

Committee: **Executive Committee**  
Date of meeting: **25<sup>th</sup> September 2019**  
Report Subject: **Rassau and Tafarnaubach Industrial Estate Business Improvement District.**  
Portfolio Holder: **Executive Member – Councillor D. Davies - Regeneration and Economic Development**  
Report Submitted by: **Richard Crook - Corporate Director Regeneration and Community Services**

Reorting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
13/08/2019	20/08/2019 03/09/2019				23.09.19	25.09.19		

**1. Purpose of the Report**

To provide an update to members regarding the Rassau and Tafarnaubach Industrial Estate Business Improvement District (BID) proposal.

The report seeks approval for the BID Ballot process to be implemented and the subsequent collection and administration process of the BID Levy, should the ballot be successful.

**2. Scope and Background**

2.1 Within Blaenau Gwent, it has long been recognised that the Rassau and Tafarnaubach Industrial Estates require significant investment which to date the Council has been unable to secure. The BID would be a mechanism to raise the additional funding to reinvest into the estates which would support the retention and growth of current businesses and attract further investment.

2.2 Blaenau Gwent CBC secured funding to explore the viability of the creation of a new BID for the Rassau and Tafarnaubach Industrial Estates and funding of £22,500 was sourced from the Welsh Government and £7,500 from Blaenau Gwent CBC to appoint consultants in order to determine the feasibility of such a scheme. The feasibility study was completed in February 2019 and identified a positive appetite from the businesses on both estates to develop a business plan for a voting ballot in November 2019.

2.3 A Business Improvement District (BID) is a defined area within which the local business community works together to invest collectively in new projects and services that they have agreed and prioritised to address opportunities and issues that affect their businesses.

- 2.4 The BID is governed by a board made up of BID levy payers who represent the area. The board represents a collective business voice to decide and direct what they want for their area.
- 2.5 BIDs are business-led and business-funded partnerships and can only be established if the majority of businesses in a defined area agree to the proposal. A BID is subject to a vote of all eligible businesses within the area and the views of businesses on the Rassau and Tafarnaubach Industrial Estates have been sought in the development of the proposal.
- 2.6 A BID is funded by businesses paying a small proportion of their business rateable value over and above their current business rates towards the BID. This money is then ring-fenced for use only in the BID area. A BID can only be formed following extensive consultation and a ballot in which businesses vote on a detailed Business Plan.
- 2.7 There is a timeline in order to comply with the November Ballot date:
- *1<sup>st</sup> August 2019* First notification to the Welsh Government & BGCBC of the intent to hold the ballot - Actioned
  - *7<sup>th</sup> November 2019* Ballot Papers issued by ERS (Electoral Reform Services) recorded delivery (subject to the agreement of this report)
  - *5<sup>th</sup> December 2019* Ballot closes
  - *6<sup>th</sup> December 2019* Ballot results announced
- 2.8 The following documents highlight the progression of the BID to date and are included as appendices (1,2,3 and 4) to the main report:
- Project Concept Paper
  - Business Case
  - 1<sup>st</sup> Highlight report
  - 2<sup>nd</sup> Highlight report (Appendix 1)
  - Feasibility study (Appendix 2)
  - Outline of proposal for business plan
  - Operating agreement – draft (Appendix 3)
  - Baseline agreement (Appendix 4)

### 3. Options for Recommendation

- 3.1 **Option 1:** To Implement the BID Process to the ballot stage and implement the outcome of the ballot if there is a positive outcome to support the creation of a BID.

**Option 2:** Do nothing:

- That the Executive does not agree to take forward the ballot and the opportunity of creating a BID.

**Preferred option: Option 1.**

**4. Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

Corporate Plan Priorities - Economic Development & Regeneration –

- To increase the start-up business rate, retention and growth of local businesses and attract new inward investment (business relocations).

The BID proposal outlined within this report would contribute positively to this priority, generating a range of business focused benefits including:

- BID levy money is ring-fenced for use only in the BID area;
- Businesses decide and direct what they want for the area;
- Positive promotion and branding of the area;
- Business cost reduction, for example reduced crime and joint procurement;
- Collaboration with Local Council, the police and other public bodies;
- Improved staff retention and motivation;
- Increased networking opportunities with neighboring businesses.

**Blaenau Gwent Well-being Plan**

- The best start in life for everyone
- Safe and friendly communities
- To look after and protect the environment
- To forge new pathways to prosperity
- To encourage and enable people to make healthy lifestyle choices in the places that they live, learn, work and play

There will be emphasis to include these areas within the BID's business plan throughout the life of the BID.

**5. Implications Against Each Option**

**Option 1** - If the Executive agree this course of action and the ballot supports the creation of the BID then there will be the opportunity to lever in significant further investment and local business ownership in the Rassau and Tafarnaubach Industrial Estates leading to a more positive business environment.

## **Option 2 – Do nothing**

If the Council decides to not support the BID and withdraws further involvement then there is unlikely to be further investment secured for the estate leading to a longer term decline in business confidence and occupancy of the estate. In addition there may be potential claw back associated with funding secured from the Welsh Government to support 75% of the consultant's fees (£22,500).

### **5.1 Impact on Budget (short and long term impact)**

The budget implications associated with Option 1 are:

£1,200 to employ the services of ERS to undertake the ballot process and £15,000 to purchase the software and licences to allow the Council to collect the BID levy from the businesses. In total the cost for the specialist software would equate to £25,000 for the initial 5 year period of the BID (worst case scenario). The Council has developed an option with the BID Steering Group that the Regeneration Portfolio would cover the initial costs of the software purchase with the BID repaying the money to the Council in years 3 – 5 leaving the activity as cost neutral. The Council are seeking to negotiate a lower software cost with our existing providers which would reduce the initial outlay and subsequent costs for the BID. There remains an option that the Council does not require the software and uses existing systems and if this is possible then the costs to the Council will be the ballot and the staff time in collection. The Council will be able to recover any administration costs involved in the BID.

If the ballot is successful the Council will have to collect the BID levy over the next 5 years. Shortly before the end of the 5 years there will be a re-ballot and if this proves successful, again the Council will be required to support the initiative. The costs for the licence fee for the software will be extended by approx. £10,000 (subject to negotiation). This would be recoverable (subject to agreement) via the BID steering group and this of course would not be required if existing systems can be utilised.

The BID if implemented could generate between £100,000 and £120,000 per year based on the following principles (provided as a guide only) for investment is the BID.

The typical BID levy is approximately 1.25% of the rateable value of the business premises so if the rateable value of a business is £20,000, the levy amount would be £250.00 year.

Long-term impact, if further BIDs were to be developed within the same billing authority area i.e. Blaenau Gwent CBC and a focus on the retail and service sector (town centres), the Council would not need to purchase the software again (£15,000) but would need to factor in an additional licence.

Cost recovery opportunities. The Business Improvement Districts (Wales)

Regulations 2005 - Schedule 3 does make provision for this, but does not specify how much is allowable or reasonable. The BIDs "Technical Guide for Local Authorities" references the best practice guide published annually "Industry criteria and guidance notes". This suggested that the costs of collecting the levy should be no higher than £35.00 pound per hereditament or 3% of the BID levy income, whichever is lower.

**Option 2** - Should the ballot get a NO vote the funding commitment from the Council would not be required for the software and associated licences.

## 5.2 Risk including Mitigating Actions

If the BID Ballot is successful and a YES vote is secured the Council is legally obliged to collect the BID levy and pay this amount to the BID company from April 2020. Funding is required to ensure that relevant software is purchased and implemented during December 2019, to prepare for staff training in the new year to allow for collection in April 2020. This risk has been mitigated by identifying the funding and agreeing repayment with the BID.

Reputational damage to the Council from the business community and consultants who are engaged in the BID proposal is likely if the Council does not support progression to the Ballot stage. This is mitigated by the financial risk to the Council being covered by the business plan for the BID.

To mitigate this financial risk, the software and licence costs will be reclaimed from the BID in years 3 – 5 once it is established included in the BID's business plan. This approach has been adopted by other local authorities in order to support the realisation of long term local economic benefits (assuming the in house option cannot be delivered).

## 5.3 Legal

As required by the Business Improvement Districts (Wales) Regulation 2005, paragraph 4 (2)(a), Blaenau Gwent County Borough Council was requested to hold a ballot in relation to the proposed Rassau and Tafarnaubach Industrial Estate Business Improvement District (BID).

The Business Improvement Districts (Wales) Regulations 2005 - Regulation 15 and schedule 3 of the legislation, notes if the BID ballot proves to be a positive outcome, the Council will have a legal obligation to collect the BID levy from the businesses and needs to be ready to implement this by April 2020.

## 5.4 Human Resources

Officers from the Regeneration Service will continue to co-ordinate and support the BID process through to implementation. In addition there is a requirement for the BGCBC Resources Service to collect the BID levy and

discussions have taken place with senior officers within the finance team from the outset.

Early engagement with the Council's Electoral Services team identified resource limitations to effectively manage the ballot internally and an external company (ERS) will be procured to administer the ballot process.

## 6. **Supporting Evidence**

Please see attached previous Management reports and the feasibility study (Appendix 2)

### 6.1 ***Performance Information and Data***

Please see attached the feasibility study showing the data for progression to business planning and ballot stages. (Appendix 2)

### 6.2 ***Expected outcome for the public***

It is envisaged that a BID will empower the business community to make decisions that positively improve their estates. This could include improved business image, landscaping and security. This may result in an increase in turnover and improved well-being and productivity.

### 6.3 ***Involvement (consultation, engagement, participation)***

The following consultation has taken place: (Please see Appendix 1 for detailed information.)

- Finance, Legal, Procurement and Electoral Registration Department of Blaenau Gwent County Borough Council.
- Businesses located on the Rassau & Tafarnaubach Industrial Estates
- Consultation with Revive & Thrive (Consultants employed to undertake the feasibility of the BID).
- Blaenau Gwent Enterprise Board (Former Ebbw Vale Enterprise Board).
- Welsh Government/Business Support Providers.
- Councillor Member briefing (including briefings for the Leader & Executive Member)

### 6.4 ***Thinking for the Long term (forward planning)***

The approach is aligned to the Corporate Plan. The BID and associated levy will enable the relevant estates to adopt a long term plan and ensure:

- Long term management plans for the estates
- Support growth and development
- Ensure efforts to secure long term sustainability

### 6.5 **Preventative focus**

Currently the 2 key strategic industrial estates within the Enterprise Zone are rapidly declining in appearance and safety which will reduce the attractiveness for the existing and potential occupation. This is due to a variety of factors; one includes the declining funds and resources currently available from the Welsh Government and Local Authority.

This BID will allow the businesses to proactively respond to the longstanding challenges of the estate and adopt a proactive approach to estates issues, such as:

- Fly tipping,
- Security
- Groundworks
- Maintenance
- Event management
- Networking

#### **6.6 *Collaboration / partnership working***

If the BID proves viable, it will encourage local businesses across both industrial estates to work together to improve their local environment and business continuity. The proposed BID is keen to address a historical lack of business interaction across both estates, along with opportunities to strengthen and encourage local supply chain opportunities.

#### **6.7 *Integration(across service areas)***

##### **Finance**

- As detailed throughout this report the Council's Resources service area will have an active part to play in the delivery of the BID. It will be their responsibility to collect the BID levy from the businesses (in the same way they collect business rates). They will also be required to pay the levy collected to the BID company which could be on a monthly or quarterly basis. This will be discussed with the BID Steering group in preparation for the business plan.

##### **Legal**

- There has been involvement from the Legal team to draft the Operating agreement (Appendix 3), which is legal document between the Council and the BID company identifying roles and responsibilities of both parties.

##### **Community Safety & Street Lighting**

- The BID is not set up to provide services that the Council are currently undertaking, therefore a baseline agreement has been developed and is attached for your information (Appendix 4)

#### **6.8 *EqlA(screening and identifying if full impact assessment is needed)***

The strategy embraces all business residents for both industrial estates. It has

no adverse impact on people or groups from the nine protected characteristics and at its core supports equality of opportunity for all.

## **7. Monitoring Arrangements**

- 7.1 Throughout the development of the BID, update meetings have been held with the Consultants on a regular basis and progress reports have been provided. This will continue throughout the development stage and if the BID is successful Council via the Executive member will be involved on the Board of Directors from an Advisory point of view with 1 voting right, the same as other Directors on the Board.

Highlight reports will continue to be submitted to RCSLT throughout this project.

### **Background Documents /Electronic Links**

- The local Government Business Improvement District (Wales) Regulations 2005.
- Appendix 1 – 2<sup>nd</sup> Highlight report
- Appendix 2 – Feasibility study
- Appendix 3 – Operating Agreement
- Appendix 4 – Baseline Agreement