



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

Prepared By Revive & Thrive Ltd

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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.

House building and the development of new schools in the town over the next five years will bring new residents into the town, which faces an ever-growing aging population; a significant concern for the whole County. 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.

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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 an 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.

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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 an 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



