
GALASHIELS BUSINESS IMPROVEMENT DISTRICT PROPOSAL

Report by Executive Director

EXECUTIVE COMMITTEE

2 October 2018

1 PURPOSE AND SUMMARY

- 1.1 This report outlines the Business Improvement District (BID) Proposal, which has been developed by Galashiels Chamber of Trade in conjunction with Energise Galashiels. 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 A range of measures are being developed to stimulate economic development activity around the Borders Railway as part of the Borders Railway Blueprint Plan. Groups are working to develop respective town centre BIDs for Galashiels and Dalkeith. It is intended that there will be potential joint marketing and business development activity between the two BIDs. Galashiels is at a more advanced stage with the Galashiels BID ballot date set for 29 November 2018.
- 1.4 The Galashiels Town Centre BID business plan has a range of projects in four themed areas including 'Developing Events & Attractions', 'Promoting a Vibrant Galashiels', 'Creating a welcoming Environment' and 'Business Development'. The BID levy will provide an estimated £190,000 per annum to deliver the projects within the 5 year business plan. .
- 1.5 The Steering Group will progress with a positive and proactive campaigning programme in the run up to the ballot date to encourage as many positive votes as possible. If the BID ballot is successful, the BID business plan will be implemented over a five year period.
- 1.6 The Proposal is being led by the local business community. Its key aim is to contribute to the overall regeneration of Galashiels with a particular focus on increasing footfall in the heart of the town centre. The BID will seek to work with and develop opportunities to maximise visitor activity and spend along with the Great Tapestry of Scotland Visitor Centre and other visitor related opportunities from the Borders Railway corridor.

2 RECOMMENDATIONS

- 2.1 I recommend that the Executive Committee:-**
- (a) Supports the Galashiels Town Centre Business Improvement District (BID) and notes the intended 29 November 2018 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 on the basis of full cost recovery;

- (c) Notes the financial implications of £5,476 per annum for the Council for their BID Levy contributions and agrees to support the BID initiative with 'Yes' votes for its properties; and**
- (d) Requests that an Elected Member of the Council is represented on the Galashiels BID 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 39 operating BIDS across Scotland, which provide 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 Scotland's Towns Partnership, which is now responsible for delivering BIDS on behalf of the Scottish Government, is reviewing the current BID model. It has a number of demonstrator BID projects across Scotland and is also keen to develop a more flexible BID model for smaller size, market type towns. This may provide an opportunity for other towns in the Scottish Borders and the South of Scotland in the future.
- 3.4 For the current BID model, a BID is established through a series of steps:
 - 1) identifying the BID area;
 - 2) identifying key issues and opportunities 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.
- 3.5 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, representing a property and 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 GALASHIELS BUSINESS IMPROVEMENT DISTRICT

- 4.1 A range of measures are being developed to stimulate economic development activity around the Borders Railway as part of the Borders Railway Blueprint Plan. Galashiels Chamber of Trade and One Dalkeith, have been supported with funding from the Scottish Government, Scottish Borders and Midlothian Councils and Borders Railway Blueprint Funding. The Groups are working to develop respective town centre BIDs for Galashiels and Dalkeith. It is intended that there will be potential joint marketing and business development activity between the two BIDs. Galashiels is at a more advanced stage with the Galashiels BID ballot date set for 29 November 2018.

- 4.2 The Galashiels BID Area focuses on the core town centre and includes 334 eligible properties equating to 9,391,450 RV. The Council's retail area zone was used as the boundary for the BID area to the North, South and East. The boundary to the West focuses on the area within close proximity of the Great Tapestry of Scotland Visitor Centre site. One of the key aims for the Galashiels BID is to improve footfall and performance in the town. There is not an immediate link or connection to the peripheral western side of this area which includes a predominance of business to business rather than retail / tourism related activity.
- 4.3 The Steering Group anticipates the BID levy will provide an estimated £190,000 per annum with an overall income of £950,000 over the five years. On a successful ballot and once elected, the BID Board of Directors and BID management team will proactively seek match funding and other in-kind support for specific projects within each theme.
- 4.4 The Steering Group has set the levy on the following basis:

THE BID LEVY	
Rateable Value	Annual Charge to business
Less than 2,500RV	Voluntary membership by donation
Between 2,501RV and 10,263RV	£195
Between 10,264RV and 1,315,789RV ** The £195 levy is 1.9% of £10,264 - hence it was used as bottom end of the banding point.	1.9% of RV
Over £1,315,789	a variable % levy will applied up to a maximum of £25,000

Galashiels town centre has a relatively wide range of property sizes from small retail units, occupied by mainly independent stores, on Bank Street and the High Street to large premises occupied by national retailers and chains on Channel Street and the retail parks. Approximately 57% (190) of eligible properties currently receive 100% rates relief under the Small Business Bonus Scheme for properties, which have a combined rateable value of less than £15,000.

- 4.5 The Galashiels BID business plan highlights a range of projects in four themed areas:

Developing Events & Attractions

- Delivering a series of annual events
- Working with partners to promote events and exhibitions
- Working with partners to encourage additional visitor accommodation to the town

Promoting a Vibrant Galashiels

- Creating a brand for Galashiels
- Developing a town website and social media presence
- Relaunching the Galashiels shoppers map & developing a related App
- Introducing a Galashiels Gift Card

Creating a welcoming Environment

- Working with empty property owners to improve their appearance
- Extending the successful Borders Railway ambassadors

- Developing a town trail
- Providing improved street furniture

Business Development

- Researching smart procurement opportunities for utilities
- Extending the shop watch scheme
- Providing online marketing and comms support to businesses
- Introducing tourism development and customer care training initiatives

Appropriate project management and related support will be recruited to develop and deliver the projects over the five year period.

- 4.6 At the 98 day formal submission of the Proposal to the Scottish Government and Council on the 23 August 2018, a significant level of business consultation had progressed. There are indications from the business community that a BID will be looked upon positively. The consultation summary indicates the following voting preferences:

VOTE	By Number of properties	By cumulative RV
YES	136 (41%)	1,741,650 RV (18%)
POSSIBLES	177 (53%)	7,156,350 RV (77%)
NO	21 (6%)	493,600RV (5%)
TOTAL	334	9,391,450 RV

Although there are over 50% of businesses (equating to 77% of RV), who are categorised as 'possibles', many of these business or property representative have had a positive discussion with the BID project manager and appear to be supportive of the BID proposal. In addition, the Gala Goes Extreme event, held in August with over 5,500 attendees, had a very positive impact on the town with general and specific feedback of increased trading performance on the day.

- 4.7 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 the Galashiels BID, this means that a minimum of 83 people/ properties must vote and this must represent £2,347,863 RV of 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.

5 SUPPORT FROM SCOTTISH BORDERS COUNCIL AND FINANCIAL IMPLICATIONS

- 5.1 Various Officers from Scottish Borders Council and BID Scotland have provided advice and financial guidance during the BID development process.
- 5.2 **BID Ballot Process** – The Galashiels BID ballot date is set for 29 November 2018. 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. It is recommended that 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 Galashiels BID 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 between £9,180 and £10,290 per annum dependent on potential shared administration costs between BIDs. There is an additional one off charge for a specific IT consultancy and build fee of £4,000 from the software service supplier, Northgate. Given the size and scale of the BID and the potential level of income generated, it is proposed that the Council will provide the levy collection service at full cost recovery.

- 5.4 **Council Liabilities & Voting Rights** - The Council has 13 properties, which are within the BID area and are liable to pay the business levy. The total BID levy is calculated at £5,476 per annum. These properties are outlined in Appendix 1. As a property owner in the BID Area, the Council has the opportunity to vote in the ballot. Officers recommend that the Galashiels BID proposal should be supported by the Council as the business led initiative will contribute positively to the regeneration within the town centre. It is recommended that 'Yes' votes should be returned by the Council during the ballot process.
- 5.5 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 Galashiels BID Board. 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.

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 The Galashiels BID Steering Group has undertaken extensive business consultation during the development period as well as hosting a demonstrator event, Gala Goes Extreme in August this year. The event was very successful attracting over 5,500 attendees on the day and with many businesses feeding back a positive increase in trading performance. The Steering Group will progress with 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.
- 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 Galashiels town centre. The BID will seek to work with and develop opportunities to maximise visitor activity and spend along with the Great Tapestry of Scotland Visitor Centre and other visitor related opportunities from the Borders Railway corridor.

7 RISKS AND MITIGATIONS

- 7.1 The level of business consultation as of 23 August is outlined in Section 4. There is a risk that the Ballot outcome 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 Galashiels BID 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 Non-payment by local businesses is a risk to the BID in relation to cashflow and the delivery of projects. A higher level of default could have a potential impact on the delivery of projects. A structured approach to risk assessment and risk management will be recommended to the BID board on approval of the ballot along with appropriate governance and financial management arrangements.

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 Galashiels BID Steering Group and BID company 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

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Appendix 1

Galashiels BID / Scottish Borders Council Levy Contribution

Total for Town Centre (Scottish Borders Council): £5,476

Properties with RV less than £10263. £195	7	£1,365	Public Convenience - Zf7101	High Street
			Office 2/6, Waverley Chambers	Ladhope Vale
			Scottish Borders Council	Stirling Street
			Public Convenience - Zf7101	Bank Street
			Scottish Borders Council	Stirling Street
			Car Park	Ladhope Vale
			Car Park	Hall Place
Properties with RV £10264 and above. 1.9%	6	£4,111	Yard	High Street
			Office 1/4, Waverley Chambers	Ladhope Vale
			Office 2/3, Waverley Chambers	Ladhope Vale
			Office 2/4-5, Waverley Chambers	Ladhope Vale
			Office ,	Paton Street,
Galashiels Transport Interchange	Stirling Street			
TOTAL	13	£5,476		