

Dornoch Business Improvement Group

Meeting of Tuesday 18th January, 2022

Chair, Neil Hampton, General Manager Royal Dornoch Golf Club

Response To Questions Raised

QUESTION 1: WHAT IS A BUSINESS IMPROVEMENT DISTRICT (BID) and WHY DO AREAS TYPICALLY DECIDE TO PURSUE A BID.

A BID is about businesses from within an agreed geographic area working together and collectively investing in local improvements, which are additional to those delivered by the statutory authorities (including The Highland Council)

Other areas that have successfully achieved BID status have reported benefits in terms of:

- Aligning businesses around a common vision and plan of how best to improve the local economy/trading environment
- Providing (through a Levy) stable funding for initiatives/projects that matter most to businesses and the wider community
- Ensuring that programmes of common business benefits are paid for fairly and equitably
- Improving access to outside/other funding opportunities, to increase the total “pot” of money available to the area
- Helping to lobby Statutory Bodies to deliver on their commitments
- Facilitating more professional consultation and management of initiatives/projects

QUESTION 2 : WHAT EXACTLY IS THE BID PROCESS

A BID is a legislative process and provides structure and finance (through a Levy) to enable things to be done, which will benefit the trading environment of businesses and the wider community. A BID can operate for a maximum term of 5 years and thereafter, seeking a renewal mandate/ballot. Most BIDs who have reached the renewal date have chosen to renew.

A BID is developed through a local Steering Group made up from businesses within the proposed geographical BID area (the proposed geographical area for a Dornoch BID is the

IV25 post code of South East Sutherland, covering Dornoch, the villages of Embo and Clashmore and the surrounding rural area – some potential 176 businesses identified as being eligible for inclusion)

The Steering Group will have extensive dialogue and consultation with businesses in order to make decisions on the finalised BID area, size and liability of Levy and the projects/services to be included within the required 5-year Business Plan. The Business Plan also sets out the delivery mechanisms and performance indicators, as well as governance and management structures.

The Steering Group exists during the BID development process. If a BID ballot is successful, a new Board of Directors requires to be formally nominated from the businesses.

QUESTION 3: WHAT DOES A BID DELIVER AND WHAT DOES THE HIGHLAND COUNCIL (THC) DELIVER – CLARIFY THE DIFFERENCES

The BID activities/services should be in addition to what is delivered by the statutory authorities, including THC. The BID Levy should be used for additional activities, services and improvement projects that represent added value for businesses and the community as a whole. They require to be set out and included as part of the BID 5-year Business Plan.

The BID Steering Group also includes within the Business Plan a Memorandum of Understanding or a Baseline Service Level Agreement detailing what services are delivered by all statutory bodies and including THC. This provides the necessary reassurance to businesses that BID Levy monies are being used for collectively agreed additional services and projects and not being used to pay for existing services. The baseline services are normally benchmarked at the beginning of a BID and monitored throughout its term. A BID also has a strong lobbying capacity with its local Council to pursue and ensure Baseline Services are being provided.

QUESTION 4 : WHAT IS THE DIFFERENCE BETWEEN BID FUNDING AND COMMON GOOD FUNDING.

Historically, Common Good Funds were established through rent payments from businesses on Common Good Land (from historic Burghs). The intended use of Common Good Funds being for projects that benefit communities.

THC manages all Common Good Funds across the Highlands, including the Dornoch fund. However, it must be recognised that outside Inverness Common Good Funds are limited.

A BID will be able to access Common Good Funds to supplement BID projects – providing the criteria for funding can be met and that funding is available.

It is worth noting that a BID has a much greater capacity and ability to access other/wider funding sources and grants – to supplement BID projects as funded from Levy monies.

Question 5: The BID LEVY, EXPLAINING ALSO THE DIFFERENCE BETWEEN THE CURRENT DACIC LEVY AND BID LEVY

A BID is funded by businesses through a Levy payment. The Levy is a fair and equitable way of funding additional services and projects that have both business and community benefits. The current voluntary DACIC Business Levy would be replaced by a BID Levy.

The Levy fee structure for a BID is based on eligible occupiers who are liable to pay Non-Domestic Rates (Business Rates) as per the Local Assessors Rateable Value List. It is important to recognise that the payment of the Levy is not related to whether a business/property actually pays rates or not – it is based on whether a business/property is liable to pay Business Rates ie. on the Rateable Value List. The actual Levy payment will be paid by the occupier of a business premises, but the property owner will pay if the premises is vacant.

The BID Steering Group will determine the levy fee structure based on the listed Rateable Value for each property – taking a percentage-based approach or more likely a banding approach. This reflects the ability of the Steering Group to vary the Levy payment by location, by business size or by business sector. The Levy rates/bandings will be transparent prior to and at time of Ballot.

Where a property is deemed, through consultation, as not eligible by the Steering Group (e.g., Schools, Care Homes, Churches etc) or where the Steering Group has decided on a minimum Non-Domestic Rates/Business Rates level within the proposed Levy fee structure – these properties can still contribute through Voluntary Levy contribution.

The proposed Levy rate, as determined by the Steering Group, requires to be detailed within the 5year Business Plan and should reflect the issues to be addressed and projects to be delivered. The Levy monies can only be used for what is set out in the Business Plan, ensuring that the businesses who contribute benefit.

As referenced above, the current DACIC Business Levy will be replaced by the BID Levy. The charge will relate to Rateable Value of the property (rather than turnover, as is the current arrangement).

However, if the BID goes ahead all businesses must pay the Levy (whether they voted for it or not), whereas membership of the DACIC Levy is voluntary.

NOTE, BID DORNOCH: within the proposed geographic area for a Dornoch BID, approximately 227 entries are listed on the Non -Domestic Rates/Business Rates List, albeit 51 are likely to be excluded as non-eligible – leaving approximately 176 properties for

inclusion. Although this is considered a relatively small business community it is one that has a huge amount of talent and professionalism.

THC will collect the Levy Payment on behalf of a Dornoch BID – the monies being placed in a separate BID Levy account. Access to this account will be limited to the BID Board of Directors and cannot be accessed by THC as additional income.

QUESTION 6: BID BALLOT AND VOTING CRITERIA, CLARIFY

Each eligible occupier or, if applicable, property owner for each of the premises listed on the Non-Domestic Rates/Business Rates List, will be able to vote in the BID Ballot

A BID can only go ahead if 4 Ballot conditions are met:

- Condition 1 – a minimum turnout/headcount figure of 25% is achieved of individual persons eligible to vote
- Condition 2 – minimum turnout/headcount figure of 25% is achieved by Rateable Value
- Condition 3 – the majority of those eligible persons who voted, must vote in favour
- Condition 4 – the majority of those eligible persons who voted, in terms of Rateable Value, must vote in favour.

These 4 conditions/thresholds in terms of turnout by (1) individual persons and (2) Rateable Value; and for a Ballot to be successful in terms of the majority of (3) individual persons and (4) Rateable Value voting in favour means, a BID cannot be imposed by a small number of voters with high Rateable Values on a large number of voters with small Rateable Values and by vice versa.

If the Ballot is successful, then the decision is legally binding on all eligible businesses within the BID area – who are then all liable to pay the Levy (whether or not they voted in favour of the BID)

QUESTION 7: CLARIFY THE ROLES OF DORNOCH AREA COMMUNITY COUNCIL (DACC) ,DORNOCH & DISTRICT COMMUNITY ASSOCIATION (DADCA) and DORNOCH AREA COMMUNITY INTEREST COMPANY (DACIC) - WHERE DOES THE BID FIT IN.

Dornoch has a strong community which is friendly and supportive, with no shortage of community spirit. DACC, DADCA and DACIC are all voluntary groups, with a huge reliance on volunteers to operate and deliver their respective remits. The lack of dedicated staff and volunteer fatigue are issues which require to be addressed. A BID will help address these issues. The BID will still require volunteers to support businesses in delivering the vision, activities, and projects within the 5 - year Business Plan

- DACC - Community Councils are the most local tier of statutory representation in Scotland, operating as voluntary organisations, with elected members, set up by statute. They bridge the gap between Councils and communities. THC has statutory

oversight of DACC, as well as having a requirement to consult on Planning and Licensing matters.

- DADCA – a voluntary run organisation which manages the Dornoch Social Club (with 750 bookings per annum, pre pandemic). It runs many local/regular events, such as the Community Markets, Fibre Fest, Festival Week, Bonfire Night, and the Hogmanay Street Party. It is also involved in supporting other community groups
- DACIC – a member organisation open to the IV25 postcode area, currently with 220 members. It is run by a voluntary Board of Directors and has an established Business Group of approximately 95 members. Its main activities to date relate to the development and delivery of the Dornoch Economic Masterplan (including Visit Dornoch) and funding and developing of key Assets, including the Dornoch Hub and Project Curlew. The Business Group members pay a Levy based on turnover which funds the joint marketing campaign/ Visit Dornoch. This covers the cost of four part time members of staff delivering digital marketing and in person services for Visit Dornoch, including the website, social media, town signage, maps/apps and visitor centre. The Chair of DACIC (Joan Bishop) manages, as a volunteer, the Visit Dornoch project and staff.

Pre pandemic DACIC managed a voluntary Business Levy from approximately 95 Business Group members – raising £28,000 per annum. Should the Dornoch BID proceed then this aspect of DACICs activities would be managed instead by the BID. The Business Levy as currently collected and managed by DACIC will be replaced by the BID Levy and become the responsibility of the BID Board of Directors – the BID Levy being expanded in scope and size. The BID will also become responsible for all Visit Dornoch activities. DACIC thereafter would focus on running and developing its two community assets of the Dornoch Hub and Dornoch South (the BID not normally taking on the operation of Assets, likely to last beyond the length of their mandate).

QUESTION 8 : AFFORDABILITY OF BID OVERHEADS TO LEVY COLLECTED

DACIC has secured 20k Seedcorn Funding for the development of a Dornoch BID. Primarily to fund a Bid Manager/Coordinator and some administration support for a limited period only, most likely on a part-time basis. These posts being considered vital to supporting the Steering Group through BID development, extensive consultation, managing the required Bid database, preparing the Business Plan and BID proposal and, of course, the Ballot. Voluntary support working will still be required during the BID Development process.

Post BID and if the Ballot successful then the level and affordability of overhead resources will require to be revisited by the BID Board of Directors. It is currently projected that a wider BID Levy of 41k is likely (currently 28k from DACIC Business Levy), albeit this may be

supplemented by other Voluntary Levy contributions. In addition, the BID will have scope to access other funding sources and grants, to supplement BID projects. BID staffing resources, including a BID Manager/Coordinator are considered necessary but do require to be lean. All staffing resources can be a mix of paid part time staff, secondments, and internships and also volunteers. Post BID the Board of Directors require to ensure governance and management of the BID, ensuring adequate and appropriate resources in place to do so.

QUESTION 9: WHAT ABOUT HOLIDAY HOUSES WHO DO NOT ACTUALLY PAY BUSINESS RATES

As set out earlier in response to Question 4 - the BID Levy is based on properties listed on the Non-Domestic Rates/Business Rates list. Payment of the BID Levy is not based on whether a person/property actually pays rates or not (eg qualifies for a Small Business Bonus Scheme). It is solely based on whether a business/property is on the Non-Domestic Rates/Business Rates list.

It also has to be recognised that not all holiday homes are registered as self-catering businesses. Only those who have chosen to register for Non-Domestic Rates/Business Rates are on the List. Those who continue to pay Council Tax will not be included in the BID but can choose to make a voluntary contribution.

QUESTION 10: EVENTS AS CURRENTLY HAPPENING IN DORNOCH – HOW DO THEY FIT INTO A BID.

The BID can run events as well as supporting events run by others.

As part of the Steering Group consultation the potential to consolidate and/or expand some events can be explored, along with the opportunity of working together and pooling of all financial and people resources. This could form part of the BID Business Plan. The current events and associated costs could not just be absorbed within the BID Levy.

QUESTION 11: IS NOW THE BEST TIME FOR DORNOCH TO PURSUE A BID

The answer to this question must be yes - we will not get a better opportunity.

Fully recognising the impact of the COVID 19 Pandemic on our daily lives, our businesses and our economy, huge opportunities are there for the Highlands - as a place to live, work and visit. The staycation market will remain a significant growth area, even after foreign travel resumes. Dornoch as a BID location gives it a significant advantage in drawing people to the area - be it to live, work, study, or visit.

The BID development work will take at least 12months - allowing a period of recovery from the pandemic but also to get prepared to be a BID area.

QUESTION 13: BID BENEFITS AND WHAT HAPPENS IF NO BID

The Business Group and Visit Dornoch project rely on the voluntary management of Joan Bishop, Chair of DACIC. Joan has indicated her intention to retire in 2023, when she will have been on the DACIC Board for 10 years. Unless someone else is willing to take on this role it is likely that the joint marketing campaign/ Visit Dornoch will reduce or cease.

Moving to a BID allows the Business Group to further develop and grow into a more formal professional structure, as has been seen elsewhere (eg Inverness and Nairn) . Some of the other key benefits to highlight are: -

- Membership of the Business Group can be extended to all businesses in Dornoch (not just tourism related). This will improve business relationships and give businesses a strong unified voice
- Having an agreed 5-year Business Plan that benefits all businesses and the wider community. The Business Plan will provide clarity of vision, leadership, and strategic focus to the area.
- All businesses must contribute to BID Levy – fairer, equitable and transparent
- Increased income from more members, to deliver the projects within the agreed Business Plan and enable a BID Manager/Coordinator to be appointed (potentially on a part time basis)
- Having a staff delivered Business Plan removes the vulnerability of volunteer fatigue and will speed up the pace of delivery
- Coordination of project delivery, reducing duplication and fragmentation
- Provision of a sustainable model for going forward post pandemic, ensuring recovery for all businesses and the wider community. Improving the economic opportunities for businesses
- Building on the already successful Visit Dornoch marketing campaign – to audiences locally, regionally, nationally, and internationally.
- Increasing footfall, spend and having the ability to extend the tourist season
- Building on the success of existing events and having the ability develop/support a year-round programme of events
- The BID Levy can attract other/match funding eg for local priorities/projects that are additional to the services provided by statutory authorities, including THC

QUESTION 14: FURTHER BACKGROUND MATERIAL - AS AVAILABLE.

- SCOTTISH IMPROVEMENTS DISTRICTS WEBSITE – <https://improvementdistricts.scot/>

- SCOTLANDS IMPROVEMENT DISTRICTS, PUBLICATION – ABOUT IMPROVEMENT DISTRICTS – <https://www.gov.scot/policies/regeneration/business-improvement-districts-bids/>
- SCOTLANDS IMPROVEMENT DISTRICTS, PUBLICATION – FREQUENTLY ASKED QUESTIONS – <https://www.dornoch.org.uk/userfiles/file/bid/frequently-asked-questions.pdf>
- OTHER BID EXAMPLES
 - <https://nairnconnects.com/>
 - <https://www.dornoch.org.uk/userfiles/file/bid/nairn-bid-business-plan-2018.pdf>
 - <https://www.invernessbid.co.uk/>
 - <https://www.visitinvernesslochness.com/>
 - <https://embraceelgin.co.uk/>
 - <https://morayspeyside.com/>