

<b>Appendix 1</b> <b><u>BLAENAU GWENT COUNTY BOROUGH COUNCIL</u></b>	
<b>Report to</b>	<b>REGENERATION &amp; COMMUNITY SERVICES LEADERSHIP TEAM</b>
<b>Report Subject</b>	<b>SECOND HIGHLIGHT REPORT BUSINESS IMPROVEMENT DISTRICT</b>
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<b>Report date</b>	<b>MAY 2019</b>
<b>Directorate</b>	<b>ENVIRONMENT &amp; REGENERATION</b>
<b>Portfolio</b>	<b>Executive Member - Regeneration &amp; Economic Development</b>
<b>Project Scale / PAM Score</b>	PAM Score = Medium
<b>Key words</b> <i>Report author to list key words that illustrate the main content.</i>	<b>BID (Business Improvement District)/Business Engagement/Consultants/Revive &amp; Thrive/Alternative funding opportunity/Welsh Government/Blaenau Gwent Enterprise Board</b>

**Approval Tracker:**

<b>Approval Authority</b>	<b>Approved by</b>	<b>Approved Date</b>	<b>Comments</b>
Project Concept Paper	<i>Tier 4 Line - Manager / DMT</i>		
Business Case & PAM	<i>DMT / CMT / Exec</i>		
Project Initiation Document (PID)	<i>DMT / CMT / Exec</i>		
Highlight / Exception reporting dates	<i>DMT / CMT / Exec</i>		
End Project Report	<i>DMT / CMT / Exec</i>	NA	NA

### **Report Information Summary**

<b>1. Purpose of Report</b>
To provide R & CSLT with a second progress update regarding the Business Improvement District (BID) for Rassau & Tafarnaubach Industrial Estates.
<b>2. Summary of Highlight Report</b>
This is the second highlight report for the BID and will provide RCSLT with additional information surrounding the next stages of the process. It will highlight costs attached to purchasing software for the scheme and request recommendations for how this can be funded. The report will also show the level of work involved in achieving the BID Ballot in November 2019 along with the process from an external balloting agency as the Council's internal Elections Team are unable to commit to this work and are not set up to undertake commercial ballots only residential.
<b>3. Recommendation/s for Consideration</b>
It is recommended that this report be accepted and the appropriate reporting channels taken to inform the Leadership and Executive of the process involved regarding the postal Ballot. Also with regards to the cost attached to purchasing the software a recommendation from RCSLT is required on which option to pursue or consider further (these options will be listed throughout the report).

### **Project Highlight Report**

<b>1.</b>	<b>Project Background / Introduction</b>
1.1	Since the introduction of Business Improvement Districts (BID's) in 2014, the scheme has operated throughout Wales, mainly in Town Centres. The scheme involves the collection of a levy, additional to business rates, from businesses located within a certain geographical area. The funding raised via the levy is then reinvested into the area supporting projects that will enhance the vicinity and help increase profitability of the local businesses.
1.2	Within Blaenau Gwent it has long been recognised that the Rassau and Tafarnaubach Industrial Estates would benefit from investment, which to date the Council has been unable to secure from various funding sources. The BID could be a mechanism to raise the funding required to reinvest into the aforementioned estates, which will support the retention and growth of current businesses and attract new business investment.
1.3	The first stage of the BID process was to undertake a feasibility study. The study identified that a BID could potentially be a viable scheme and the levy, based on a potential 2% rate, could equate to £104,178 being invested into the BID from the businesses both Industrial Estates. This figure is based on the 2018/19 business rates for the estate and will increase gradually over the 5 years of the scheme.
1.4	Funding of almost £30,000 has been approved by the Welsh Government and Blaenau Gwent CBC to support the costs of procuring a consultant to

	<p>undertake the initial study. The Welsh Government has supported 75% of the total cost with the remaining 25% to be matched by the Council. As the study demonstrates a potential feasible and financially viable proposal then a Limited Company will be established. The Limited Company will be managed by a BID Manager (external to the Council) who will be funded via the levy and supported by a Board of Directors. The Governance surrounding the working relationship between the Board of Directors and the Manager will need to be clear and concise from the start and will be determined as part of the consultants brief during the phase 2 of the project planning stage once and if the BID Ballot be successful.</p>
1.5	<p><b>Where we are to date</b> – After several months of collating data from the businesses a feasibility study has been produced by Revive &amp; Thrive (Appendix 1), which does reflect a relatively positive outcome, and given the data within the report, suggests that a BID could be viable on both Estates. There will be further extensive consultation with the businesses moving forward to business plan stage and a Steering Group will need to be established to assist with this process. It is common amongst BID's that the Steering Group becomes the Board of Directors once the Limited company has been set up.</p>
1.6	<p>Since approval was given by RCSLT to progress with phase II of the scheme, a meeting has been held with Officers from Economic Development and Revive and Thrive where a number of areas of work have been identified which involve various internal departments, formal agreements and the external contracts with a Ballot Agency. I have listed the areas below and support is requested from RCSLT to help deliver the agreements in a reasonable timescale.</p>
1.7	<p><b>Ballot:</b> The BID will formally request a postal Ballot to the Leader of the Council in July 2019 (timescales below, dates to be confirmed):</p> <p>18th July - first notification to Welsh Government of intent to hold a BID ballot</p> <p>18th July - formal request to BG Council to hold the BID ballot</p> <p>10th Oct - Notice of Ballot issued to Welsh Government and businesses</p> <p>24th Oct - ballot papers issued</p> <p>21st Nov - Ballot closes</p> <p>22nd Nov - Ballot result announced</p>
1.8	<p>As a result of this part to the BID process, discussions have taken place with the Council's Election team and due to current work commitments and the system they operate, the team are unable to support this postal ballot. Therefore quotations have been received from the Electoral Reform Service (ERS) in London who very averse to undertaking BID Ballots. The cost of the quotation is approximately £1,000 plus VAT. ERS will administer the whole</p>

	<p>postal ballot process from start to finish and proved the result to the Council and BID at the end of the ballot period. Please see appendix A for the quotation from ERS and Appendix B for the T1 form. After discussing this requirement with the Council's Procurement Team, it has been agreed that one quote will suffice due to the specialist nature of the requirements.</p>
1.9	<p><b>Operating Agreement:</b> There is a formal document that the Council needs to sign and agree with the BID which has been discussed with the Council's Solicitor to ensure there are no areas of uncertainty surrounding the Council's involvement. This agreement has been prepared by the Council's Solicitor and is attached as Appendix C for Management for to agree.</p>
1.10	<p><b>Baseline Agreements:</b> There is a baseline agreement (Appendix D) that need to be agreed with Service Managers across the Council, which provides the BID with a clear indication of what services the Council already provides to both industrial estates, showing that the BID will not replace any services that the Council already provides such as street cleansing &amp; lighting and highways. This document has been sent to Service Managers in these areas and their response has been requested as soon as possible.</p>
1.11	<p><b>The purchase of software to collect the levy:</b> With regards to the first highlight report that was submitted to RCSLT the software package required to allow the council's Finance team to actually collect the levy was discussed. It was strongly recommended by RCSLT that this is one of the priority areas that the Consultant should focus upon, as without the software the BID ballot cannot go forward as the Council will not be able to collect the levy if the ballot should prove successful. This has been reiterated to the Consultant. In the meantime the EDU has discussed this on several occasions with Davie Elias (add title) who has subsequently spoken to Rhian Hayden who would like the money refunded from the BID as soon the Council purchases it. This would not be possible as the software needs to be purchased shortly to allow the Finance team time to adapt to it and prepare it for use. The BID company is not established yet therefore no funds can be collected until the BID is set up and at least the two years levy collected. It is recommended that the Council allows the BID to repay the amount for the software during years 3 – 5 of its life cycle.</p>
1.12	<p><b>Steering Group:</b></p> <p>The EDU has suggested several key businesses on both estates which may be interested in taking an active role on the steering group and include:</p> <ul style="list-style-type: none"> <li>• Steritouch – Rassau</li> <li>• GTS Flexibles – Rassau</li> </ul>

1.13	<ul style="list-style-type: none"> <li>• Advanced Mould Furniture – Rassau</li> <li>• Yuasa – Rassau</li> <li>• PCI Pharma – Tafarnaubach</li> <li>• Liberty Steel – Tafarnaubach</li> <li>• Atal – Tafarnaubach</li> <li>• Mountway – Tafarnaubach</li> </ul> <p>Along with the above members, an Officer from the EDU team will also sit on the group from an advisory point of view along with the Executive Member for Economic Development.</p>
<b>2. Risks</b>	
2.1	<p>Despite the feasibility study reading positive, the percentage of businesses that have participated in the survey and the face to face meetings has been relatively low, it is hoped this will increase during the next stages of the scheme. If the level of interest does not increase the outcome of the ballot may not prove positive for all businesses, especially if the majority of those that take part in the ballot vote positively for a BID, those that don't must still contribute via the business rates levy.</p>
2.2	<p>If the ballot proves successful, the Local Authority is required to purchase software for the Finance team to be able to collect the business rates levy and pay it back to the Limited Company. There is a cost of approximately £30,000 (excluding VAT) for this. Local Authorities in other areas have seen the benefit a BID can make to the area and have paid for this cost up front and then had an agreement in place with the BID to claim this money back over the lifetime of the scheme (ie initially 5 years). There has also been occasions where Local Authorities have simply paid for the software, but given the current cost pressure faced by Blaenau Gwent CBC the first option may prove the best option at this time. This risk is of high importance and requires discussions with Senior Management from Regeneration and Finance to decide the best way forward in making this software available ready for the introduction of the BID prior to April 2020.</p>
2.3	<p>Once the Steering Group has been established, it has been common practice across other BID's that this Group naturally forms the Board of Directors for the Limited Company. From discussions with other BID Managers the communication between the Board and the Manager needs to remain positive and encouraging throughout the scheme. There is training and support available to all BID Board members which again, from discussions with other BID managers across Wales has proven successful.</p>
<b>3 Issues</b>	
3.1	<p>EDU has sent copies of the Baseline Agreement to Community Services and has received the data back (see attached Appendix D).</p>

<b>4.</b>	<b>Project Budget</b>
4.1	The total budget for developing the BID is £30,000 which is funded by the Welsh Government (£22,500) and Blaenau Gwent CBC (£7,500).
<b>5.</b>	<b>Project Delivery</b>
5.1	<ul style="list-style-type: none"> <li>Phase1 of the Feasibility study is complete and the decision has been made to proceed to business planning stage. The next steps are as follows: Establish the Steering Group – The first Steering Group meeting took place on 6<sup>th</sup> June 2019, the following were invited and those that attended are identified below:</li> </ul> <p>Sally Jones, BGCBC – attended</p> <p>Moe Forouzan, BGCB - attended</p> <p>Sian Franklin, Yuasa – No attendance</p> <p>Chris Burgess – GTS Flexibles – attended</p> <p>Jeff Price – PCI Pharma – attended</p> <p>Nick Cortlett – Steritouch – apologies received</p> <p>Dai Rees – Atal – apologies received</p>
5.2	<ul style="list-style-type: none"> <li>Develop and strengthen the BID Steering Group and establish a Chair for the Group; equip 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</li> </ul>
5.3	<ul style="list-style-type: none"> <li>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</li> </ul>
5.4	<ul style="list-style-type: none"> <li>Implement a further business survey to refine BID themes, project areas and priority projects for the BID</li> </ul>
5.5	<ul style="list-style-type: none"> <li>Implement an agreed plan of one-to-one business visits</li> <li>Finalise the BID database</li> </ul>
5.6	<ul style="list-style-type: none"> <li>Establish a communications plan for the coming months up to and including the ballot</li> </ul>
5.7	<ul style="list-style-type: none"> <li>Develop the BID's digital marketing – creating a website and growing social media channels</li> </ul>
5..8	<ul style="list-style-type: none"> <li>Refine project plans to incorporate into a comprehensive final business plan which businesses will be asked to vote on</li> </ul>

<b>6.</b>	<b>Communication &amp; Engagement</b>
6.1	In moving forward there will be an increased level of “on the ground” activity from Revive & Thrive accompanied with ongoing e marketing of the BID. The one to one meetings with the businesses will also involve a Business Development Officer from the EDU. The consultants will work closely with the Steering Group to establish the business plan and will then focus upon the ballot which will take place in November 2019. If the ballot proves successful and there is a positive outcome for a BID to be developed, work will take place in between January 2020 and March 2020 to develop the Job Description for the BID Manager and advertise accordingly. Consultation with the Council’s Finance Team will be ongoing to ensure the software and the staff are able to invoice businesses for their levy from April 2020. Over the duration of the next phase of the scheme the Economic Development Team will be actively involved where necessary to support the Steering Group and Consultants.
<b>7.</b>	<b>Conclusion/Recommendation</b>
7.1	It is recommended that this report be accepted as an information document and further discussions take place within Blaenau Gwent CBC regarding the purchase of specialist software and review potential cost recovery measures.