
SELKIRK BUSINESS IMPROVEMENT DISTRICT PROPOSAL

Report by Executive Director
EXECUTIVE COMMITTEE

19 September 2017

1 PURPOSE AND SUMMARY

- 1.1 This report outlines the Business Improvement District (BID) Proposal, which has been developed by Selkirk Chamber of Trade. The report highlights the role and contribution from the Council and recommends appropriate support.**
- 1.2 Business Improvement District (BID) initiatives are promoted by the Scottish Government to support sustainable economic growth. The BID model, led by the private sector, stimulates partnership working to enable investment in improvements to the local business environment.
- 1.3 Selkirk Chamber of Trade began their BID development process with a proposal to develop a joint BID for the town centre and the Riverside area. Shortly thereafter, they opted to develop two separate BIDs, one for the town centre and one for the Riverside area. Due to a range of operational difficulties, the Steering Group has recently agreed with BIDS Scotland and Scottish Borders Council to only progress the Selkirk Town Centre BID at this stage. The Selkirk Town Centre BID ballot date is set for 30 November 2017.
- 1.4 The Selkirk Town Centre BIDS business plan has a range of projects in three themed areas including 'Flying the Flag for Selkirk', 'Helping Businesses to Thrive' and 'Improving the town's visual appearance'. The BID levy will provide an estimated £18,690 per annum and the Steering Group anticipates increasing this by a further £5,000 per annum with funding applications from other external sources. If the BID ballot is successful, the BID business plan will be implemented over a five year period.
- 1.5 Council Officers have highlighted to the Selkirk BIDs Steering Group the importance of consultation and evidence of support from the business community to ensure a positive outcome from the ballot process. The Steering Group will undertake a positive and proactive campaigning programme in the run up to the ballot date to raise further awareness of the BIDs proposal and encourage as many positive votes as possible.
- 1.6 Officers recommend that the Council supports the Selkirk Town Centre BID. Although the BID is the smallest in Scotland in terms of geographical coverage and income generated, the Proposal is an initiative being led by the local business community and will contribute to the overall regeneration of Selkirk town centre.

2 RECOMMENDATIONS

2.1 I recommend that the Executive Committee:-

- (a) Supports the Selkirk Town Centre BID and notes the intended 30 November 2017 ballot date;**
- (b) Agrees that the Council's Democratic Services team manages the BID Ballot process; and the Council's Customer Service Team provides the financial management of the BID levy at the proposed fee level of £2,500 per annum;**
- (c) Notes the financial implications of £2,405 per annum for the Council and Live Borders for their BID Levy contributions and agrees to support the BID initiatives with 'Yes' votes for their respective properties; and**
- (d) Requests that appropriate mitigating actions are taken by the BID Steering Group in relation to the risks highlighted; and that an Elected Member of the Council is represented on the BIDs Levy Board along with a Council officer for advisory support.**

3 BACKGROUND

- 3.1 Business Improvement District (BID) initiatives are promoted by the Scottish Government to support sustainable economic growth. The BID model, led by the private sector, stimulates partnership working to enable investment in improvements to the local business environment, while contributing to the wider regeneration of the local community. BIDs can focus on a specific geographical area or thematic sector and have been developed in town and city centres, tourism areas and business parks.
- 3.2 There are currently 136 operating BIDs within the UK of which there are 37 across Scotland. BIDs have provided a substantial input to Scotland's growth and economic development. Following a national review in September 2016, £41.3 million has been invested as a result of the BID levy since 2008 and have leveraged in over £19.6 million of additional investment. BIDs have also added 80 directly created jobs generating a Gross Value Added (G.V.A.) of £3 million. These figures are anticipated to rise over the next five years as further BIDs come into operation.
- 3.3 A BID is established through a series of steps:
- 1) identifying the BID area;
 - 2) identifying key issues for businesses within that area;
 - 3) drafting a five year business plan with relevant actions and levy contributions;
 - 4) in-depth consultation with businesses on the business plan;
 - 5) finalising the business plan;
 - 6) a ballot to vote in favour or not to adopt the BID approach and deliver the business plan. Businesses within the proposed BID area must vote in favour of it before the BID can be established.
- 3.4 The key principle behind BIDs is that local businesses pay an additional levy on top of their normal Non-Domestic Rates (NDR) bill. Each person liable to pay the BID levy will be able to vote to support the BID or not. The interests of both large and small businesses are protected through a voting system that requires a majority for both the number of votes cast and the rateable value of votes cast. If a BID ballot is successful, the BID business plan will be implemented over a five year period. Businesses then have the choice to progress a BID for a further five years through the same ballot process.

4 SELKIRK BUSINESS IMPROVEMENT DISTRICTS

- 4.1 Selkirk Chamber of Trade began their BID development process in 2014 with a proposal to develop a joint BID for the town centre and the Riverside area for the town. The aim of the proposal was to help bridge the gap between the two areas in the town and specifically for the town centre to develop the right services, retail opportunities, leisure and hospitality facilities along with activities and events to increase footfall and spend in the town. The BID was to encompass all sectors within the BID area including retail, commercial and leisure.
- 4.2 A 'Selkirk Means Business' Selkirk BIDs Steering Group was established and a project manager appointed in September 2014. Shortly thereafter, the Steering Group opted to develop two separate BIDs, one for the town centre and one for the Riverside area. Due to a range of operational difficulties, the Steering Group has recently agreed with BIDS Scotland and Scottish Borders Council to progress the Selkirk Town Centre BID only at this stage. The BID ballot date for the Selkirk Town Centre BID has been set for 30 November 2017.

- 4.3 The Steering Group intend to relaunch the Selkirk Riverside BID in early 2018 with a view to going to ballot in November 2018. The Steering Group aim to increase representation from the Selkirk Riverside area on the Group and undertake more in depth consultation with key businesses and influencers in the area.

Selkirk Town Centre BID

- 4.3 The Town Centre BID Area focuses on the core town centre and includes 86 eligible properties equating to a total floorspace of £696,100 rateable value (RV). The Steering Group has set the levy based on fees ranging from an annual levy of £195 for smaller properties (2,000 to 9,999 RV) and an annual levy of £1,105 for the largest properties in the area (50,000 to 59,999 RV). Premises which have an RV of less £2,000 have been excluded. 68 of the 86 eligible properties currently receive 100% rates relief under the Small Business Bonus Scheme and a further 14 will either have 100% relief or at least 25% relief. A breakdown of the levy contributions are summarised in Appendix 1.
- 4.4 The Steering Group anticipates the BID levy will provide an estimated £18,690 per annum – net of a deduction for the BID levy collection fee (see section 5.3). They anticipate increasing this by a further £5,000 per annum with applications to other funders such as VisitScotland, Lottery, LEADER, as well as potentially the Council's Localities Bid fund, Quality of Life Scheme and Selkirk Common Good Fund.
- 4.5 **Business Plan Activity** – The Selkirk BIDS town centre business plan highlights a range of projects in three themed areas:
- Marketing & Promotion: 'Flying the Flag for Selkirk'
 - 'Improving the town's visual appearance'
 - 'Helping Businesses to Thrive'

Projects within the Business Plan include developing a town brand, town website and social media presence; new visitor promotional literature; a range of street entertainment and events; new visitor signage; and signposting to training and business development opportunities. A part-time project manager will be recruited to develop and deliver the projects over the five year period.

- 4.6 **Business Consultation** – At the formal 98 day review process and formal submission to the Council on the 24 August 2017, a reasonable level of business consultation had progressed and there are indications from the business community that a town centre BID would be looked upon favourably. Most recent consultation and discussions indicate that 41% of those eligible to vote in the ballot are supportive of the BID and the themes identified within the business plan. 49% are potentially in favour, but require more information. Only 4 eligible persons have said they are not supportive of the proposal.
- 4.7 **Ballot Process**- For a ballot to be valid, at least 25% of the persons entitled to vote, must do so and this must represent at least 25% of the total RV of the properties. For a successful ballot, the BID Proposals must receive the support of more than half of those who vote, and also more than half of the rateable floorspace. For the town centre BID, this means that a minimum of 21 people must vote and this must represent £174,025 RV of properties.

5 SUPPORT FROM SCOTTISH BORDERS COUNCIL AND FINANCIAL IMPLICATIONS

- 5.1 Officers from Scottish Borders Council and BID Scotland have provided

advisory and financial support during the BID development process.

- 5.2 **BID Ballot Process** – The Selkirk BIDS ballot date is set for 30 November 2017. It is proposed that the Council's Democratic Services team will manage the ballot process. The format for the ballot is set out in statutory instruments. The costs involved in the ballot would be an in-kind contribution from the Council towards the BID proposal.
- 5.3 **BID Levy Collection/ Financial Management** – The levy collection process is usually managed by the relevant local authority in conjunction with the collection of Non Domestic Rates. The Council's Customer Services team has been liaising with the Selkirk BIDs Steering Group and a draft Operating Agreement has been developed. This outlines the key principals and protocols for managing and delivering the service. Estimated costs to deliver this service by the Council are £20,625 in total over the five years. It is proposed that the Council will charge a fee of £2,500 per annum to recover 60% of those costs. Whilst it is important for the Council to undertake full cost recovery where possible, the reduced fee was agreed as the project is viewed as contributing to business-led town centre regeneration activity. If a positive ballot ensues, the BID will be in place for 5 years; and then subject to a further business plan / consultation process and ballot. The levy fee would be reviewed and reconsidered at that stage.
- 5.4 **Council Liabilities** - The Council is a ratepayer with properties that lie within the town centre will therefore be liable to pay the business levy. Council Officers have also provisionally agreed with Live Borders that the Council would cover any BID levy requirements for Live Borders under the Selkirk BIDs. The joint liabilities for the BID area are outlined in Appendix 2, which amounts to £2,405 per annum.
- 5.5 **Council and Live Borders Voting Rights** - As property owners in the BID Area, the Council and Live Borders will also have the opportunity to vote in the ballot. Officers recommend that the Selkirk BIDS proposals should be supported by the Council and Live Borders as the initiatives, which are being led by the private sector, will contribute to regeneration within the town centre. It is recommended that 'Yes' votes should be returned by the Council and Live Borders during the ballot process.
- 5.6 **Grant support contribution** –In terms of operational management, the BID levy collection date is proposed to commence on the 1 April 2018 if the ballot is successful. There will be a number of 'pre-operational' start-up costs for the BID company in advance of the 1 April billing date, including establishing a formal BID; recruiting a part-time project manager; liaising with the Council's Customer Services team to review and finalise the list of eligible persons/ businesses for BID payments; and progressing the initial phase for projects. As there will be no income for the BID company until after the 1 April 2018, it is recommended that the Council's Economic Development service provides one-off grant support from existing approved budgets of £5,000 to enable the 'pre-operational' start up period. This grant would be subject to a successful ballot and the development of key activities and outcomes as highlighted above.

6 PROGRESSING TO THE BALLOT/ FORMAL APPROVAL

- 6.1 Within the BIDS legislation, the Council has powers in terms of vetoing the proposals if they conflict with any structure plan, local plan or development plan; conflict to a material extent with any policy formally adopted; or lead to a significantly disproportionate financial burden being imposed on any person entitled to vote. Council Officers have reviewed the BID Proposals

and business plans and there are no specific concerns in relation to a Local Authority's powers of veto.

- 6.2 Council Officers have highlighted to the Selkirk BIDs Steering Group the importance of consultation and evidence of support from the business community for the Proposal to ensure a positive outcome at the ballot process. Council officers have recommended the Steering Group undertake a positive and proactive campaigning programme in the run up to the ballot date to raise further awareness of the BIDs proposal and encourage as many positive votes as possible. There is a risk that low turnout numbers may render the ballot invalid.
- 6.3 Officers recommend that the Council supports the overall BID Proposal as the project will be led by the business community and contribute to the overall regeneration of Selkirk town centre.

7 RISKS AND MITIGATIONS

- 7.1 The level of business consultation to date is outlined in Section 4.5. There is a risk that the Ballot is either not valid or not successful with a 'YES' vote. Further promotional activity and business consultation by the Project Manager and the Steering Group between now and the ballot date will help to mitigate this risk. If unsuccessful, the Selkirk BIDs Steering Group could undertake a further Ballot but this cannot be taken for a further full year; and would require further funding to be sourced for project management and campaigning.
- 7.2 Operational Efficiencies – The original BIDs Proposal with the two BID areas (Town Centre and Riverside), provided the opportunity of a potential combined budget of more than £87,000 per annum. It would have enabled operational efficiencies such as staff and admin, as well as the opportunity to maximise joint project delivery eg website development and promotion. As only the Town Centre BID is progressing at this stage, these operational efficiencies will not be realised in year 1. It would be the intention of the Steering Group to maximise these joint opportunities and efficiencies when/ if the Riverside BID progresses to ballot in November 2018.
- 7.3 Council officers have recommended to the Steering Group that the Proposal could benefit from further development, including more detail of the business plan activity; more specific outputs and outcomes; performance monitoring/ measuring success; appropriate future governance arrangements; and risk management. Appropriate, robust governance and financial management of the BIDs proposal is critical. The overall project and financial management is the responsibility of the BIDS Company, which will be established if there is a positive ballot.
- 7.4 It is important that governance processes and procedures are established to ensure appropriate transparency of funding and resources. In order to monitor the Council's financial input and contribution to the project, it is recommended that an Elected Member representative is nominated on to the Selkirk BIDs Company Boards. An appropriate Council officer should also provide advisory support and act as an observer on the Board. Financial monitoring of the BID levy collation will be provided by the Council's Customer Services team. A detailed draft Operating Agreement has been progressed and this will be finalised following the outcome of the ballot and the establishment of the new BID company.
- 7.5 Non-payment by local businesses is a risk to the BIDs in relation to cashflow and the delivery of projects. A higher level of default could have a potential impact on the delivery of projects. Officers also noted that

there had been no structured approach to risk assessment and risk management by the Steering Group. This is an omission that should be addressed by the BID company and should cover governance, financial management (including VAT status and inflation), project delivery and any other appropriate issues.

8 IMPLICATIONS

8.1 Equalities

A key aspect of the Council's Economic Development service work is to reduce barriers to economic inequality. The Economic Development Service will recommend to the Selkirk BIDs Steering Group and BID companies to undertake Equality Impact Assessments at the appropriate stages of project proposals.

8.2 Acting Sustainably

Business Improvement District (BID) initiatives are promoted by the Scottish Government to support sustainable economic growth. The BID model, led by the private sector, enables the private and public sectors to work together and invest in improvements to the local business environment, while contributing to the wider regeneration of the local community.

8.3 Carbon Management

There is no anticipated net increase in carbon emissions at a Scottish Borders level. Individual projects which are taken forward as part of the project will be assessed appropriately to minimise impacts and maximise low carbon opportunities.

8.4 Rural Proofing

Rural Proofing is not required as the proposal does not relate to new or amended Council policy or strategy. Towns and town centres act as a potential hub for rural communities and it is anticipated that any actions/activities would add value to the wider rural economy rather than having a negative impact.

8.5 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made to the Scheme of Administration or Scheme of Delegation arising from this report.

9 CONSULTATION

- 9.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR and the Clerk to the Council have been consulted and their comments have been incorporated into the report.

Approved by

Rob Dickson
Executive Director

Signature

Author(s)

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Background Papers: None

Previous Minute Reference: None

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Bryan McGrath can also give information on other language translations as well as providing additional copies. Contact us at: Bryan McGrath bmcgrath@scotborders.gov.uk tel: 01835 826525

Appendix 1

Breakdown of Levy Charges

Rateable Value	Each Week	Each Month	Annual Levy	no of businesses	Total
0 to 1999					0
2000 to 9999	3.75	16.25	195	68	13260
10000 to 19999	6.25	27.1	325	13	4225
20000 to 29999	8.75	37.92	455	1	455
30000 to 39999	11.25	48.75	585	1	585
40000 to 49999	15	65	780	2	1560
50000 to 59999	21.25	92.1	1105	1	1105
60000 to 69999	25	108.33	1300	0	0
70000 to 79999	30	130	1560	0	0
80000 to 89999	37.5	162.5	1950	0	0
90000 to 99999	43.75	189.58	2275	0	0
100000 to 200000	50	216.67	2600	0	0
200001 and above	101.92	441.67	5300	0	0
				86	21190

21190
less £2,500 (11.8%) charge for collection of levy £18690

Appendix 2

Selkirk BIDS / Scottish Borders Council Levy Contributions

Total for Town Centre (Scottish Borders Council & Live Borders): **£2,405**

Town Centre – Scottish Borders Council

Property Address		Proposed Levy
Hall	Scott's Close	£195
Municipal Buildings	High Street	£195
1	Chapel Street	£195
TOTAL		£585

Town Centre – Live Borders

Property Address		Proposed Levy
27	Market Place	£195
Halliwell's Museum	Market Place	£195
Library	Ettrick Terrace	£325
Victoria Hall ***	Scott's Place	£1,105
TOTAL		£1,820