

Portfolio Holder for Economy and Planning



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31.05.2019

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NOTICE OF INTENDED PORTFOLIO HOLDER DELEGATED DECISION

The Portfolio Holder has received the following report for a decision to be taken under delegated authority. The decision will be taken on **Thursday 6th June, 2019** (i.e. 3 clear days after the date of this note). The decision will be published on the Council's website but will not be implemented until 5 clear days after the date of publication of the decision) to comply with the call-in process set out in Rule 7.36 of the Constitution.

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| 1. | BUSINESS IMPROVEMENT DISTRICTS - FEASIBILITY STAGE PROGRESS REPORT |
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(Pages 3 - 48)

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CYNGOR SIR POWYS COUNTY COUNCIL
PORTFOLIO HOLDER DELEGATED DECISION
By
COUNTY COUNCILLOR MARTIN WEALE
PORTFOLIO HOLDER FOR ECONOMY AND PLANNING

30th May 2019

REPORT AUTHOR: Gareth Jones, Professional Lead for Regeneration

SUBJECT: Business Improvement Districts – Feasibility Stage
Progress Update

REPORT FOR: Decision

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.

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| Recommendation: | Reason for Recommendation: |
|------------------------|-----------------------------------|

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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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| Relevant Policy (ies): | Vision 2025 Economy Programme | | |
| Within Policy: | Y | Within Budget: | Y |

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| Relevant Local Member(s): | 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 |
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| Person(s) To Implement Decision: | Professional Lead for Regeneration |
| Date By When Decision To Be Implemented: | |

| | | | |
|-----------------------|--------------|------|----------------------------|
| 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>

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Report On The Feasibility Of A Business Improvement District (BID) For Brecon

Prepared By Revive & Thrive Ltd

April 2019



Funded by:



1.0 Executive Summary

In late 2018, Revive & Thrive was commissioned by Powys County Council to work on the production of a feasibility study for the implementation of a Business Improvement District (BID) for Brecon. The study has been overseen by a steering group consisting of representatives from the Brecon Chamber of Trade, Brecon Beacons Tourism Association, Brecon Beacons National Park Authority and Powys County Council.

The commission came following a successful funding bid by the Council to the Welsh Government and the project has been part-funded by the Brecon Beacons National Park Authority.

The consultant team conducted face-to-face surveys with businesses across Brecon, 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 and a presentation to businesses from across the town, as well as social media coverage – both locally and via boosted posts that Revive & Thrive invested in and coverage in local print media.

In total, well over 100 businesses have been visited to date and more have been engaged with via the other consultative approaches listed above.

The consultant team conducted face-to-face surveys with businesses across Brecon, 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 and a presentation to businesses from across the town.

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

- 1) That a BID for Brecon 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 for Brecon 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.

This document includes income modelling which demonstrates that a BID in Brecon would 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.

These two considerations suggest that a BID for Brecon is sufficiently viable for the business community, in partnership with Powys County Council and Revive & Thrive to progress to a detailed consultation and development phase, with a ballot likely to take place in October 2019.

The consultation phase will result in a business plan, which businesses will be asked to vote to adopt and 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 for Brecon will deliver
- How the BID will operate

2.0 Background

Brecon already benefits from being on the northern edge of the prestigious Brecon Beacons National Park and is only 6 miles away from Pen Y Fan the highest peak in South Wales which sees around 350,000 people climb to the peak each year. This is in addition to the visitors who come to enjoy the area and the world-wide renowned scenery.

The question is whether the town is benefiting fully from the opportunities in the area and whether, through a BID, the town can develop these further.

Hopefully during the BID development and certainly during the life-span of the potential BID, Brecon will benefit from the multi-million pound Y Gaer Cultural Centre. The BID will be able to embrace the benefit to the town from this investment and that ideas to convert visitors into local consumers feature in the business plan.

Businesses in Brecon, through BID feasibility discussions, have expressed a desire to increase business beyond tourism and the BID will be key to taking full advantage of any current non-seasonal opportunities and indeed develop some new ones.

Brecon is enjoying new investment in house building and this is key as Brecon also is at threat from the concerns that an aging population will bring. Revive & Thrive's local knowledge and existing relationships in the town, will be instrumental during ballot phase in ensuring that this and all of the town's strengths, weaknesses, opportunities and threats are built in to any decisions about what a BID can deliver and take the town forward.

It is fundamental to Revive & Thrive's approach that these opportunities identified as part of the feasibility study will be further developed through the second phase of the project, leading to tangible outcome opportunities should a BID in the town go ahead.

Revive & Thrive's experience of working with BIDs in other areas means that it will be able to help other stakeholders in the community to understand the benefits and opportunities available to them by working alongside a Brecon BID.

Revive & Thrive will ask businesses during BID consultation, how the town makes the most of the visitors who come to the area and how a BID can convert them, not only to added footfall for the town, but also to increase spend.

3.0 Business Improvement Districts

Since the introduction of Business Improvement District legislation in 2003, around 300 Business Improvement Districts have been created across the UK and the Republic of Ireland. There are a cluster of existing BIDs to the south of Brecon, in Merthyr Tydfil, Pontypridd and along the M4 corridor, and although Newtown is currently also investigating the feasibility of a BID, there are none in Powys and only around a dozen in Wales in total.

The majority of BIDs focus upon town and city centres, although they are not confined to these areas, with an increasing number being formed in out of town industrial or commercial areas (the twin industrial estates in Rassau and Tafarnaubach in Ebbw Vale are also currently considering a BID).

BIDs operate through the levy of a small percentage on national non-domestic rates (commonly referred to as business rates), with the actual levy percentage varying depending on the area in question.

In most towns and cities, the BID levy tends to lie between 1% and 1.5% of rateable value (RV), meaning that a business would pay an annual levy of between 1% and 1.5% of the rateable value of their business premises. There are locations where this figure is higher, although a higher levy risks receiving less support from businesses and so we would not generally recommend setting the level above 1.5%.

All BIDs have a clear and focused role, contained within a business plan which all eligible businesses are asked to vote upon in a ballot. The development of the plan will almost always have been led by the business community within the area in question and will have involved extensive consultation to ensure that it includes the priority improvement actions identified by local businesses.

Under current law, any BID needs to be established via a ballot of those eligible business listed on the rating database held by the local billing authority and the vote is conducted entirely by post. The votes are sent to either the tenant of the business or the landlord (in the case of vacant units), within a defined boundary and this report highlights several potential boundary options for the Brecon BID.

For any BID ballot to be successful, there needs to be a majority of positive votes within the total number of votes cast and these positive votes also need to form a majority of the total aggregate rateable value of all the votes cast.

It is important to note that the intention of a BID is to add projects and activities to a town or city over and above those which are already taking place. A BID is not, therefore, a mechanism for any public or private sector body to cease to provide established activities and this will be protected by a statement of baseline services.

The maximum term covered by a BID business plan is 5 years and the continuation of any BID beyond its initial term is reliant on the production of a renewed business plan and a renewal ballot of the businesses within the BID area. Over 80 BIDs have achieved a successful renewal ballot and several are within their third BID term, having achieved two subsequent renewal ballots.

The growth in the number of BIDs continues to rise and they are increasingly considered as the model of best-practice for high quality town and city centre management.

The number of hereditaments within each BID also varies vastly, from fewer than 100 to nearly 1,000. The majority, though, have around 300-400 levy paying businesses within them.

BIDs generally involve the creation of a company limited by guarantee, which limits the financial liability of any company director. A board of between 12-16 company directors is usually formed from BID levy paying organisations to create a representative and business-led group of directors to oversee the financial, managerial and operational arrangements for the BID.

In Brecon, a steering group would be formed to take the BID forward comprising for of for example the local Chamber of Trade, Brecon Beacons Tourism Association and other interested businesses. This group would have the responsibility of making final decisions on the content of the BID proposals, with support from other businesses, officials from Powys County Council and Brecon Beacons National Park, with the support and advice of Revive & Thrive.

If a BID is successful at ballot in Brecon, this body could become the shadow board until a full board could be ratified.

4.0 Business Survey

The survey was designed to include the following:

- **Background information on BIDs and the benefits they can bring about**
- **The ability for key business information to be gathered**
- **The inclusion of suggested BID projects, with respondents able to rank their priority importance**
- **Extensive opportunities for businesses to provide further information and feedback – including their views of the town, their attitude towards a BID and their willingness to engage further in the BID process**
- **Bespoke questions relating to Brecon town centre, with respondents able to include their views on competitor towns and possible BID boundaries**

The key findings of the survey were:

- The overwhelming majority of respondents to the survey operated independent businesses or run a franchise, with these covering a wide range of business types, from traditional retail to accommodation provision, leisure services and manufacturing
- Business confidence in Brecon is generally good, with only 10% of respondents expecting to see a downturn in trade in the short-term
- Exactly one half of respondents thought that Brecon has got worse over the last five years, with the levels of trade, rent and rates and car parking being the major issues affecting their business' performance
- Over half of respondents had a pre-existing knowledge of BIDs
- The top 10 most important issues facing businesses in Brecon were:
 - 1) Rent/rates
 - 2) Level of trade
 - 3) High energy bills
 - 4) Availability of car parking
 - 5) Competition from elsewhere
 - 6) Other overheads
 - 7) Competition from other businesses in the area
 - 8) Transport links
 - 9) Quality of the local environment
 - 10) Business finance
- Issues such as accessibility and business support were deemed to be less of a barrier to operating a successful business in Brecon
- The only aspects of Brecon town centre that more respondents viewed as good rather than bad were safety during the day and during the evenings and at night, crime and security
- Issues around property and property costs, car-parking and the marketing and promotion of the town centre were heavily viewed as being either "bad" or "very bad"
- When asked what measures could be employed to improve the area, the answers were ranked as follows:
 - 1) Cheaper/more flexible parking
 - 2) Increased choice/range of shops
 - 3) More independent and specialist retailers
 - 4) Greater promotion and marketing of Brecon town centre
 - 5) Improved street cleaning

- 6) Improved public spaces
- 7) Free public WiFi
- 8) More organised events
- 9) More national retailers
- 10) More quality restaurants or cafes
- 11) Improved public transport
- 12) More sports/leisure/entertainment facilities
- 13) More arts or cultural facilities
- 14) Better street lighting
- 15) Improved security

Other suggestions included:

- 1) More quality restaurants, but NO more cafe/coffee shops.
- 2) more cooperation between organisations
- 3) more pedestrian only areas so there can be more outside seating in summer and outside market stalls etc the streets in the centre dont need to be open to traffic
- 4) More trees, plants and hanging baskets in public spaces, to make them more appealing, to encourage visitors to linger. Along with seating and installations of interest. (Historical or artworks.)
- 5) Pedestrianisation of part of the town centre

In a free text question asking how income from a BID could be most effectively spent, over 60 ideas were put forward which, broadly speaking, fell into the following categories:

- Improving the quality of the environment in the town (18)
- Marketing (12)
- Car parking issues (12)
- Improving the business (primarily retail) mix (7)
- Events (5)
- Town management issues (3)
- Business overheads (2)
- Other transport issues (2)
- Business support initiatives (1)

5.0 Boundary Options

The starting point for establishing a boundary for the Brecon BID is the natural town centre, beginning at the police station and Morrison's petrol station to the east, with the river Usk as a natural southern border, Maendu Street and Pendre providing a north-western boundary, crossing the river Honddu to incorporate Brecon Leisure centre to the north-east and Cerrigcochion Road completing the circle (see map – black border).

However, this will have an impact on both those businesses either to be included or otherwise in the BID and on the potential levy income available. There are opportunities to extend the BID boundary to the north to encompass the town's boundary, to the south-west to incorporate Bridge Street, Newgate Street and the industrial area and retail park adjacent to the A40 as well as to the east to include the cluster of businesses at the A40/A470 intersection (see map – red borders).

All of these options will need to be further investigated and decisions on the final border, to be made by the BID Steering Group, will need to be taken following consultations with businesses in these extended boundary areas.

Further consultation is needed with businesses across all parts of the potential BID area to establish which of the options above is most likely to meet the needs of the local business community, is a logical and easy to define BID area, is likely to see its businesses benefit from BID projects, produces the most viable income opportunities for the BID and is likely to result in a positive result at ballot.

The precise BID area that businesses will be asked to vote on will be refined during the next phase of the BID development, with the final boundary being included (including a list of all streets falling within the area) in the BID business plan.

6.0 Levy Options

Industry guidelines and best practice state that levy rates should be both kept to a minimum and should assure value for money for levy payers.

Given the likely income levels for Brecon, a proposed levy of up to 1.25% would fall well within these guidelines, although a levy of up to 2% *could* be considered.

Within these parameters, there are a number of further nuances to be considered. Based on conversations had with businesses in the town and knowledge of the area, the levy could be impacted by:

- Including every rateable premises in Brecon within the BID (ie no minimum exemption level)
- Considering a minimum exemption level of either £3,000 or £5,000 rateable value
- The financial impact of excluding the industrial estate and retail park
- Imposing a minimum BID levy to make collection economically viable for smaller hereditaments

There are no properties within any of the proposed boundaries for which a maximum cap needs to be considered at a 1% or 1.25% levy, but this may need to be considered if the levy is set higher than this. Two hereditaments have rateable values of £630,000 so at 1% their annual payment would be £6,300 and at 2% it would be £12,600 (at this rate, an upper payment limit of £10,000 per annum may be appropriate).

The table below sets out various levy income scenarios based on the information above (however with no maximum caps at this stage):

| | 1% | 1.25% | 1.50% | 1.75% | 2% |
|--|----------|----------|----------|----------|----------|
| Whole Town | | | | | |
| all businesses included in BID | £88,322 | £110,403 | £132,483 | £154,564 | £179,644 |
| all businesses included, £100 min. | £112,283 | £131,759 | £151,991 | £172,919 | £194,212 |
| only businesses with min. RV £5k | £85,906 | £107,383 | £128,859 | £150,336 | £171,812 |
| only businesses with min. RV £3k | £89,302 | £111,627 | £133,952 | £156,279 | £178,603 |
| | | | | | |
| | | | | | |
| Retail Park & Industrial Estate | | | | | |
| all businesses included in BID | £23,419 | £29,274 | £35,129 | £40,983 | £46,838 |
| all businesses included, £100 min. | £25,090 | £30,570 | £36,207 | £39,154 | £47,813 |
| only businesses with min. RV £5k | £23,094 | £28,868 | £34,641 | £40,415 | £46,188 |
| only businesses with min. RV £3k | £23,220 | £29,025 | £34,830 | £40,635 | £46,440 |
| | | | | | |
| | | | | | |
| Town Centre Only | | | | | |
| all businesses included in BID | £64,903 | £81,129 | £97,354 | £113,580 | £132,806 |
| all businesses included, £100 min. | £87,193 | £101,189 | £115,784 | £133,765 | £146,399 |
| only businesses with min. RV £5k | £62,812 | £78,515 | £94,218 | £109,921 | £125,624 |
| only businesses with min. RV £3k | £66,082 | £82,602 | £99,122 | £115,644 | £132,163 |

Therefore, depending on the final boundary and levy percentage, BID levy income for a BID for Brecon could realistically sit anywhere between £62,812 and £194,212 per annum.

Given that the minimum financial feasibility for a BID is around £100,000 per annum (although many BIDs do have a lower income than this), you can see from the table that there is a significant impact to the BID's potential if either the industrial estate and retail park are drawn outside of the boundary or if a minimum annual payment is not imposed.

However, the reality of even a 2% levy is that 247 businesses with a rateable value of £5,000 or more would be paying £1/day or less (with up to a further 224 if there is no minimum exemption) and only 90 businesses would pay more than that, with only the 30 biggest businesses in the town paying over £1,000 per year.

There are a few further factors which will need to be considered:

- Exempted listings. BIDs are designed to support and improve businesses trading within the BID area. As such, "rated" items such as telecommunications masts, advertising hoardings and other inappropriate items are generally removed from BID listings
- Schools, especially primary schools are often removed from BID listings as they, generally, provide no commercial activity
- Businesses that already pay some form of management fee, such as those in shopping centres often benefit from a discount on the standard levy imposed
- Early BIDs often offered concessions or exemptions to businesses with charitable status. Over time though, and given the vital role that charity retail in particular plays on the UK's high streets, these concessions are becoming less frequent, with generally only smaller local and regional charities that do not have a retail operation being exempted from the BID levy

All of the considerations set out above, including various percentage options will be fully refined and consulted upon with the business community in Brecon in the next phase of the BID's development and final BID levy rules will be included within the BID business plan.

It is important to note that the BID levy and BID boundary are the only two rules within BID proposals that cannot be altered without asking businesses to vote in an alteration ballot.

It is anticipated that the majority of the BID's income will be derived from the BID levy over the five-year term of the BID. Generally, collection rates for BID levies are good and Brecon should expect to receive 95-98% of the total levy available.

It is considered best practice for BIDs to supplement their levy income to provide additional value for money for their levy payers. Whether through grants, sponsorship, voluntary business contributions or trading activity, the likelihood is that the Brecon BID should generate an additional 10-20% income by the end of its first five-year term.

7.0 BID Projects

In terms of the results of the business survey, several themes were consistently highlighted as being major issues or problems that were affecting businesses or that they would like to see addressed. Primarily, these were issues around property and property costs, marketing, car-parking and the quality of the public environment.

These are thematic areas that are highlighted in BID areas up and down the country and whilst they tend to be issues that are harder to address or resolve easily, or even within a five-year time period, they are areas where BID have successfully delivered projects elsewhere.

Promotion of the town centre, events and improvements to public spaces are areas that BIDs focus on which are designed to generate footfall and additional traffic and to increase resident and visitor affinity with an area.

We would suggest that a focus should be made on developing projects under the following five themes:

- 1). Representation
- 2). Accessibility
- 3). Environment
- 4). Business support
- 5). Marketing Brecon

Specific projects will need to be developed within each thematic area and will need to be done in conjunction with businesses in Brecon.

In other BID developments carried out by Revive & Thrive, we have carried out a successful “post-it note” exercise, whereby businesses are invited to attend a workshop and simply write down ideas on different coloured post-it notes for each category of potential projects.

These can then be written up and form the basis of projects, to be further refined, via consultation with the Steering Group and other businesses, prior to completing the business plan.

Most BIDs employ some form of project manager to ensure that projects set out within the business plan are delivered, and this person acts as a vital conduit for the business community in the “representative” role. While this salary can be a significant cost to BIDs, there are scarce examples of BIDs providing successes and value for money for their levy-paying businesses without such an investment.

Increasingly, BID manager (and all other staff) costs are apportioned against project lines as the majority of the work that they do is project-based and this removes a disproportionate burden against BID budget overheads.

As the BID develops in Brecon, Revive & Thrive will work with and advise the steering group on the best way to ensure that projects within the BID are delivered successfully and, if the ballot is successful and the business plan sets out the need to recruit a BID manager, the project team will assist with that process also.

8.0 Regulatory Milestones

For a BID development to proceed to ballot, there are a number of statutory milestones that must be met¹:

- Notification to the Welsh Government of the intention to hold a BID ballot and request to the local billing authority to hold the ballot. This needs to take place a minimum of 84 days before the Notice of Ballot is issued
- The request to the local billing authority should include details of the BID proposals, including details of consultations undertaken, financial proposals and proposed financial management arrangements
- A Notice of Ballot must be issued and sent to both the Welsh Government and voters a minimum of 42 days before the date of ballot (this being the last date on which votes can be received and counted)
- Ballot papers must be issued to all eligible voters a minimum of 28 days prior to the date of ballot
- The results of the ballot must be issued publicly once they are known

¹ See Appendix 2: BID Development Regulatory Milestones

9.0 Impacts on Powys County Council

The BID development will need to be approved by Powys County Council either at executive level or with delegated authority, but it is important to note that a local billing authority does hold the right to veto BID proposals should they be deemed to be in conflict with existing Council policies.

The Council itself will become liable to pay BID levy on any properties it owns that fall within the BID eligibility criteria and will equally be afforded one vote per property owned.

During the development of the BID, it is likely that many service areas within Powys County Council will come into contact with the BID. Service areas such as Elections, Revenues, Legal and Finance will have a direct role to play and will continue to do so should the BID be approved at ballot.

As stated in section 3.0 above, though, BIDs are designed to provide additionality and should not be viewed as mechanisms for replacing public sector services. In order to protect this aspiration, as well as to provide transparency to voters, it is a requirement in BID developments for public sector agencies who provide services into BID areas to submit baseline information. Usually, this information is collated post-ballot into a Baseline Services Agreement which protects both the BID and the local authority for the lifetime of the BID.

The underlying principles of BIDs are that they are designed to improve and support the sustainability, viability and economy of the places that they represent. In this sense, the long-term benefit for Brecon, and therefore the County Council, should only be viewed as one which brings a positive impact to the town.

9.1 Levy Collection Costs

It is a requirement under the BIDs legislation, that BID revenue accounts are kept separate from business rates accounts. As such, most local authorities procure the required software from their existing providers. This inevitably comes at a cost and it is not uncommon for this cost to be returned to the BID as a legitimate expense of running the BID.

In December 2018, Powys County Council received a quotation from its provider as follows:

- Software licence: £10,000
- Annual support and maintenance: £2,500
- First implementation: £5,950
- Second implementation: £5,950
- Total Year 1 charge: £24,400

The “second implementation” would be for Newtown, so assuming both towns are successful at ballot, there would be a first year charge of £12,200 and charges of £1,250 for years 2-5. Additionally, Powys County Council anticipates the administrative cost of collecting the BID levy at approximately £5,000 per annum.

These costs will be affected if only one BID is successful at ballot and equally will be set out in precise detail in an “operating agreement” which will be available for voting businesses to see prior to the ballot.

10.0 Next Steps

To progress the Brecon BID from an initial level of interest by businesses in the area to test the concept at ballot to a fully worked up set of proposals that businesses can be asked to vote on, the following, important next steps will need to be taken, as also laid out in Revive & Thrive's successful tender:

- Develop and strengthen a BID Steering Group, equipping its members with the skills to make important decisions as to how the final BID will look and encouraging them to champion the BID to the wider business community
- Carry out sustained, in-depth consultations with all business types across all areas of the potential BID area to establish business needs and the BID boundary
- Implement a further business survey to refine BID themes, project areas and priority projects for the BID
- Implement an agreed plan of one-to-one business visits
- Finalise the BID database
- Establish a communications plan for the coming months up to and including the ballot
- Agree key dates and meet statutory deadlines
- Develop the BID's digital marketing – creating a website and growing social media channels
- Refine project plans to incorporate into a comprehensive final business plan which businesses will be asked to vote on

The Revive & Thrive BID development timeline for phases 2 and 3 of the project are set out in appendix 2.

11.0 Risks

Notwithstanding the next steps required to progress the BID to ballot, there remain a number of key factors which will need to be considered throughout the development phase:

1). Timescale – Working to the proscribed timetable will be challenging but achievable. The key pressure will be to ensure that business engagement and consultation is robust and thorough and the final BID business plan will need to be developed in conjunction with businesses across the whole BID area and ratified by the BID Steering Group.

2). Engagement & Consultation – It will be vital that the majority of businesses in Brecon support the BID proposals and play a central role in developing them. There will be much work to be done to strengthen support from the business community for the BID to ensure a strong turn out and positive outcome at ballot. This will need to come from Powys County Council, Revive & Thrive, the BID Steering Group, Brecon Chamber of Trade, BID Champions and others.

3). Council Processes – support for the BID will need to be secured at the highest level within Powys County Council and experience of working with other local authorities has shown that this can be a time-consuming process. Additionally, the BID will need the support of the Council's Revenues, Legal and Elections departments for specific elements of the BID development along with information from several other departments to ensure that baseline agreements are in place by the time the ballot begins

4). Boundary – the boundary options for the Brecon BID remain open to refinement as the BID may ultimately incorporate just the town centre core or one or more of the suggested extensions set out in section five. For the BID to succeed at ballot, it will be imperative to understand the support that the BID has from businesses in all parts of the proposed BID area.

5). Failed ballot – the outcome of a BID ballot can never be assured or assumed. There is always the chance that businesses will vote against implementing a BID. In the unlikely scenario that this becomes the case in Brecon, the Council and BID proposers will need to consider alternative arrangements for future support to the business community in Brecon as well as the reputational impacts on both the Council and BID proposers. A failure at ballot is the most inherent risk in any BID development.

6). Budget –subsequent to a successful outcome at ballot, the Council should consider a bridging loan to the BID to enable it to start operations prior to coming into effect. This will include company start-up costs, such as office accommodation, equipment and recruitment costs and can be recouped via the first tranche of levy payments.

12.0 Recommendations

Having analysed the responses to the business survey, and based on our knowledge and experience of BID developments in other towns, Revive & Thrive offers the following recommendations:

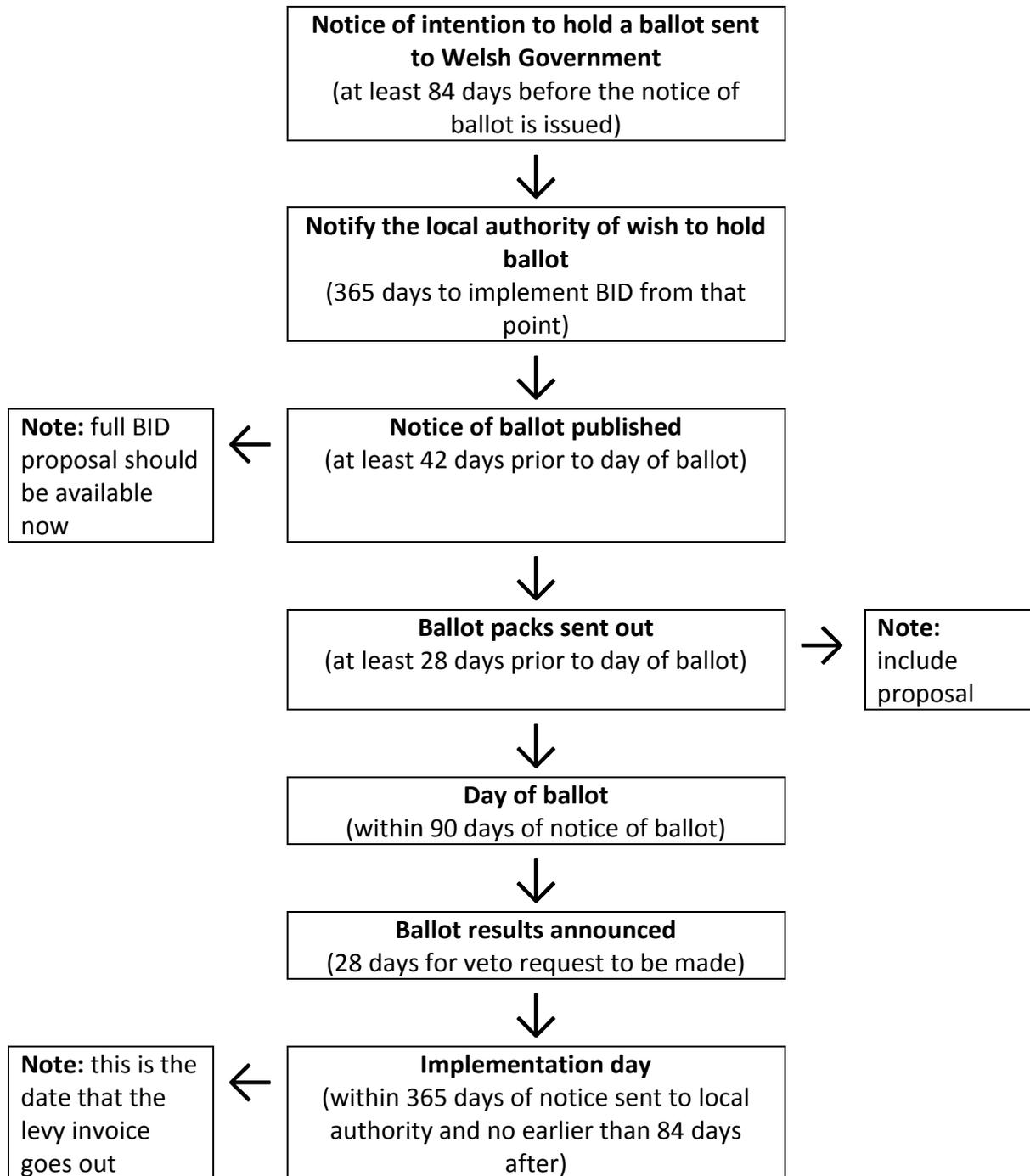
- Develop plans for the BID to cover the widest BID area and narrow the BID boundary if it becomes apparent that certain geographic areas of Brecon are likely to be against forming part of a BID
- Develop the BID on the assumption of either a 1.5% or 2% levy to be imposed on all hereditaments with a rateable value in excess of £3,000 (the final decision to be made by the BID Steering Group with the advice and support of Powys County Council and Revive & Thrive)
- Speak to the owners of Bethel Square to understand what service charges, if any, they currently impose on their tenants and from there consider whether or not a discount for tenants of serviced properties should be implemented to compensate them for products and services they are already benefitting from that are likely to be enhanced or complemented by a BID
- Impose a maximum cap of £10,000 so that no hereditament will be required to pay a levy that is disproportionate to the services received, if needed at a higher levy rate
- Agree and adhere to an extensive consultation plan to ensure that all businesses are engaged throughout the BID development process
- Develop a business plan for a full five-year BID term and ensure that it contains projects and themes that will offer opportunities for a return on investment for all businesses in the BID area
- Investigate opportunities for additional income for the BID, to include commercial activity, sponsorships and voluntary membership contributions

These recommendations would therefore result in:

- 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

Appendix 1

BID Development: Regulatory Milestones



Appendix 2

Brecon BID Development Timeline

| Action Item | April | May | June | July | August | September | October | November | December | January | February | March | April |
|--|-------|-----|------|------|--------|-----------|---------|----------|----------|---------|----------|-------|-------|
| Planning and Development | | | | | | | | | | | | | |
| BID development group meetings | | | | | | | | | | | | | |
| Identify and support BID Champions | | | | | | | | | | | | | |
| Business networking meetings | | | | | | | | | | | | | |
| Review of BID modelling | | | | | | | | | | | | | |
| Public sector consultations | | | | | | | | | | | | | |
| Survey | | | | | | | | | | | | | |
| Business consultations and communication | | | | | | | | | | | | | |
| Newsletter | | | | | | | | | | | | | |
| Develop BID themes & projects | | | | | | | | | | | | | |
| BID Proposal | | | | | | | | | | | | | |
| Working with the Council | | | | | | | | | | | | | |
| LA Liaison meetings | | | | | | | | | | | | | |
| Meeting Legal and LA milestones | | | | | | | | | | | | | |
| draw up baseline agreements | | | | | | | | | | | | | |
| agree balloting procedures | | | | | | | | | | | | | |
| agree billing arrangements | | | | | | | | | | | | | |
| Operating agreements | | | | | | | | | | | | | |
| BID Ballot & Campaign | | | | | | | | | | | | | |
| BID development timeline | | | | | | | | | | | | | |
| pre-ballot events | | | | | | | | | | | | | |
| Branding | | | | | | | | | | | | | |
| Marketing strategy | | | | | | | | | | | | | |
| Canvassing action plan | | | | | | | | | | | | | |
| canvassing | | | | | | | | | | | | | |
| contingency planning | | | | | | | | | | | | | |
| BID Establishment | | | | | | | | | | | | | |
| Communicate BID ballot result | | | | | | | | | | | | | |
| Company set-up | | | | | | | | | | | | | |
| Supporting the Board | | | | | | | | | | | | | |
| Recruitment | | | | | | | | | | | | | |
| Finance | | | | | | | | | | | | | |
| HR | | | | | | | | | | | | | |
| Communications | | | | | | | | | | | | | |
| BID Commences operations | | | | | | | | | | | | | |

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Report On The Feasibility Of A Business Improvement District (BID) For Newtown

Prepared By Revive & Thrive Ltd

April 2019



Managed By



Funded By



1.0 Introduction

In December 2018, Revive & Thrive was commissioned by Powys County Council and Open Newtown to work with them on the production of a feasibility study for the implementation of a Business Improvement District (BID) for Newtown. The study has been overseen by a steering group consisting of representatives from Open Newtown, Newtown Chamber of Trade, the Mid Wales Manufacturing Group, the Mid Wales Chamber of Commerce, Newtown and Llanllwchaearn Town Council, the NPTC Group and Powys County Council.

The commission came following a successful bid by the Council to the Welsh Government and the project has been part-funded by Open Newtown.

The consultant team conducted face-to-face surveys with businesses across Newtown, 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 and a presentation to businesses from across the town, as well as social media coverage – both locally and via boosted posts that Revive & Thrive invested in and coverage in local print media.

In total, well over 100 businesses have been visited to date and more have been engaged with via the other consultative approaches listed above.

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

- 1) That a BID for Newtown 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 for Newtown 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.

This document includes income modelling which demonstrates that a BID in Newtown would be financially feasible. The report also sets out the outcomes of the business survey, in which only 20% of respondents did not think that a BID for Newtown should be tested at ballot.

These two considerations suggest that a BID for Newtown is sufficiently viable for the business community, in partnership with Powys County Council and Revive & Thrive to progress to a detailed consultation and development phase, with a ballot likely to take place in October 2019.

The consultation phase will result in a business plan, which businesses will be asked to vote to adopt and 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 for Newtown will deliver
- How the BID will operate

2.0 Background

Due to the hard work of stakeholders in the area, Newtown is a town on the move.

As well as the indigenous business community – in the town, in the industrial areas and in the hinterland including agriculture – there are opportunities for growth and equally there are opportunities to significantly strengthen the visitor economy which will, in turn, benefit the business community. Revive & Thrive is aware that there have recently been successes in projects aimed at visitors and creating reasons for residents to gather together in the central area of the town. The Newtown Textile Museum is growing in stature and profile and Walking Newtown is winning awards and as recently as 6th November 2018 was awarded a grant from the Skipton Building Society's Grassroots Giving 2018 initiative to name just two projects.

Revive & Thrive will ensure that these points are recognised when doing visionary work for the BID. Revive & Thrive has proven skills in creating achievable yet ambitious business plans for BIDs and combining this with the organisation's detailed knowledge of threats and opportunities for the town will ensure a bold and believable vision for the BID that levy payers will empathise with and buy-in to.

Newtown's Going Green for a Living with its land transfer and lottery award win is a significant opportunity for the town. Acknowledging that grant-funded projects are fraught with sustainability issues, Revive & Thrive will consult with businesses as part of the ballot process to encourage them to consider how a BID could benefit from the projects and how the BID could help Going Green For a Living sustain into the future.

Newtown's key industrial areas of Dyffryn Ind Est, Vastre Ind Est, Lion Works and Mochdre are all embedded within the town centre boundaries and are an important part of the vibrancy of the town now and in the future. Although many businesses are manufacturing or transportation, there are also a large number of retail units located within these Industrial Estates. Many of the units were developed following the designation of Newtown as a New Town in 1967.

Newtown also faces a new threat and opportunity with the opening of the much-awaited Newtown by-pass. The new by-pass will bring significant benefits to the town, but it is more important than ever that there is a real programme of place marketing and other mechanisms to encourage people to leave the by-pass and visit the town. During the feasibility phase of the contract Revive & Thrive concluded that if BID were to be implemented in Newtown, 2019 is the ideal year. Revive & Thrive will facilitate meetings to ascertain the right approach to consider this during BID business planning.

Whilst the by-pass is going to be key for the future prosperity of Mid Wales a collaborative, business led organisation such as a BID can ensure that the town situated in the heart of Wales is not 'by-passed' by commercial and visitor-based opportunities.

Newtown with its many developments will be as much a positive test for the BID process as Newtown will benefit from a BID.

3.0 Business Improvement Districts

Since the introduction of Business Improvement District legislation in 2003, around 300 Business Improvement Districts have been created across the UK and the Republic of Ireland. Closest to Newtown, there are existing BIDs in Shrewsbury, Oswestry, Aberystwyth and Hereford, and although Brecon is currently also investigating the feasibility of a BID, there are none in Powys and only around a dozen in Wales in total.

The majority of BIDs focus upon town and city centres, although they are not confined to these areas, with an increasing number being formed in out of town industrial or commercial areas (the twin industrial estates in Rassau and Tafarnaubach in Ebbw Vale are also currently considering a BID).

BIDs operate through the levy of a small percentage on national non-domestic rates (commonly referred to as business rates), with the actual levy percentage varying depending on the area in question.

In most towns and cities, the BID levy tends to lie between 1% and 1.5% of rateable value (RV), meaning that a business would pay an annual levy of between 1% and 1.5% of the rateable value of their business premises. There are locations where this figure is higher, although a higher levy risks receiving less support from businesses and so we would not generally recommend setting the level above 1.5%.

All BIDs have a clear and focused role, contained within a business plan which all eligible businesses are asked to vote upon in a ballot. The development of the plan will almost always have been led by the business community within the area in question and will have involved extensive consultation to ensure that it includes the priority improvement actions identified by local businesses.

Under current law, any BID needs to be established via a ballot of those eligible business listed on the rating database held by the local billing authority and the vote is conducted entirely by post. The votes are sent to either the tenant of the business or the landlord (in the case of vacant units), within a defined boundary and this report highlights several potential boundary options for the Newtown BID.

For any BID ballot to be successful, there needs to be a majority of positive votes within the total number of votes cast and these positive votes also need to form a majority of the total aggregate rateable value of all the votes cast.

It is important to note that the intention of a BID is to add projects and activities to a town or city over and above those which are already taking place. A BID is not, therefore, a mechanism for any public or private sector body to cease to provide established activities and this will be protected by a statement of baseline services.

The maximum term covered by a BID business plan is 5 years and the continuation of any BID beyond its initial term is reliant on the production of a renewed business plan and a renewal ballot of the businesses within the BID area. Over 80 BIDs have achieved a successful renewal ballot and several are within their third BID term, having achieved two subsequent renewal ballots.

The growth in the number of BIDs continues to rise and they are increasingly considered as the model of best-practice for high quality town and city centre management.

The number of hereditaments within each BID also varies vastly, from fewer than 100 to nearly 1,000. The majority, though, have around 300-400 levy paying businesses within them.

BIDs generally involve the creation of a company limited by guarantee, which limits the financial liability of any company director. A board of between 12-16 company directors is usually formed from

BID levy paying organisations to create a representative and business-led group of directors to oversee the financial, managerial and operational arrangements for the BID.

In Newtown, a steering group has already been formed to take the BID forward comprising of Open Newtown, the local Chamber of Trade and other key stakeholders. This group will have the responsibility of making final decisions on the content of the BID proposals, with support from other businesses, officials from Powys County Council and the support and advice of Revive & Thrive.

If a BID is successful at ballot in Newtown, this body would become the shadow board until a full board could be ratified.

4.0 Business Survey

The survey was designed to include the following:

- **Background information on BIDs and the benefits they can bring about**
- **The ability for key business information to be gathered**
- **The inclusion of suggested BID projects, with respondents able to rank their priority importance**
- **Extensive opportunities for businesses to provide further information and feedback – including their views of the town, their attitude towards a BID and their willingness to engage further in the BID process**
- **Bespoke questions relating to Newtown, with respondents able to include their views on competitor towns and possible BID boundaries**

The key findings of the survey were:

- The overwhelming majority of respondents to the survey operated independent businesses or run a franchise, with these covering a wide range of business types, from traditional retail to accommodation provision, leisure services and manufacturing
- Business confidence in Newtown is generally good, with only 7% of respondents expecting to see a downturn in trade in the short-term
- Less than a quarter of respondents thought that Newtown has got worse over the last five years, with the levels of trade, overheads and the marketing of the town being the major issues affecting their business' performance
- Over half of respondents had a pre-existing knowledge of BIDs
- The top 10 most important issues facing businesses in Newtown were:

1) Level of trade

2) Other overheads

3) Promotion of Newtown as a visitor or business destination

4) Getting staff and customers into and around Newtown

5) Finding, keeping and developing staff

6) Concerns about the future

7) Property costs

8) Quality of the local environment

9) Quality or size of premises

10) Access to data to support my business/the town

- Issues such as seasonality, internet connectivity and access to finance were deemed to be less of a barrier to operating a successful business in Newtown
- The aspects of Newtown that rated highest were the cost of doing business in the town, safety and the quality of the town's open spaces and street environment
- The aspects of Newtown that rated lowest were the levels of street cleansing and litter, marketing and promotion of the town and support from Powys County Council

When asked what measures could be employed to improve the area, the answers were ranked as follows:

- 1) Greater promotion and marketing of Newtown
- 2) Cheaper/more flexible parking
- 3) Increased choice/range of shops
- 4) More sports/leisure/entertainment facilities

- 5) More organised events
- 6) Improved public spaces
- 7) Improved street cleaning
- 8) More arts or cultural facilities
- 9) Free public WiFi
- 10) Improved public transport
- 11) Better street lighting
- 12) Improved security
- 13) Arts Installations
- 14) Isn't it PCC job to improve Newtown
- 15) Finding ways to raise expectations and thus demand for innovative and imaginative businesses
- 16) Canal Restoration,
- 17) Revitalise Tuesday market
- 18) Review Community Halls
- 19) Heritage Sites
- 20) Youth provisions

In a free text question asking how income from a BID could be most effectively spent, over 60 ideas were put forward which, broadly speaking, fell into the following categories:

- Marketing (11)
- Events (6)
- Town management issues (4)
- Business support initiatives (19), including encouraging inward investment (3), improving skills (5), reducing overheads (2) and crime reduction (1)
- Environmental issues (16), including improving the range of shops (4) and installing free town wifi (1)
- Accessibility issues (11) including issues around car-parking (5) and improving signage from the bypass (2)

5.0 Boundary Options

The initial tender documents called for an investigation into the possibility of including Newtown's rural hinterland within the BID boundary. At an early steering group meeting, it was decided by those present, following advice from Revive & Thrive, that while this may be an opportunity to be considered over the coming five years (should an initial BID ballot be successful in Newtown), it would add unnecessary risk and complication to the process at this stage.

There is a natural boundary option to the west, south and east of Newtown, with commercial areas beginning at each entry to the town from the west and east and the new bypass, Dolfor Road and railway line jointly forming a southern border.

To the north, the boundary is a little less clear, although Milford Road, Canal Road and the River Severn would seem to provide the most logical boundary.

At this stage, we are basing our assumptions on these borders forming the BID boundary although this may change as the BID is developed following further consultations with businesses – particularly those on the Mochdre Industrial Estate and with businesses along the town's eastern entry.

All boundary options will need to be further investigated and decisions on the final border, to be made by the BID Steering Group, will need to be taken following consultations with businesses across the town.

Further consultation is needed with businesses across all parts of the potential BID area to establish which of the options above is most likely to meet the needs of the local business community, is a logical and easy to define BID area, is likely to see its businesses benefit from BID projects, produces the most viable income opportunities for the BID and is likely to result in a positive result at ballot.

The precise BID area that businesses will be asked to vote on will be refined during the next phase of the BID development, with the final boundary being included (including a list of all streets falling within the area) in the BID business plan.

6.0 Levy Options

Industry guidelines and best practice state that levy rates should be both kept to a minimum and should assure value for money for levy payers.

Given the likely income levels for Newtown, a proposed levy of up to 1.25% would fall well within these guidelines, although a levy of up to 2% *could* be considered.

Within these parameters, there are a number of further nuances to be considered. Based on conversations had with businesses in the town and knowledge of the area, the levy could be impacted by:

- Including every rateable premises in Newtown within the BID (ie no minimum exemption level)
- Considering a minimum exemption level of either £3,000, £5,000 or £10,000¹ rateable value
- Imposing a maximum cap so that larger hereditaments are not unduly burdened
- The financial impact of narrowing the BID boundary
- Imposing a minimum BID levy to make collection economically viable for smaller hereditaments

Including every business within the proposed BID boundary would generate an approximate annual income from the BID levy of £134,000 at a 1% levy rate and would include around 730 hereditaments.

Imposing a minimum rateable value of £10,000 or more, would reduce the number of hereditaments significantly, to 260 and, at a levy rate of 1%, would generate approximately £113,000 annually.

These figures will increase proportionally if higher levy rates were to be considered and will also be impacted by any changes to the current working boundary.

Depending on the final boundary and levy percentage, BID levy income for a BID for Newtown could realistically sit anywhere between £113,210 and £282,152 per annum, however the most realistic options in terms of the BID securing a successful outcome in the BID ballot are likely to include a minimum exemption level of either £3,000 or £5,000 and a BID levy of either 1.25% or 1.5%.

These figures would generate an annual BID levy of between £158,000 and £197,000. Other options will be considered during the development of the BID.

There are a few further factors which will need to be considered:

- Exempted listings. BIDs are designed to support and improve businesses trading within the BID area. As such, “rated” items such as telecommunications masts, advertising hoardings and other inappropriate items are generally removed from BID listings
- Schools, especially primary schools are often removed from BID listings as they, generally, provide no commercial activity
- Businesses that already pay some form of management fee, such as those in shopping centres often benefit from a discount on the standard levy imposed
- Early BIDs often offered concessions or exemptions to businesses with charitable status. Over time though, and given the vital role that charity retail in particular plays on the UK’s high

¹ Including businesses only with a rateable value of £10,000 or above makes the minimum payment £100 per annum, which is a realistic minimum collection for Powys County Council’s collection team to be financially viable.

streets, these concessions are becoming less frequent, with generally only smaller local and regional charities that do not have a retail operation being exempted from the BID levy

All of the considerations set out above, including various percentage options will be fully refined and consulted upon with the business community in Newtown in the next phase of the BID's development and final BID levy rules will be included within the BID business plan.

It is important to note that the BID levy and BID boundary are the only two rules within BID proposals that cannot be altered without asking businesses to vote in an alteration ballot.

It is anticipated that the majority of the BID's income will be derived from the BID levy over the five-year term of the BID. Generally, collection rates for BID levies are good and Newtown should expect to receive 95-98% of the total levy available.

It is considered best practice for BIDs to supplement their levy income to provide additional value for money for their levy payers. Whether through grants, sponsorship, voluntary business contributions or trading activity, the likelihood is that the Newtown BID should generate an additional 10-20% income by the end of its first five-year term.

7.0 BID Projects

In terms of the results of the business survey, several themes were consistently highlighted as being major issues or problems that were affecting businesses or that they would like to see addressed. Primarily, these were issues around marketing Newtown, business overheads, events in the town, job creation and skills development and the public environment.

These are thematic areas that are highlighted in BID areas up and down the country, some of which a BID can have a quick and direct impact upon, and others of which are harder to address or resolve easily as they concern developing and improving partnerships with public sector providers.

We would suggest that a focus should be made on developing projects under the following five themes:

- 1). Representation
- 2). Business support
- 3). Accessibility
- 4). Marketing and events
- 5). Cleaner and greener

Specific projects will need to be developed within each thematic area and will need to be done in conjunction with businesses in Newtown and the BID Steering Group.

In other BID developments carried out by Revive & Thrive, we have carried out a successful “post-it note” exercise, whereby businesses are invited to attend a workshop and simply write down ideas on different coloured post-it notes for each category of potential projects.

These can then be written up and form the basis of projects, to be further refined, via consultation with the Steering Group and other businesses, prior to completing the business plan.

Most BIDs employ some form of project manager to ensure that projects set out within the business plan are delivered, and this person acts as a vital conduit for the business community in the “representative” role. While this salary can be a significant cost to BIDs, there are scarce examples of BIDs providing successes and value for money for their levy-paying businesses without such an investment.

Increasingly, BID manager (and all other staff) costs are apportioned against project lines as the majority of the work that they do is project-based and this removes a disproportionate burden against BID budget overheads.

As the BID develops in Newtown, Revive & Thrive will work with and advise the steering group on the best way to ensure that projects within the BID are delivered successfully and, if the ballot is successful and the business plan sets out the need to recruit a BID manager, the project team will assist with that process also.

8.0 Regulatory Milestones

For a BID development to proceed to ballot, there are a number of statutory milestones that must be met²:

- Notification to the Welsh Government of the intention to hold a BID ballot and request to the local billing authority to hold the ballot. This needs to take place a minimum of 84 days before the Notice of Ballot is issued
- The request to the local billing authority should include details of the BID proposals, including details of consultations undertaken, financial proposals and proposed financial management arrangements
- A Notice of Ballot must be issued and sent to both the Welsh Government and voters a minimum of 42 days before the date of ballot (this being the last date on which votes can be received and counted)
- Ballot papers must be issued to all eligible voters a minimum of 28 days prior to the date of ballot
- The results of the ballot must be issued publicly once they are known

² See Appendix 1: BID Development Regulatory Milestones

9.0 Powys County Council

The BID development will need to be approved by Powys County Council either at executive level or with delegated authority, but it is important to note that a local billing authority does hold the right to veto BID proposals should they be deemed to be in conflict with existing Council policies.

The Council itself will become liable to pay BID levy on any properties it owns that fall within the BID eligibility criteria and will equally be afforded one vote per property owned.

During the development of the BID, it is likely that many service areas within Powys County Council will come into contact with the BID. Service areas such as Elections, Revenues, Legal and Finance will have a direct role to play and will continue to do so should the BID be approved at ballot.

As stated in section 3.0 above, though, BIDs are designed to provide additionality and should not be viewed as mechanisms for replacing public sector services. In order to protect this aspiration, as well as to provide transparency to voters, it is a requirement in BID developments for public sector agencies who provide services into BID areas to submit baseline information. Usually, this information is collated post-ballot into a Baseline Services Agreement which protects both the BID and the local authority for the lifetime of the BID.

The underlying principles of BIDs are that they are designed to improve and support the sustainability, viability and economy of the places that they represent. In this sense, the long-term benefit for Newtown, and therefore the County Council, should only be viewed as one which brings a positive impact to the town.

9.1 Levy Collection Costs

It is a requirement under the BIDs legislation, that BID revenue accounts are kept separate from business rates accounts. As such, most local authorities procure the required software from their existing providers. This inevitably comes at a cost and it is not uncommon for this cost to be returned to the BID as a legitimate expense of running the BID.

In December 2018, Powys County Council received a quotation from its provider as follows:

- Software licence: £10,000
- Annual support and maintenance: £2,500
- First implementation: £5,950
- Second implementation: £5,950
- Total Year 1 charge: £24,400

The “second implementation” would be for Brecon, so assuming both towns are successful at ballot, there would be a first year charge of £12,200 and charges of £1,250 for years 2-5. Additionally, Powys County Council anticipates the administrative cost of collecting the BID levy at approximately £5,000 per annum.

These costs will be affected if only one BID is successful at ballot and equally will be set out in precise detail in an “operating agreement” which will be available for voting businesses to see prior to the ballot.

10.0 Next Steps

To progress the Newtown BID from an initial level of interest by businesses in the area to test the concept at ballot to a fully worked up set of proposals that businesses can be asked to vote on, the following, important next steps will need to be taken, as also laid out in Revive & Thrive's successful tender:

- Strengthen the BID Steering Group, equipping its members with the skills to make important decisions as to how the final BID will look and encouraging them to champion the BID to the wider business community
- Carry out sustained, in-depth consultations with all business types across all areas of the potential BID area to establish business needs and the BID boundary
- Implement a further business survey to refine BID themes, project areas and priority projects for the BID
- Implement an agreed plan of one-to-one business visits
- Finalise the BID database
- Establish a communications plan for the coming months up to and including the ballot
- Agree key dates and meet statutory deadlines
- Develop the BID's digital marketing – creating a website and growing social media channels
- Refine project plans to incorporate into a comprehensive final business plan which businesses will be asked to vote on

The Revive & Thrive BID development timeline for phases 2 and 3 of the project are set out in appendix 2.

11.0 Risks

Notwithstanding the next steps required to progress the BID to ballot, there remain a number of key factors which will need to be considered throughout the development phase:

- 1). Timescale – Working to the proscribed timetable will be challenging but achievable. The key pressure will be to ensure that business engagement and consultation is robust and thorough and the final BID business plan will need to be developed in conjunction with businesses across the whole BID area and ratified by the BID Steering Group.
- 2). Engagement & Consultation – It will be vital that the majority of businesses in Newtown support the BID proposals and play a central role in developing them. There will be much work to be done to strengthen support from the business community for the BID to ensure a strong turn out and positive outcome at ballot. This will need to come from Powys County Council, Revive & Thrive, the BID Steering Group, Open Newtown, BID Champions and others.
- 3). Council Processes – support for the BID will need to be secured at the highest level within Powys County Council and experience of working with other local authorities has shown that this can be a time-consuming process. Additionally, the BID will need the support of the Council’s Revenues, Legal and Elections departments for specific elements of the BID development along with information from several other departments to ensure that baseline agreements are in place by the time the ballot begins
- 4). Boundary – the boundary options for the Newtown BID remain open to refinement as the BID may ultimately incorporate the whole town but may also reduce in size depending on the views of businesses on the Mochdre Estate and others at the extremities of the BID area. For the BID to succeed at ballot, it will be imperative to understand the support that the BID has from businesses in all parts of the proposed BID area.
- 5). Failed ballot – the outcome of a BID ballot can never be assured or assumed. There is always the chance that businesses will vote against implementing a BID. In the unlikely scenario that this becomes the case in Newtown, the Council and BID proposers will need to consider alternative arrangements for future support to the business community in Newtown as well as the reputational impacts on both the Council and BID proposers. A failure at ballot is the most inherent risk in any BID development.
- 6). Budget –subsequent to a successful outcome at ballot, the Council should consider a bridging loan to the BID to enable it to start operations prior to coming into effect. This will include company start-up costs, such as office accommodation, equipment and recruitment costs and can be recouped via the first tranche of levy payments.

12.0 Recommendations

Having analysed the responses to the business survey, and based on our knowledge and experience of BID developments in other towns, Revive & Thrive offers the following recommendations:

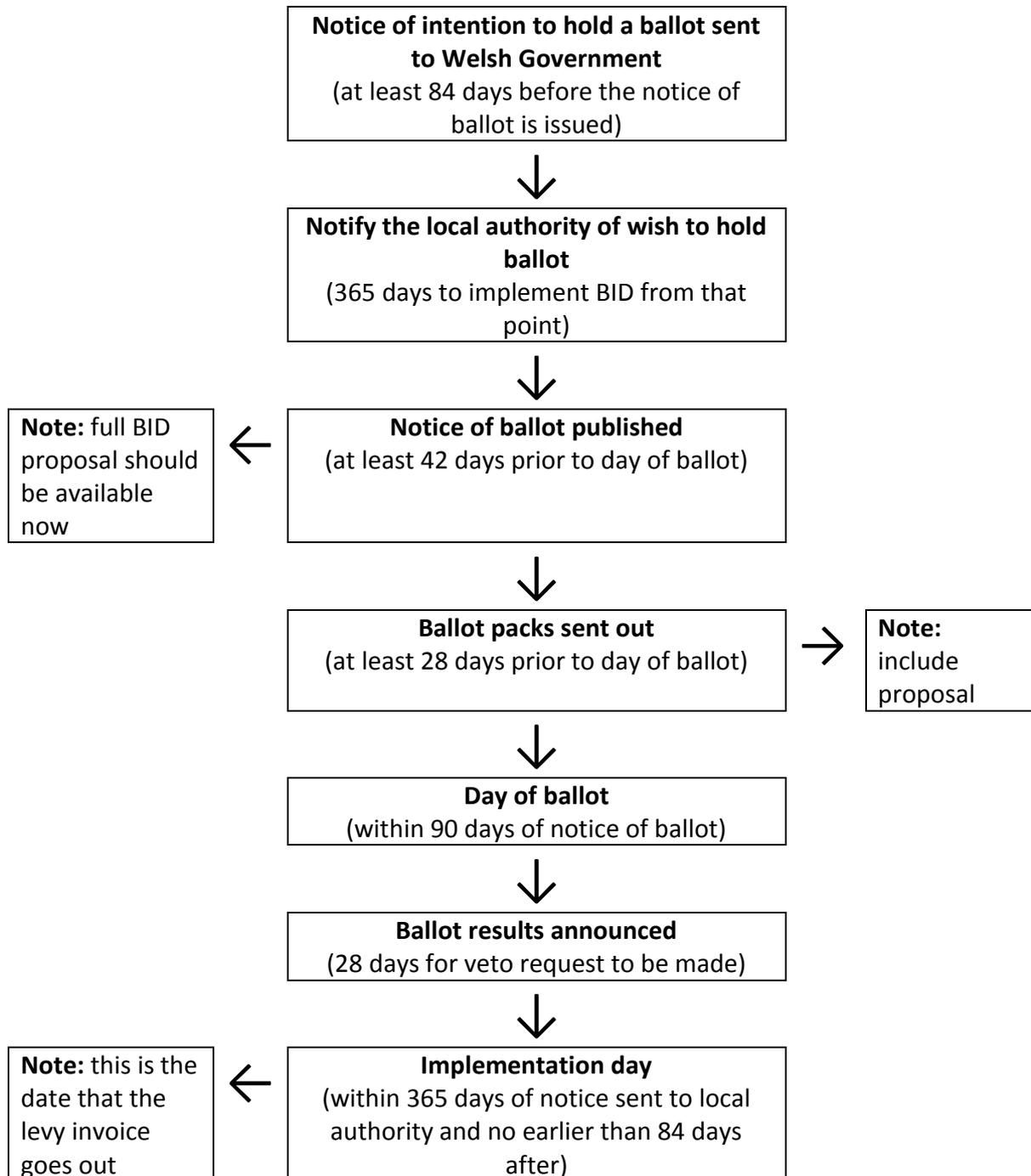
- Develop plans for the BID to cover the widest BID area and narrow the BID boundary if it becomes apparent that certain geographic areas of Newtown are likely to be against forming part of a BID
- Develop the BID on the assumption of either a 1.25% or 1.5% levy to be imposed on all hereditaments with a rateable value in excess of either £3,000 or £5,000 (the final decision to be made by the BID Steering Group with the advice and support of Powys County Council and Revive & Thrive)
- Speak to the owners of tenanted shopping centres to understand what service charges, if any, they currently impose on their tenants and from there consider whether or not a discount for tenants of serviced properties should be implemented to compensate them for products and services they are already benefitting from that are likely to be enhanced or complemented by a BID
- Impose a notional maximum rateable value of £1 million so that no hereditament will be required to pay a levy that is disproportionate to the services received, if needed at a higher levy rate
- Agree and adhere to an extensive consultation plan to ensure that all businesses are engaged throughout the BID development process
- Develop a business plan for a full five-year BID term and ensure that it contains projects and themes that will offer opportunities for a return on investment for all businesses in the BID area
- Investigate opportunities for additional income for the BID, to include commercial activity, sponsorships and voluntary membership contributions

These recommendations would therefore result in:

- Between 440 and 560 business premises being part of the BID
- An annual BID levy income of between £158,000 and £197,000
- A total BID levy income over five years of between £790,000 and £985,000

Appendix 1

BID Development: Regulatory Milestones



Appendix 2

Newtown BID Development Timeline

| Action Item | April | May | June | July | August | September | October | November | December | January | February | March | April |
|--|-------|-----|------|------|--------|-----------|---------|----------|----------|---------|----------|-------|-------|
| Planning and Development | | | | | | | | | | | | | |
| BID development group meetings | | | | | | | | | | | | | |
| Identify and support BID Champions | | | | | | | | | | | | | |
| Business networking meetings | | | | | | | | | | | | | |
| Review of BID modelling | | | | | | | | | | | | | |
| Public sector consultations | | | | | | | | | | | | | |
| Survey | | | | | | | | | | | | | |
| Business consultations and communication | | | | | | | | | | | | | |
| Newsletter | | | | | | | | | | | | | |
| Develop BID themes & projects | | | | | | | | | | | | | |
| BID Proposal | | | | | | | | | | | | | |
| Working with the Council | | | | | | | | | | | | | |
| LA Liaison meetings | | | | | | | | | | | | | |
| Meeting Legal and LA milestones | | | | | | | | | | | | | |
| draw up baseline agreements | | | | | | | | | | | | | |
| agree balloting procedures | | | | | | | | | | | | | |
| agree billing arrangements | | | | | | | | | | | | | |
| Operating agreements | | | | | | | | | | | | | |
| BID Ballot & Campaign | | | | | | | | | | | | | |
| BID development timeline | | | | | | | | | | | | | |
| pre-ballot events | | | | | | | | | | | | | |
| Branding | | | | | | | | | | | | | |
| Marketing strategy | | | | | | | | | | | | | |
| Canvassing action plan | | | | | | | | | | | | | |
| canvassing | | | | | | | | | | | | | |
| contingency planning | | | | | | | | | | | | | |
| BID Establishment | | | | | | | | | | | | | |
| Communicate BID ballot result | | | | | | | | | | | | | |
| Company set-up | | | | | | | | | | | | | |
| Supporting the Board | | | | | | | | | | | | | |
| Recruitment | | | | | | | | | | | | | |
| Finance | | | | | | | | | | | | | |
| HR | | | | | | | | | | | | | |
| Communications | | | | | | | | | | | | | |
| BID Commences operations | | | | | | | | | | | | | |