

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

21 January 2020

**REPORT AUTHOR: County Councillor James Evans
Portfolio Holder for Economic Development, Housing
and Regulatory Services**

**SUBJECT: Brecon and Newtown Business Improvement Districts –
Progress Report**

REPORT FOR: Decision

1. Summary

- 1.1 Business Improvement Districts (BIDs) are part of a legal framework governed by the Local Government Act 2003. Powys County Council has a statutory responsibility to facilitate the BID process which determines financial viability based on the potential levy that can be raised and also the level of support for a BID from potential levy payers through a legal postal ballot process.
- 1.2 Each BID is business-led and funded through an agreed levy charged to business rate payers within a defined BID area boundary. Local businesses within the BID area work together with partners to form a group, usually a BID company, to invest money and make improvements to an area. The investment provided through the BID is in addition to existing services provided by the public sector and will not duplicate or replace activity (managed through what are known as baseline statements).
- 1.3 All businesses and organisations which pay business rates (National Non Domestic Rates – NNDR) within the area, vote for or against a proposal document which identifies project activities, determines the BID area, and the amount of BID levy raised, and the term of the BID (usually 5 years). If there is a sufficient level of support for the proposal from potential levy payers within the BID area then the BID will be legally formed and all potential levy payers within the defined BID boundary will be required to pay the nominal BID levy on top of their normal business rates.
- 1.4 Powys County Council has secured external funding to facilitate this process and appointed Powys based BID consultants Revive and Thrive

Ltd of Newtown to undertake the management of the BID process in each town.

- 1.5 Following initial feasibility work and consultation with local businesses and organisations undertaken though late 2018 and the early part of 2019 it was determined that there are viable bid areas in Brecon and Newtown. The next step of the process is then to develop formal BID proposals for Brecon and Newtown in readiness for BID ballots in each town. The Brecon BID ballot will commence on 23 January 2020 to the 20th February 2020 and the Newtown ballot is expected to take place in June 2020.

2. Proposal

2.1 Background

- 2.2 Following an initial approach from the Chambers of Trade and representatives from the business community in Brecon and Newtown, Powys County Council secured grant funding in July 2018 from Welsh Government to undertake initial feasibility work to determine whether there was scope and support for viable Business Improvement Districts in Brecon and Newtown town centres. In addition to which, match funding was also secured from the Brecon Beacons National Park Authority Sustainable Development Fund (SDF) for the proposal for Brecon.
- 2.3 The proposed Business Improvement Districts bring together businesses and other stakeholders in a defined geographical area, so they can develop projects and activities which support economic regeneration and benefit the trading environment within the boundary of a commercial area. Business Improvement Districts aim to improve a specific area such as town centres, by providing additional services above and beyond what is already available and being provided.
- 2.4 A Business Improvement District is set up through a legal postal ballot process. This means that businesses and organisations which pay business rates within the area, vote for or against a proposal document. This document includes the proposed BID activities and its aim is to drive local economic regeneration of the specific area. The process is governed by the Local Government Act 2003 and Powys County Council has a statutory role to facilitate the formal process that determines whether a bid proposal can be viable through a legal ballot process.
- 2.5 The process of developing a BID involves initial feasibility work followed by widespread consultation with businesses to ascertain what improvements they would want and may be prepared to pay for. All BIDs are required to have a clear and focused role contained within a Business Plan which is developed by the business community. Funding raised by a BID cannot be used to substitute the statutory activity of the

Council. Activities tend to include measures to increase footfall, spend and economic vitality such as:

- Business cost reduction/collective purchasing projects
- Car parking improvements
- Local priority improvement actions
- Marketing and promotional activities
- Public realm and environmental enhancements
- Public event management and development
- Public safety and security initiatives
- Cleansing and waste
- Developing a stronger business community

2.6 If the completion and outcome of the feasibility assessment, alongside the local consultation exercise, demonstrates a potentially viable proposition, a BID proposal is produced based on the business plan and a 28 day postal ballot is held where businesses in the area vote 'for' or 'against' the proposed establishment of a BID. Each NNDR eligible premises within the BID boundary will have a vote in the ballot. This will include private enterprise, social enterprise, and public sector organisations.

2.7 For the BID to proceed, two conditions must be met; firstly, a majority of those voting have to vote 'yes' and secondly those 'yes' votes have to correspond to more than 50% of the total rateable value of all votes cast. If the vote supports the BID proposal then all premises within the BID boundary will be liable to pay the levy regardless of how they voted.

2.8 If the vote is in favour, a new BID is created to deliver those agreed projects. A BID term runs for up to five years, after which a 'Renewal Ballot' is held. The BID management structure is private sector led and usually involves the employment of a BID officer to oversee its administration.

2.9 Welsh Government Support

2.10 Since the introduction of BID legislation in 2003, over 290 Business Improvement Districts have been created across the UK. There are currently 12 BIDs in Wales and the Welsh Government are encouraging applications for themed BIDs such as Tourism and Industrial BIDs, in addition to the more traditional Town Centre BIDs.

2.11 In April 2018, Welsh Government launched a new fund to provide grant support to local authorities working in partnership with the business community to:

- explore the feasibility of a BID
- take the BID Proposal to ballot (if feasible)
- support post ballot implementation (where appropriate)

2.12 Under the programme, funding of up to £30,000 per application is available, with an expectation that match-funding of a minimum of 25% is put forward from other sources. The funding will support the commissioning of consultants by Local Authorities to assist business partnerships in developing BID proposals. The role of the consultant is to guide and advise the local partnership and provide the necessary support while the role of the local partnership is to lead the process and promote the BID locally.

2.13 Local Authority Role

2.14 Councils have a statutory role to assist the development of BID proposals. This includes conducting a potential ballot and the billing, collection and enforcing the levy. Councils must also confirm that the proposed BID does not conflict with area plans and schemes. Each Council owned premises eligible for NNDR within the potential BID boundary is liable to pay a levy but would also have a vote in the event of a ballot.

2.15 The Council facilitates the feasibility stage and oversee the process. 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 in full, to cover these additional costs which will be evidenced at the point of invoice.

2.16 Progress with Brecon and Newtown BIDs

2.17 A local partnership has been set up to develop BID proposals in each town. The partnerships comprise representatives from local businesses. The feasibility work undertaken in Phase 1 demonstrated that there are viable potential BID areas within both Brecon and Newtown. Consultation within the proposed BID areas has also indicated that there is local support for BID initiatives which will be confirmed or otherwise at the aforementioned formal ballot.

2.18 Brecon BID

2.19 Within Brecon the proposal has been initiated by the Chamber of Trade and is supported by the Town Council, Brecon Beacons Tourist Association and Brecon Beacons National Park Authority. Match funding has also been sourced from the Brecon Beacons National Park Sustainable Development Fund. The feasibility report recommended a BID focussed on the town centre.

2.20 Following a period of consultation with local businesses the Brecon BID has been refined and developed into a formal proposal document

(Appendix 1). The proposal will incorporate premises with a rateable value of £3,000 or more (below this threshold the revenue would be uneconomic to collect). This would potentially result in:

- Up to 393 business premises being part of the BID
- A bid levy of 2% on premises
- A potential annual BID levy income of £158,000

2.21 The postal ballot process for Brecon will take place from 23 January and conclude on 20 February 2020 with a final ballot decision on Friday 21 February 2020.

2.22 Newtown BID

2.23 Within Newtown, the proposal has also progressed and it is anticipated that a BID proposal will be developed for June 2020. The proposal has been initiated by the Chamber of Trade and Going Green for a Living Community Land Trust with wider support from local businesses and the Town Council. Powys County Council are providing the match funding requirement. The feasibility report recommends a BID focussed on the town centre and adjoining industrial estates which could potentially result in:

- Between 440 and 560 business premises being part of the BID
- A BID levy between 1.5% - 1.75%
- A potential annual BID levy income of between £158,000 and £197,000

2.24 The next steps

2.25 The BID proposal document including the final defined BID boundary and rateable property (hereditament) detail is being developed for Newtown.

2.26 The BID steering groups in each town will continue to engage with businesses and organisations in the BID areas to publicise the BID proposals and encourage participation in the formal ballot.

2.27 Formal notification has been sent to Welsh Government in line with the statutory procedure giving notice of the Council's intention to hold a ballot for a Business Improvement District in Brecon.

2.28 The Brecon BID Ballot is a postal ballot and will take place between 23rd January 2020 and 20th February 2020. The vote count will take place on the 21st February 2020.

2.29 Should the Brecon vote agree to the BID proposals then Powys County Council as a business rates payer (NNDR) will be liable to pay the levy which equates to 22 existing premises in the town ranging from public car parks to office buildings. With a 2% levy on the rateable value and applicable to each NNDR eligible premises with a RV of £3K or more this

would equate to approximately £9,500 additional NNDR per annum for these council premises.

- 2.30 Please note that the rateable value of the new cultural hub, Y Gaer, has not yet been determined by the Valuation Office and is therefore not included in 2.29. The building was exempt from NNDR during the construction phase (RV = £0). However, since reopening the building is subject to a new assessment from the Valuation Office and the outcome of this assessment has yet to be received by Powys County Council.
- 2.31 The local authority will have the opportunity to cast a ballot vote for each of these premises within the BID boundary. However it is normal practice that a single officer casts a block vote on behalf of the local authority to ensure a consistent response. The Council's Section 151 Officer would normally undertake the voting duties on behalf of the local authority.
- 2.32 Given that the BID is led by local businesses the local authority may also choose to abstain from any vote to allow the decision to be determined by the local business community.

3. Options Considered/Available

3.1 Option 1

- 3.1.1 That Powys County Council notes and supports progress with the BID proposals for Brecon and Newtown.
- 3.1.2 That Powys County Council abstains from the BID ballot votes.
- 3.1.3 That council's cabinet will receive further updates on the BID process at the appropriate time.

3.2 Option 2

- 3.2.1 That Powys County Council notes and supports progress with the BID proposals for Brecon and Newtown.
- 3.2.2 That Powys County Council casts its vote within the ballot process.
- 3.2.3 That council's cabinet will receive further updates on the BID process at the appropriate time.

4. Preferred Choice and Reasons

- 4.1 **Option 1** is the preferred choice. Whilst Powys County Council supports the principle of BIDs in the county the council understands that the BIDs will need to be business led. The council's preferred choice is to abstain from the voting process to allow local businesses to determine the future of BIDs in their respective towns. This option will also provide a

mechanism to ensure that council's cabinet will be kept up to date with progress of the respective BID proposals.

5. Impact Assessment

- 5.1 A single impact assessment has been undertaken as part of the feasibility study stage.

6. Corporate Improvement Plan

- 6.1 The proposal could potentially assist the economy priority of the Council's Corporate Improvement Plan; Vision 2025.
- 6.2 It will also link with Towards 2040 - Powys Well Being Plan.

7. Local Member(s)

- 7.1 Local members have been consulted on the proposals as part of the feasibility work.

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 The Finance Manager notes the contents of the report, there will be revenue implications for Powys County Council if BIDS are implemented as levy will be payable on each Council owned NNDR liable premises within the BID boundaries. Hospitals and schools have been exempted from the process. It is estimated that circa £30k of revenue budget will be required, this has been highlighted as a risk in the budget setting process for 2020-21 but currently no funding has been allocated.
- 9.3 The Capital and Financial Planning Accountant notes the contents of the report. There are no capital implications from this project.

- 9.4 Communications:

The report is of public interest and requires use of proactive news release to publicise the recommendation/decision.

10. Statutory Officers

10.1 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: “ I note the legal comment and have nothing to add to the report”.

10.2 The Head of Financial Services (S151 Officer) notes the report.

11. Members’ Interests

11.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
<p>That Cabinet:</p> <p>Option 1</p> <ul style="list-style-type: none"> • That Powys County Council notes and supports progress with the BID proposals for Brecon and Newtown. • That Powys County Council abstains from the BID postal ballot votes. • That council’s cabinet will receive further updates on the BIDs process at the appropriate time. 	<p>To enable local businesses to determine the future of BIDs in their towns</p> <p>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 and Towards 2040 – Powys Well Being Plan.</p>

Relevant Policy (ies):	<p>Vision 2025 Economy Programme</p> <p>Towards 2040 – Powys Well Being Plan</p> <p>Local Government Act 2003</p> <p>The Business Improvement Districts (Wales) Regulations 2005)</p>		
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	<p>Cllr Iain Macintosh, Cllr Matthew Dorrance, Cllr David Meredith, Cllr Liz Rijnenberg, Cllr David Selby, Cllr Daniel Rowlands, Cllr Mark Barnes, Cllr Joy Jones, Cllr Les Skilton</p>
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Person(s) To Implement Decision:	Professional Lead for Regeneration
Date By When Decision To Be Implemented:	20th February 2020

Contact Officer Name:	Tel:	Fax:	Email:
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Background Papers used to prepare Report:

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>