



COUNCIL EXECUTIVE

UPDATE ON TAX INCREMENT FINANCING

REPORT BY HEAD OF FINANCE AND ESTATES AND HEAD OF PLANNING AND ECONOMIC DEVELOPMENT

A. PURPOSE OF REPORT

This report provides the Council Executive with details of the outcome of the assessment by Scottish Government of bids for additional pilot Tax Increment Financing (TIF) schemes.

B. RECOMMENDATION

It is recommended that the Council Executive:

- (1) notes that the Armadale CDA was not selected by Scottish Government as a pilot TIF scheme;
- (2) notes that Scottish Government may bring forward primary legislation before the end of the Parliamentary Session to roll out TIF more widely across Scotland;
- (3) notes that Scottish Government has indicated that there may be further opportunities to progress those bids not announced as successful before primary legislation is introduced; and
- (4) notes that the Chief Executive has written to the Cabinet Secretary for Infrastructure and Capital Investment to confirm that West Lothian Council remains interested in progressing a TIF scheme in West Lothian and to request a meeting with the Minister to explore how this could be taken forward.

C. SUMMARY OF IMPLICATIONS

I Council Values

Focusing on our customers' needs; being honest, open and accountable; making best use of our resources; and working in partnership.

II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)

Enabling legislation is in place in Scotland to facilitate the roll out of TIF schemes.

III	Implications for Scheme of Delegation to Officers	None.
IV	Impact on performance and performance indicators	None.
V	Relevance to Single Outcome Agreement	Outcome 10 – We live in well-designed, sustainable places where we are able to access the services we need.
V1	Resources - (Financial, Staffing and Property)	A TIF scheme has the potential to provide additional resources for supporting development in West Lothain.
VII	Consideration at PDSP	None.
VIII	Other Consultations	Scottish Futures Trust.

D. TERMS OF REPORT

D1 Background

In February 2011, Council Executive agreed that the Council should submit a proposal to Scottish Government that the Armadale CDA should be selected as a pilot TIF scheme.

The Armadale CDA was one of 16 proposals submitted to Scottish Government as potential TIF schemes. On 1 November 2011, Scottish Government announced that four additional pilot TIF schemes had been selected to proceed to the development of a full business case. This was one more scheme than expected as, previously, Scottish Government had indicated that only three additional schemes would be selected. Unfortunately, the Armadale CDA was not one of the schemes selected.

The four selected schemes are:

Falkirk Council – road improvements and flood defences;

Fife Council – extend and improve transport links to Fife Energy Park;

Argyll and Bute Council – extend Oban’s north pier; and

Aberdeen Council – City Garden Project (note that approval of this project is subject to public support for the proposal being demonstrated).

D2 Letter from Cabinet Secretary for Infrastructure and Capital Investment

A copy of a letter received from the Cabinet Secretary for Infrastructure and Capital Investment dated 1 November 2011 is attached as Appendix 1. The letter states that Scottish Government may bring forward primary legislation before the end of the Parliamentary Session to roll out TIF more widely across Scotland. There may also be further opportunities to progress those bids not announced before then.

D3 Feedback from Scottish Futures Trust on Armadale CDA proposal

Officers from Planning Services and Estates have met with officers from Scottish Futures Trust (SFT) to obtain feedback on the council's TIF bid. SFT indicated that the Armadale CDA proposal was an interesting proposal due to the hybrid nature of the proposal which relied on income from Non – Domestic Rates and developer contributions. It was confirmed that the Armadale CDA proposal scored 5th highest of the 16 bids, coming only 3-4 points behind the proposed TIF schemes recommended by SFT.

D4 What happens next?

The full business cases will now be developed for the selected additional TIF schemes.

Whilst it is disappointing that the Armadale CDA was not selected as one of the TIF schemes to progress to development of full business case, it is encouraging that the bid scored well and that there could be potential for TIF to be rolled out more widely across Scotland.

Given the positive feedback from SFT, the Chief Executive has written to the Cabinet Secretary for Infrastructure and Capital Investment to confirm that West Lothian Council remains interested in progressing TIF and requests a meeting with the Minister to explore how this could be taken forward.

E. CONCLUSION

Armadale CDA has not been selected as a pilot TIF scheme. The council should continue to explore potential for the use of TIF in West Lothian as there is potential for TIF to be rolled out more widely across Scotland.

F. BACKGROUND REFERENCES

Report to Council Executive 'Tax Increment Financing' – 8 February 2011

Report to Council Executive 'West Lothian Local Infrastructure Fund – Selection of short list of projects' – 4 October 2011

Appendices/Attachments: One – Letter from Cabinet Secretary dated 1 November 2011

Contact Person: Colin Miller, Development Planning Manager, 01506 282420

Email: colin.miller@westlothian.gov.uk

Steve Field, Head of Planning and Economic Development

Donald Forrest, Head of Finance and Estates

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