

## EXECUTIVE COMMITTEE – 6 November 2018

### Economic Development Update

#### 1. Business:

- From April to September the Business Gateway team assisted **129 business start-ups**, of which 11 met the classification of 'Early Stage' growth. The Advisers have delivered 22 start-up workshops and 22 Growth workshops with 418 attendees. Growth Advisers continue to work with companies who have potential to achieve growth targets and have put 16 businesses through segmentation and provided 9 businesses with specialist consultants to work on projects.
- Business Gateway continues to work across the Scottish Borders meeting with a number of intermediaries promoting the services available through Business Gateway and the Council. In total 67 Intermediary visits have been held during the period.
- Business Gateway continues to identify business issues that need addressed and to deliver further Masterclass workshops – bringing in experts to present workshops on issues such as General Data Protection Regulation (GDPR). Brexit will provide the next big challenge for businesses and BG will seek to assist with this.
- Business Gateway Advisers have facilitated 10 Digital Boost 1-2-1s for clients with another 10 pending, against a target of 15.
- For the period from 16 March 2018 to 15 October 2018, the **Scottish Borders Business Fund** received 17 applications and approved 10 grants valued at £33,409.56, supporting projects with a value of £68,459.37. These projects are forecast **to create 14 jobs** with a forecast **economic impact of £325,373.50 GVA**.
- The **Scottish Borders Business Loan Fund** offers loans of between £1,000 and £20,000 over terms of up to three years. For the period from 16 March to 15 October 2018, the Loan Fund received 3 applications and approved 1 loan, valued at £20,000. This loan is forecast **to create 0.5 jobs** with an estimated forecast **economic impact of £21,790 GVA**.

## 2. Regeneration:

- **Selkirk CARS** – The Selkirk CARS was completed in late Spring 2018 and the related Town Centre Streetscape project and Court House stonework repairs completed over the summer/ autumn 2018. An Economic Impact Appraisal was undertaken as part of the final assessment for the project, which highlighted:
  - £2.4 million was invested in Selkirk town centre from 2013 to 2018 including public sector funding as well as private sector investment of £1.33m.
  - The number of properties in the area on the Buildings at Risk Register has reduced from 7 to 2 as a direct result of the CARS programme.
  - Over 7,500 people participated in 104 community events, comprising of a wide range of community heritage education, and traditional skills training activities.
  - Average footfall in Selkirk has risen significantly in recent years, from a low of 2090 in 2014 to 2710 in 2016.
  - Vacancy rates have improved significantly. In the last 5 reports (summer 2015-summer 2017) Selkirk has matched or bettered the Scottish Borders' average 4 times at around 11%.
  - Local capacity and business confidence has improved providing a positive platform for the Selkirk BID company to continue with increased marketing and event activity to bring further visitors and footfall to the town centre.
- **Selkirk BID** – a new Selkirk Business Improvement District Board has been established with 7 town centre businesses represented. The Board and project manager have been progressing key projects identified within the business plan, including the successful farmers markets and town centre events; development of a town brand identity; new signage to complement the streetscape signage; and the development of a new town website to market Selkirk more effectively.
- **Jedburgh CARS** – the first CARS funded repair projects are on-site in the town with more to follow in Autumn 2018. The next deadline for applications for CARS funding is 7 December 2018 with the aim to have awarded 25% of CARS funding by the end of Year 2 (31 March 2019). Development of 'Priority Buildings' is taking time and will be reviewed at the end of Year 2, with funding reallocated as necessary to ensure the stated CARS outputs are met. Community Heritage Education projects are ongoing and traditional skills training initiatives are being delivered. The potential to support apprenticeships in traditional skills with either full or part CARS funding is being investigated.
- **Hawick CARS Proposal**– See separate item.

- **Hawick Business Growth Project**

- Armstrong's Redevelopment, Hawick - A planning application has been submitted for the demolition of the former Armstrong's department store building in Oliver Crescent and two former church buildings in Teviot Crescent are removed to make way for the redevelopment of the site. A new three-storey building would be created, providing a hub and office space for up to 17 small and start-up business.
- Galalaw Business Park - work on the development of four industrial units is almost complete, with final snagging works recently agreed and landscaping works organised. A number of businesses have already expressed interest in renting one of the units. It is intended to hold a formal opening with the appropriate Scottish Government Minister as soon as an appropriate date can be agreed.
- Feasibility studies for the regeneration of other key properties are progressing with the aim of helping to inform potential investors.

- **Hawick Textiles Training Centre for Excellence**

- The aim of the new training centre is to tackle a critical skills shortage hampering textiles companies' efforts to boost their productivity. A funding commitment of £610,000 has been confirmed by the South of Scotland Economic Partnership to support the initial set up and delivery of the project for the first two years.

A new Centre Manager and a suitable building have been identified and will be announced In November 2018. The project has been a close partnership with the textile team at Scottish Enterprise and the Head of Creative Industries at Skills Development Scotland and led by Scottish Borders Council. The local textile businesses are also supportive and keen to make a success of the project.

- **Hawick Marketing Project** – A new 'Made in Hawick' brand has been produced which highlights the town's internationally renowned products to a global market. This initiative has the support of more than 20 Hawick businesses and as well as positioning the town as the place for visitors to buy top quality Scottish products, the brand identity will be used on product labelling and packaging. The project has an Action Plan for 3 years and a project manager has recently been recruited to help support the delivery of the Plan. The project is led by a steering group made up of local businesses, Future Hawick and SBC.

- **Scottish Government Regeneration Capital Grant Fund 2018**

- The Fund is aimed at providing new and/ or improved infrastructure through capital expenditure supporting projects in 2019/20 – 2021/22. Three applications were submitted at the first stage of the application process:
  - Newcastleton Enterprise Pods & Learning Centre
  - Stow Station House Regeneration – Phase 1
  - Eastgate Theatre Community Hub

The Newcastleton Enterprise Pods & Learning Centre and Stow Station House Regeneration Projects were successful at Stage 1 and have been invited to progress to a Stage 2 application with a deadline for submission in early December 2018. Notification will be given to applicants of funding recommendations by the end of February 2019.

- **BID for Galashiels** – the BID Steering Group are progressing with their final electioneering campaign in the run-up to the ballot on 29 November 2018. Consultations include business meetings, targeted approaches to key national businesses, 1-2-1 discussions with businesses in the town centre; targeting empty property owners; as well as social media and press coverage.
- **Tweed Valley Tourism BID** - the Tweed Valley Tourism BID has appointed 2 part-time project managers, both with extensive experience and knowledge of the Tweed Valley. They are currently progressing consultations with target businesses and aim to draft an initial business plan early in 2019. The BID is aiming to progress to ballot in October 2019.

### **3. Tourism & Events:**

- MBTAG have submitted applications for funding to deliver a phase two legacy project through LEADER and Borders Railway Blueprint. The project is a cooperation project between Midlothian and Scottish Borders and will include additional travel trade concept testing, market research and digital content creation for businesses within the two areas. A decision from LEADER is expected shortly.
- Scottish Borders Council has been successful in their application to the VisitScotland Rural Tourism Infrastructure Fund for improvements to the Eildon Hill upland pathways. The project will deliver improvements to the pathways from Melrose up the Eildon Hills, to relieve pressure on the infrastructure due to weathering and usage from the high volume of walkers. The funding awarded is £102k and the project will take 18 months to complete.
- The Scottish Borders Tourism Partnership are seeking to move from their current “not for profit” structure to a commercially operating cooperative structure. Members have been informed of the changes at the AGM in September 2018 and a soft launch of the new structure is due at the end of November 2018.
- Work is planned for new visitor welcome signage for both Galashiels Town Centre and Selkirk Town Centre.
- Strategic Events support – the Council has supported a number of events over the spring and summer of 2018 to develop and increase visitor numbers and economic impact. Grant funding support has been provided to the British Enduro Championships as part of TweedLove, Borders Book Festival, Riverside Rock, British Blind Open Championship, Melrose 7s and the Brick & Steel County Rally, but unfortunately this event was cancelled. Support and advice has also been provided to other event organisers for proposed events in 2019 and beyond.

- With recent changes in staffing at EventScotland new working relationships have now been established and strategic discussions have taken place with regard to future events and the upcoming Year of Coasts and Waters in 2020.
- Scottish Borders Heritage Festival – following an evaluation of the 2017 event, a decision was taken to take a year-out and reflect on what the event might look like in the future. Consideration is being given to how best to develop an event model that is self-sustaining and delivered by the heritage sector. This piece of work is in progress and should conclude before the end of 2018.

#### **4. Funding:**

- **European funding** continues to be available to projects through the Scottish Borders LEADER and European Maritime Fisheries Fund 2014 – 2020 programmes. The UK and Scottish Governments have confirmed that applicants whose grant funding is agreed and contracted by June 2019 will be able to complete their projects, even if the work is scheduled to take place after leaving the EU.
- The LEADER Local Action Group has approved grant funding of £2.5m to date, including 24 community, 4 farm diversification, 9 rural business development, 3 Enterprise Facilitator projects and 3 cooperation projects. A further 12 applications totalling £592k were also considered by the Local Action Group in October 2018.
- The **Forth Fisheries Local Action Group (FLAG)** has recommended 18 projects to Marine Scotland, committing £587k of funding to date. In total, 38 Expressions of Interest have been received, with 3 not progressing. A further 8 applications totalling £385k will be reviewed at the next FLAG meeting in November 2018. Marine Scotland has confirmed the UK Treasury has extended its guarantee on funding and that all contracts (awards) signed before the end of 2020 will be met.

#### **5. Property & Projects:**

- **Property** - 99 general property enquiries have been received to date in 2018/19. This has resulted in a total of 21 new leases which will generate £73.7k in annual rental income for the Council. With regard to the Council's portfolio of leased industrial units, yards and shops, the occupancy level for the last quarter (July to September 2018) is **87%**.
- The 99 property enquiries to date include 17 enquiries about purchasing plots. Sales related to 10 enquiries are in process (2 for enquiries from this year, and 8 from earlier enquiries). These sales are for plots at part-EU funded sites at Coldstream, Hawick and Lauder, and other employment land in Eyemouth, Hawick, Jedburgh and Kelso.

## **6. Low Carbon:**

- Resource Efficiency – referral process for businesses from Business Gateway to Resource Efficient Scotland continues to develop, with 7 new referrals being progressed during May-Sept 2018, bringing the total number of referrals to 43 over the last two years.
- As part of the Change Works in Peebles (CWIP) energy efficiency project, an assessment of supply local chain opportunities has been agreed with a local consultancy. The work is intended to identify opportunities and barriers to local businesses engaging in the installation of energy efficiency measures. The report will recommend actions to support the development of the local supply chain and is funded by the CWIP project.

## **7. Economic Strategy:**

Work has been undertaken on refreshing the Scottish Borders Economic Strategy 2023, as previously agreed by the Committee. The Economic Strategy is a Community Planning Partnership strategy and progress on the refresh was discussed at the recent Economy & Low Carbon Theme Group meeting. The CPP Group agreed that delivering a full revision of the Scottish Borders Economic Strategy is no longer appropriate at this time because of the extensive work being undertaken in developing the new South of Scotland Enterprise Agency; the significant uncertainties around the economic impact of Brexit; and the potential benefits that a Borderlands Inclusive Growth Deal could bring. However, it is important that there is a clear view about the projects and other actions that are crucial for the effective delivery of economic development support in the Scottish Borders in the short to medium term.

In order to provide that continuing strategic framework, officers will focus on refreshing the Economic Strategy's Action Plan in the coming months. This will provide an updated range of programmes and projects that reflect the ambitions and priorities for economic development in the Scottish Borders. It is intended that a draft version of the revised Action Plan is presented to the Executive Committee for consideration at its meeting on 31 January 2019.

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