

**REPORT TO:** Cabinet

**MEETING DATE:** 8 December 2015

**BY:** Depute Chief Executive – Partnerships and Community Services

**SUBJECT:** East Lothian Food & Drink - Business Improvement District (BID)

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## **1 PURPOSE**

- 1.1 To inform Cabinet of the East Lothian Food and Drink Business Improvement District (BID).

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that Cabinet support the initiative and agree a financial commitment of £20,000 a year for 3 years, subject to a successful ballot.

## **3 BACKGROUND**

- 3.1 The Economic Development and Strategic Investment (EDSI) service develops, supports and implements projects and activities that brings investment into East Lothian, starts up and grows businesses, aids the creation and safeguarding of jobs, stimulates economic development and business performance, and attracts and retains visitors. The service works in partnership with external agencies and other council departments.
- 3.2 East Lothian Food & Drink (ELFD) was initiated in 2004 with the twin objectives of supporting the local food and drink industry and of raising awareness of the high quality produce available locally within hospitality businesses to residents and visitors.

The initiative is held up as an exemplar project by the Scottish Government – “*East Lothian, a leading food and drink region*” Richard Lochhead, Minister for Environment and Rural Affairs, 2015.

3.3 In discussion with and guided by East Lothian's Food and Drink producers industry steering group, ELFD identified a potential project around a Food and Drink sector Business Improvement District (BID).

3.4 The aims of the potential ELFD BID are as follows :-

- To develop and remove the barriers for a cost effective supply chain both locally and to the rest of the UK - in particular London - where a gap for quality Scottish produce has been identified through research undertaken by Scottish Enterprise. This was confirmed to ELFD through attendance at the "Speciality Fine Food Show" in London in 2014;
- Reduce marketing costs including social media through collaborative working;
- Recruitment of a dedicated sales agent in London promoting ELF&D;
- Reduce delivery costs through collaborative delivery / volume of scale;
- Reduce overheads through joint buying;
- To access external funding such as the new Tyne and Esk Leader programme; and
- To grow the turnover and profitability of ELFD businesses with resultant increase in employment opportunities.

3.5 A BID is funded by business through a levy apportioned across all eligible levy payers in a fair and transparent manner. The normal method is a percentage of the commercial rateable value of the business. Generally a not-for-profit limited company by guarantee, is set up to be the recipient of the levy funds.

3.6 A successful application for a grant of £20,000 was made to the Scottish Government in May 2015 to consolidate the concept and to assist in the preparation of and setting up of an ELFD BID up to the ballot stage.

The award facilitated the recruitment of a specialised consultant to deliver a successful BID. This person has a key role in developing the ELFD BID business plan and promoting the features and benefits of the proposed BID to local F&D producers.

3.7 Primary legislation for a BID is contained in Part 9 of the Planning etc. (Scotland) Act 2006 and other secondary legislation, including UK parliamentary regulations to implement reserved aspects of the policy. A key component of this legislation is the requirement for a formal ballot, with the Council's Returning Officer overseeing the process. If the ballot is successful it is then legally binding on all eligible businesses.

It is projected that 50 to 60 businesses may be eligible for the ELFD ballot.

In the ballot more than 50% of food and drink producers must vote in its favour and they must represent more than half the rateable value of the eligible businesses in the BID sector.

A BID can last for 5 years prior to seeking a new mandate through a further ballot.

3.8 The proposal being developed for the ELFD BID in consultation with the food and drink producers steering group is as follows :-

- A levy in the region of 1.75% on commercial business rateable value – minimum to be paid annually is £100 with a ceiling of £2,500, collected by the Council's Debt Management and Business Rates Team. The levy is entirely separate to business rates but is based on whether a business is liable to pay business rates. New start up businesses will initially be charged the levy at the minimum amount of £100.
- A not-for-profit limited company by guarantee to be formed to receive the levy and any other funds - the board to have a minimum of 5 directors and a maximum of 8. 2 directors will represent the Council, to ensure continuation of close partnership working and the remaining board will be voted on by the BID participating companies.
- Associate membership £4,500 per annum only to organisations based within East Lothian. The associate membership and what it constitutes will be agreed by the board of the new company. Organisations such as QMU have expressed an interest in being associated with the ELF&D BID and links in with the work they currently deliver in the food and drink sector.
- The Council to fund the ELFD BID to the sum of £20,000 annually for 3 years from approval and to cover the cost of additional software and fees that would be accrued in the collection of the levy. Funding contribution amount to be reviewed at the end of this period.

3.9 If successful in the ballot this would be the first sector BID for F&D in the UK and Europe.

#### **4 POLICY IMPLICATIONS**

4.1 The creation of an ELFD BID will further support and achieve the aims and objective of the East Lothian Economic Development Strategy 2012 to 20 and the Scottish Governments "Recipe for Success: Scotland's National Food & Drink Policy"

## 5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

## 6 RESOURCE IMPLICATIONS

- 6.1 Financial - £20,000 per annum for 3 years will come from the existing allocation for ELF&D of £45,000 in the annual Business Support budget. This financial support will be used to match the income from the levy raised (Projected in the region of £20,000 excluding associate memberships) and assist the establishment of the limited company and delivery of the BID outcomes as noted in section 3.4.
- 6.2 Additional costs are still to be ascertained for running the ballot and, if successful, for collecting the levy but will be covered initially through the current business support scheme budget.
- 6.3 Personnel - If the ballot is successful ELC officers will be required to sit on the Board. The ballot will be held by the Returning Officer for East Lothian Council Elections
- 6.4 Other – n/a

## 7 BACKGROUND PAPERS

- 7.1 None

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