

## **Item: 4**

**Policy and Resources Committee: 1 October 2020.**

**Kirkwall BID Limited – Funding Request.**

**Report by Executive Director of Development and Infrastructure.**

### **1. Purpose of Report**

To consider a request from Kirkwall BID Limited for voluntary payment of the BID levy during 2020/21.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

That, following a renewal ballot held on 1 March 2018, Kirkwall BID Limited has responsibility to deliver the projects and services set out in the BID Business Plan 2018 to 2023.

#### **2.2.**

That the Council is liable for BID levy payments on all its non-domestic rated properties within the BID area, estimated at between £10,375 and £11,400 per annum Retail Price Index linked for five years.

#### **2.3.**

That, on 10 October 2017, the Council agreed inter alia the commitment to the BID levy over the five-year BID period, amounting to between £51,875 and £57,000, plus an index linked annual increase, be met from the Economic Development Grants budget for 2017/18.

#### **2.4.**

That, in response to the COVID-19 pandemic and the pressure on its members, Kirkwall BID Limited requested that the Council did not issue levy invoices for the first six months of financial year 2020/21, with a review in September 2020, which confirmed the intention to collect the levy for the last six months of financial year 2020/21.

#### **2.5.**

That the Chair of Kirkwall BID Limited has written to the Council requesting payment of the Council's full BID levy for 2020/21.

## **2.6.**

That, following detailed consideration, it is not possible for the Council to unilaterally pay the BID levy.

## **2.7.**

That it would be possible, as an alternative to payment of the BID levy, for the Council to award a bespoke grant to Kirkwall BID Limited, equivalent to the BID levy sum of £5,500, which could be funded from the balance set aside in the Economic Development Grants Fund to pay the BID levy.

**It is recommended:**

## **2.8.**

That a grant of £5,500 be awarded to Kirkwall BID Limited, in lieu of the six-month period when no levy was charged during 2020/21, to be funded from the Economic Development Grants Fund.

## **2.9.**

That powers be delegated to the Executive Director of Development and Infrastructure, in consultation with the Head of Finance and the Solicitor to the Council, to conclude an agreement with Kirkwall BID Limited in respect of the grant detailed at paragraph 2.8 above.

## **3. Background**

### **3.1.**

A ballot, held on 1 March 2018, renewed Kirkwall BID Limited's responsibility to deliver the projects and services set out in the BID Business Plan 2018 to 2023.

### **3.2.**

The Council is ordinarily invoiced for BID levy payments on all of its non-domestic rated properties within the BID area, estimated at between £10,375 and £11,400 per annum Retail Price Index linked for five years.

### **3.3.**

On 12 September 2017, when considering a funding bid from Kirkwall BID Limited, should the BID ballot be successful in March 2018, the Development and Infrastructure Committee recommended inter alia:

- The commitment to the BID levy over the five-year BID period, amounting to between £51,875 and £57,000, plus an index linked annual increase, be met from the Economic Development Grants budget for 2017/18.
- A discretionary BID Fund be established and made available for BID project proposals over the following five years.

- That the Discretionary BID Fund be drawn down on a case-by-case basis during the five years of the BID project.

### **3.4.**

Powers were delegated to the Executive Director of Development and Infrastructure, in consultation with the Chair and Vice Chair of the Development and Infrastructure Committee, together with the Head of Finance, to determine applications from Kirkwall BID Limited for funding from the Discretionary BID Fund. This has required a simple application to demonstrate economic value and additionality and/or capacity to lever in third party match funding for BID business plan projects.

### **3.5.**

The Discretionary BID Fund was created from the residual funding committed from the Economic Development Grants Budget 2012/13 to cover the first 5 years of levy payment. This was initially established at £61,993 and, as at 31 August 2020, the approved projects have committed the majority of this Fund, leaving a balance of £5,279 available for future projects.

### **3.6.**

Kirkwall BID Limited successfully applied for COVID-19 response funding which has helped sustain a level of activity during the summer as listed below.

- Membership Support Fund (VisitScotland) – Kirkwall BID – £3,371.
- Business Improvement District Resilience Fund – £7,000.
- Council Business Support Top-up Grant 10% (on above schemes) – £1,037.

## **4. Current Position**

### **4.1.**

As a direct and early response to the COVID-19 pandemic the Kirkwall BID Limited board held an emergency meeting and considered the most immediate action they could take to reduce the catastrophic financial impact of lockdown for its members was to stop collecting BID levy monies. Accordingly, the Council were asked not to issue invoices in April for the 2020/21 levy. The situation was reviewed in September and the decision taken to charge the levy for the remaining 6 months of the year has been communicated to the Council.

### **4.2.**

The Chair of Kirkwall BID Limited board confirmed that, whilst not collecting the levy was the right thing to do for its members, it placed financial pressure on the company. Kirkwall BID Limited successfully applied for a £10,000 Small Business Support Grant with the Council's 10% top up but that represents less than half the normal private levy contribution. Additionally, there remains concern that some members may not be able to reopen this year which will make the recently agreed levy collection more challenging.

### **4.3.**

The Chair of Kirkwall BID Limited wrote to the Council requesting payment of the Council's full 2020/21 levy. However, legal advice highlighted that it would not be appropriate for the Council to pay any levy as a sole contribution if all the BID businesses were not going to be invoiced. The Chief Officer at Scotland's Towns Partnership concurred that other areas would be similarly constrained, whilst urging local authorities to continue to support BIDs through the crisis.

### **4.4.**

There can be no doubt about the impact of the current crisis on Kirkwall's trading, with estimates indicating 25-30% of normal summer business. Kirkwall BID has continued to function in support of its members, recently appointing a new part-time manager. Kirkwall BID has highlighted that it expects additional pressures arising from the COVID-19 response in the months ahead, and that the loss of BID levy income is having a serious impact on their capability to function as required. It is considered a legitimate request of the Council to offer bespoke support to BID at this time as strong support and promotion for local trading is now more essential than ever.

### **4.5.**

It is therefore recommended that a discretionary grant of £5,500 be awarded to enhance the ongoing BID activity currently being driven by Kirkwall BID Limited on limited revenue. This approximates to 6 months' levy that will not be charged and can be covered by the balance that was set aside in the Economic Development Grants Fund to pay for the BID levy.

## **5. Links to Council Plan**

### **5.1.**

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority of Enterprising Communities.

### **5.2.**

The proposals in this report relate directly to Priority 4.3 Reprioritise economic development activity and funding to focus on inward investment and facilitating projects and support programmes which will have the highest/transformational impact in relation to job creation, inward migration/retention of working age population and community enablement.

## **6. Links to Local Outcomes Improvement Plan**

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priority of A Vibrant Community.

## **7. Financial Implications**

### **7.1.**

The Planning etc. (Scotland) Act 2006 (Business Improvement Districts Levy) Order 2007 sets out the requirements for the charging of a BID levy and requires that the chargeable persons and the calculation of the levy must be contained in the BID proposals that are consulted upon prior to the proposals coming into force. It is not therefore possible to collect voluntary levies that were not foreseen and contained in the proposals when the BID Business Plan was being formulated.

### **7.2.**

The inability to collect a levy does not preclude the Council from providing grant assistance to Kirkwall BID Limited and a grant equivalent to the value of six months of BID levy on Council occupied properties is recommended.

## **8. Legal Aspects**

### **8.1.**

In terms of the Planning etc. (Scotland) Act 2006 (Business Improvement Districts Levy) Order 2007 the calculation of BID levy for any chargeable period shall be as set out in the BID proposals (which become arrangements when approved by ballot).

### **8.2.**

If grant assistance is to be provided by the Council, a legally-binding agreement will require to be entered into between the Council and the recipient setting out the terms on which the funding is being provided.

## **9. Contact Officers**

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