

**CYNGOR SIR POWYS COUNTY COUNCIL**

**PORTFOLIO HOLDER DELEGATED DECISION**

**By**

**COUNTY COUNCILLOR MARTIN WEALE  
PORTFOLIO HOLDER FOR ECONOMY AND PLANNING**

**30<sup>th</sup> May 2019**

**REPORT AUTHOR: Gareth Jones, Professional Lead for Regeneration**

**SUBJECT: Business Improvement Districts – Feasibility Stage  
Progress Update**

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**REPORT FOR: Decision**

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**1. Summary**

- 1.1 This report provides an update on the outcome of feasibility work on proposals for the establishment of Business Improvement Districts (BIDs) in Brecon and Newtown.
- 1.2 The feasibility reports recommend that the proposals would potentially be viable. This recommendation has been endorsed by the respective Steering Groups overseeing the work in the towns and Welsh Government.
- 1.3 It is recommended that detailed consultation and development work now takes place to inform the preparation of business plans and a potential ballot of businesses.

**2. Proposal**

**2.1 Background**

- 2.2 BIDs bring together businesses and other stakeholders in a defined geographical area, so they can work together to develop projects and activities which support the viability of the trading environment.
- 2.3 Typically, BIDs focus on town centres, although they are not confined to these areas, and may cover for example industrial areas or tourism destinations. The key feature of the BID model is the way that it generates a reliable revenue stream. Businesses and organisations pay an annual levy usually between 1.25-1.5% of the rateable value of their premises. The funding raised is used in the specified area to make the trading area more profitable for businesses and facilitate joint working.

2.4 Legislation enabling the formation of BID's was passed in 2003 in England and Wales. The Welsh Government is currently encouraging the formation of new BID's across Wales. Grant funding has been secured to undertake feasibility work on potential BID's in Brecon and Newtown.

## 2.5 Feasibility Stage Progress Update

2.6 In October 2018, the Council appointed Revive & Thrive consultants to support the development of proposals for potential BID's in Brecon and Newtown. The commission for each town is divided into three phases:

- i. feasibility study to establish if the proposal is potentially viable
- ii. developing detailed proposals in consultation with the business community, leading to a potential ballot of businesses on whether to set up a BID if sufficient support is identified
- iii. Post ballot support to establish the BID if the outcome of the ballot is successful

2.7 Over the past six months, feasibility work has been undertaken by Revive & Thrive. This has been overseen by Steering Groups set up in each town made up of representatives from the business community and other key stakeholders. The process has involved initial consultation with businesses and analysis of business rate data. Reports summarising the feasibility work are attached in Appendix 1 and 2.

2.8 In summary, over 100 businesses in each town have been visited to date. The consultant team conducted face-to-face surveys with businesses across the towns, including retailers on the high streets, office-based businesses and those operating in the industrial areas. This was complemented by a series of email requests, social media coverage, an online survey and a presentation to businesses at a public meeting.

2.9 The documents include income modelling which demonstrates that a BID in Brecon and Newtown would potentially be financially feasible. The report also sets out the outcomes of the business survey, in which fewer than 12% of respondents did not think that a BID for Brecon should be tested at ballot and 20% in Newtown.

2.10 The feasibility work suggest that as a guide BID proposals could include:

For Brecon:

- Approximately 420 business premises being part of the BID
- An annual BID levy income of at least £133,000
- A total BID levy income over five years of at least £665,000

For Newtown:

- Between 260 and 440 business premises being part of the BID
- An annual BID levy income of between £141,513 and £190,089
- A total BID levy income over five years of between £707,565 and £950,445

2.11 In order to establish the feasibility or otherwise of a BID in each town, two fundamental principles have needed consideration:

- 1) That a BID has the broad support of the business community. As BIDs are inherently business-led and -driven, any potential BID would need the buy-in of the majority of businesses.
- 2) That a BID is financially viable. Whilst levy income for BIDs varies significantly from area to area, it is a commonly held principle that an area which cannot generate a minimum of £100,000 per annum is not suitable for a BID.

2.12 These two considerations suggest that a BID for both towns is sufficiently viable for the business community in partnership with the respective Steering Groups, Powys County Council and Revive & Thrive to progress to a detailed consultation and development phase. This would lead to potential ballots taking place in November 2019 if the likely outcome of the consultation stage indicated sufficient support. The recommendations are supported by the respective Steering Groups and Welsh Government.

### **2.13 Consultation & Development Stage**

2.14 As part of the consultation and development phase, detailed consultation will take place with businesses to inform the preparation of a business plan which will set out in specific detail:

- The boundary for the proposed BID area
- The levy that businesses will be asked to pay (as well as any caps or exemptions)
- A baseline of services already being provided by the public sector
- The thematic areas and projects that a BID will deliver
- How the BID will operate

2.15 An extensive consultation exercise will be undertaken to ensure that as far as possible all businesses are engaged throughout the BID development process. This will include identifying BID champions, businesses that support the BID that can help to deliver the right messages to the wider business community.

2.16 A business plan will be developed for a full five-year BID term and contains projects and themes that will offer opportunities for a return on investment for all businesses in the BID area. Opportunities will also be investigated for additional income for the BIDs, to include commercial activity, sponsorships and voluntary membership contributions.

2.17 It is envisaged that the consultation to prepare the business plans will take place during May to August. This would allow the documents to be launched in September for a potential ballot in November.

## **2.18 Local Authority Implications**

2.19 Councils have a statutory responsibility to support the development of BIDs and facilitate their establishment. This includes conducting a potential ballot and the billing, collection and enforcement of the levy. Councils must also confirm that the proposed BID does not conflict with area plans and schemes.

2.20 Each Council owned property which is liable to pay a levy would also have a vote in a potential ballot and would be required to contribute to the BID. The amount payable will be determined as part of the development stage when the proposed levy, geographic area and criteria are confirmed.

2.21 Should a BID be set up, the Council would be the organisation responsible for billing collection and enforcing the BID levy. This would incur both direct and indirect costs for the Income & Awards department including the purchase of software and its ongoing maintenance, printing & postage, staff resource to administer the billing and collection of the BID levy. The Council would be able to recoup such costs from the BID levy, to cover these additional costs.

2.22 There is no limit on what projects or services can be provided through a BID. The only constraint is that it should be something that is in addition to services provided by local authorities. As part of the BID process the Council would be required to complete baseline service statements which set out current levels of service provision within the BID area for both statutory and non-statutory provision.

## **2.23 BID Ballot:**

2.24 Following the next stage of consultation with businesses, a decision will be made by the respective Steering Groups as to whether there is likely to be sufficient support for the proposal to progress to ballot. If this is demonstrated, a 28 day postal ballot will be held where businesses vote 'for' or 'against' the proposal. The BID business plan is the key document on which businesses vote. It sets out how the BID will function (proposed income, expenditure, BID area and performance measures) and how the BID Levy will be spent in the respective town.

2.25 For the BID to be established, two conditions must be met; firstly, a majority of those voting have to vote 'yes' and secondly those who vote 'yes' have to represent more than 50% of the total rateable value of all votes cast. If both majorities are met then the BID can be established and all businesses within the defined boundary are liable to pay the levy irrespective of whether they voted "yes" or "no" at ballot. If

established, a BID runs for a maximum of five years, beyond that if the BID wishes to continue then a new proposal must be developed and another ballot held.

### **3. Options Considered/Available**

**Option 1:** That the proposal to progress the development and consultation stage of BID proposals for Brecon and Newtown is supported.

**Option 2:** That the proposal to progress the development and consultation stage of BID proposals for Brecon and Newtown is not supported.

### **4. Preferred Choice and Reasons**

- 4.1 **Option 1:** is the preferred choice based on the recommendations of the feasibility reports and endorsement by the Steering Groups and Welsh Government. The implementation of BIDs have the potential to provide a financially sustainable model of supporting the economic vitality of the towns and would support the delivery of the Council's Vision 2025 objectives.

### **5. Impact Assessment**

- 5.1 A single impact assessment will be undertaken as part of a proposed Cabinet report on the proposals.

### **6. Corporate Improvement Plan**

- 6.1 The proposal will directly support the economy priority of the Council's Corporate Improvement Plan. It will also link closely with the preparation of the Powys Well-being Plan which aims include the development of a thriving economy, sustainable environment and equality for all.

### **7. Local Member(s)**

- 7.1 Local members have been consulted on the outcome of the feasibility stage and will continue to be engaged during the consultation and development stage.

### **8. Other Front Line Services**

- 8.1 The proposals have been developed in consultation with the Council's Business Rates Team.

### **9. Support Services**

- 9.1 Legal : The recommendations can be supported from a legal point of view.

- 9.2 Finance : The Finance Manager notes the contents of the report. The further work required will be undertaken by current staff within the regeneration team and any costs over and above those already within the revenue budget will be funded by Welsh Government grant. As noted within the report the Council can seek an annual fee from the BID delivery mechanism to cover additional staffing and administrative costs if the BID's are established. The potential costs to the Council of having to pay the levy on non-domestic rates of council properties will be costed with the service during the consultation and development stage and reported back to inform future decision making required to move to implementation.

The local authority will manage billing and the collection of the levy and will hold the levy in a ring-fenced revenue account on behalf of the Business Improvement District body.

Collection of the BID levy by the local authority falls outside the scope of VAT being a statutory levy which is no different to the collection of Business or Non-Domestic Rates. Where a BID company contracts with a local authority to deliver BID services that company is seen to be making supplies to the local authority. The majority of those supplies will be taxable at the standard rate although it is possible that certain exempt and zero-rated supplies might also be made. Any VAT charged to the local authority by the BID Company can be recovered under section 33.

The report is requesting approval to move to a detailed consultation and development stage which will thoroughly review all implications to the Council.

- 9.3 Communications: The issue is of public interest and the decision to proceed should be promoted through press release and social media.

## **10. Statutory Officers**

- 10.1 The Solicitor to the Council (Monitoring Officer) commented as follows:  
“ I note the legal comments and have nothing to add to the report.”

- 10.2 The Head of Financial Services (S151 Officer) - Notes the comments from Finance.

## **11. Members' Interests**

- 11.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If the Portfolio Holder has an interest he should declare it, complete the relevant notification form and refer the matter to the cabinet for decision.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
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That the Portfolio Member:  1. Approves the proposal to progress to the Consultation and Development Stage of preparing Business Improvement District proposals for Brecon and Newtown.	The implementation of Business Improvement Districts have the potential to provide a financially sustainable model of supporting the economic vitality of the towns and would support the delivery of the Council's Vision 2025 economy programme objectives. The Council has a statutory role in the process of establishing BIDs.
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<b>Relevant Policy (ies):</b>	Vision 2025 Economy Programme		
<b>Within Policy:</b>	<b>Y</b>	<b>Within Budget:</b>	<b>Y</b>

<b>Relevant Local Member(s):</b>	<b>Cllr Iain Macintosh, Cllr Matthew Dorrance, Cllr David Meredith, Cllr Sarah Lewis, Cllr David Selby, Cllr Daniel Rowlands, Cllr Mark Barnes, Cllr Joy Jones, Cllr Neil Morrison</b>
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<b>Person(s) To Implement Decision:</b>	<b>Professional Lead for Regeneration</b>
<b>Date By When Decision To Be Implemented:</b>	

Contact Officer Name:	Tel:	Fax:	Email:
Gareth Jones	01597 826230		Gareth.jones3@powys.gov.uk

### **Background Papers used to prepare Report:**

Report on the Feasibility of a Business Improvement District (BID) for Brecon, Revive & Thrive, April 2019

Report on the Feasibility of a Business Improvement District (BID) for Newtown, Revive & Thrive, April 2019

Business Improvement Districts - Feasibility Funding for Brecon and Newtown, Report to Portfolio Holder for Economy & Planning, Oct 2019

Welsh Government Guidance - Business Improvement Districts (2018-20) Wales <https://gov.wales/topics/housing-and-regeneration/grants-and-funding/business-improvement-districts/?lang=en>

Business Improvement Districts (Wales) Regulations 2005 <http://www.legislation.gov.uk/wsi/2005/1312/contents/made>