. The support to Hamilton Town Centre could be lost leading to potentially further decline and increased calls for the Council's intervention and investment. The Council's reputation could also be damaged if it is not seen to actively support and encourage business initiatives and investments in Hamilton Town Centre at a time of economic difficulty.
- 7.2. There are no issues in terms of sustainability arising from the recommendations made in this report.
- 8. Quality Impact Assessment and Consultation Arrangements**
- 8.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore, no Impact Assessment is required.
- 8.2. Extensive consultations have been co-ordinated by Regeneration Services with a range of Council Services who have an ongoing role in delivering services and initiatives in our Town Centres. This consultation and co-operation will continue throughout the duration of the BID.

Colin McDowall
Executive Director (Community and Enterprise Resources)

27 January 2014

Links to Council Objective/Values

- Improve the quality of the physical environment.
- Support the local economy by promoting the right conditions for growth, improving skills and employability.
- Partnership working, community leadership and engagement.

Previous References

- Enterprise Services Committee June 2012, Hamilton Town Centre Business Improvement District (BID).
- Enterprise Resources Committee June 2011, Hamilton Town Centre Business Improvement District (BID).

List of background papers –

- Business Improvement District proposal

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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