

Report



Cabinet Member for Regeneration and Housing

Part 1

Date: 23 January 2019

Subject **Welsh Government Business Improvement District: Newport Digital BID**

Purpose To brief the Cabinet Member in relation to the recent application to Welsh Government for the development of a thematic Digital BID for Newport, to accept the offer of grant from Welsh Government, and agree a match funding contribution of up to £10,000

Author Project Manager

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Summary Newport City Council has submitted an application to Welsh government for the development and implementation of a thematic Digital BID for Newport. Welsh Government recognised the importance of the digital sector to Newport, and has welcomed the submission of a thematic proposal. The application was approved, and an offer of grant has been received to the value of £30,000

Proposal To accept the offer of grant from Welsh Government for the development of a Thematic BID for Newport, and to support match funding to the value of £10,000.

Action by Head of Regeneration, Investment and Housing

Timetable Immediate

This report was prepared after consultation with:

- Strategic Director – Place
- Head of Law and Regulations (Monitoring Officer)
- Head of Finance (Chief Finance Officer)
- Head of People and Business Change

Signed

Background

In April 2018, Welsh Government approved a successor Business Improvement District programme to support the development of further BID's in Wales. A call was issued for applications from Local Authorities with a deadline of 20th July 2018. As part of this call, Welsh Government indicated that alternative thematic BID's such as Industrial and Tourism would be encouraged.

The programme has funding of up to £270k revenue available. Up to 9 applications will be approved up to a value of c£30k each, with a minimum requirement of 25% match funding from other sources.

Newport City Council submitted an application to Welsh Government for the development of a thematic based BID looking at Digital industries across Newport. The application was to the value of £40k; broken down as £30k grant, and match funding of £10k from other sources. Delivery will be through a 3 Phase approach incorporating Feasibility, Engagement & Consultation, and Post Ballot support.

The concept of a sectoral focussed BID for Newport is at very early stages, and Welsh Government recognised this within their assessment process. Initial feedback was that they were unable to support the full application, but recognised the importance of the sector to Newport, and were considering a separate option to deliver a smaller programme supporting Phase 1 Feasibility only.

Newport City Council has since received notification that the Cab Sec has approved the full 3 stage application that was initially submitted, and an Offer of Grant has been issued.

The proposal

This application is for a thematic BID focussing on the needs of the digital industries in Newport. The project will undertake the appointment of a consultant to deliver the 3 identified phases of the BID. Analysis shows that companies see marketing of their sector as a weakness. The BID will aim to bring digital businesses together to collectively identify key concerns and opportunities to improve their trading environment. It will be the role of the appointed consultant to work with NCC Economic Development, and the Newport Economic Network to identify those businesses, and bring them together to address these concerns as a collective.

The project will be delivered through a 3 phase approach:

1. Phase 1 – Feasibility/ Assessing the Viability of a BID 4 months

The Newport Digital BID concept is very much in its infancy, and therefore the consultant will work with the Local Authority and local BID/ partnership group to develop the BID concept, its aims and vision, and to provide an outline implementation strategy. The consultant(s) will then carry out an assessment of the viability, feasibility and deliverability of the BID Proposal including the financial model and appetite from the business community for such an approach and provide feasibility recommendations.

At this stage, **should the feasibility determine little scope for the success of a BID, then a decision will be made not to progress further.** The Local Authority applicant (on behalf of the local BID group) will report to Welsh Government confirming whether or not they will proceed to the next stage of the BID (Delivery)

2. Phase 2 – taking the BID to Delivery (BID Ballot) 6-9 months

The formal requirements for this stage are set out in the Local Government Act 2003 and the Business Improvement Districts (Wales) Regulations 2005. Consultants will assist the Local Authority with the local BID group in meeting the legislative requirements in order that the BID is legally compliant. There is an expectation that proposals would reach the ballot stage by summer 2020

3. Phase 3 – Post Ballot support 6 months

Provide on-going support to the BID post ballot, in line with the requirements detailed in the Regulations referenced above.

Please note: The timescales provided are a suggestion, and have been provided by Welsh Government based experience of previous BID's.

Some outline objectives have been identified, but will be refined through further input from the NEN and consultation with local businesses.

Aim: to create a positive impact on the digital sector in Newport through the creation of a Business Improvement District, empowering the local digital sector to improve their economic environment.

Objective 1: To attract a skilled workforce

Objective 2: Raise awareness of Newport as a 'digital destination'

Objective 3: To increase the capacity of the local digital sector to drive through change to improve their economic environment

Leadership and Management

The process will be overseen by NCC's Regeneration Team, who will be responsible for the procurement and overall management of the appointed consultant. A procurement process has started in line with NCC Procurement guidelines.

The Consultant will work closely with NCC's Economic Development team to liaise with identified businesses and engage them in the BID process. Strategic direction will be provided by the Newport Economic Network, which NCC sits on, providing a link back to its management arrangements.

NCC has engaged with the NEN to gauge the level of interest and support there may be for supporting a digital thematic BID for the City of Newport. The group are fully supportive of exploring the potential of a BID to support the digital sector in Newport, and the appointed consultant will work closely and be given direction from the NEN digital group to take the BID feasibility forward.

Financial Summary

Costs	Year 1 2017/18 £	Year 2 2018/19 £	Year 3 2019/2020 £	Total	Including match funding	Notes including budgets heads affected
Consultant fees	10,000	20,000	0	30,000		
Miscellaneous	4,054	5,946	0	10,000		
	14,054	25,946	0	40,000		
Funding breakdown						
Welsh Government BID	10,541	19,549	0	30,000		
Match funding: NCC	3,513	6,487	0	10,000		Revenue JV budget
	14,054	25,946	0	40,000		

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Digital BID is not viable	L	L	The phase 1 funding of a feasibility will determine the viability of a Digital BID	Economic Regeneration
Availability of match funding (1)	H	L	CM has been briefed and agreed to support match funding.	Economic Regeneration

Links to Council Policies and Priorities

Newport's Economic Growth Strategy recognises that Successful cities need to become more specialised, innovative, connected and productive. It states that 'Evidence shows Newport to have one of the highest digital clusters in Wales¹, with Digital Technologies - particularly hardware and telecoms - identified as a growth sector for the area. Consideration should be given to how this sector is strengthened through the provision of an appropriately skilled workforce, through the availability of financial support, and through tailored support to businesses in the region.'

The activity supports the **Council's Corporate Plan** and **Well Being Objective** 'To promote economic growth and regeneration whilst protecting the environment'. In developing the BID application it became clear that the Digital sector across Newport is disparate, with little collaboration across the industry. The creation of a thematic BID provides an opportunity to identify and bring these businesses together to add strength to their sector. The BID will provide an opportunity for the sector to collectively identify issues and opportunities, and to market Newport as a digital destination for businesses; increasing the potential for economic growth.

Options Available and Considered

The report provides the following options:

1. To accept the Welsh Government offer of grant to the value of £30,000, and for NCC to provide match funding to the value of £10,000 over 2018/19 and 2019/20 as outlined in the finance table above. In doing so:
 - a. an opportunity is available to undertake the phase 1 feasibility exercise at minimal cost to NCC, which will provide an evidence base upon which to determine if a Digital sector BID is feasible
 - b. If feasible, and taken forward to BID, it enables the council to support and grow the Digital sector in Newport, supporting the aims and objectives of the councils Economic Growth Strategy
2. To accept the Welsh Government offer of grant to the value of £30,000, but not provide match funding, and to source alternative funds. In doing so, this puts the project at risk. The Welsh Government timescale dictates that the Feasibility stage must be completed by March 31st 2019. We would not be able to start the project and appoint consultants until the match was in place, resulting in further slippage against an already tight timescale.

¹ National Institute of Economic and Social Research: Measuring the UK's Digital Economy. **Figure 4:** Location quotients of digital economy companies by Travel to Work Area, 2012.

3. To not accept the offer of grant, or provide match funding. In doing so, an opportunity is missed to undertake a feasibility to determine the viability of a Digital sector BID, and to take forward a Digital BID at minimal cost to the council.

Preferred Option and Why

The preferred option would be to accept the Welsh Government offer of grant to the value of £30,000, and for NCC to provide match funding to the value of £10,000 over 2018/19 and 2019/20 as outlined in the finance table above. In doing so, the council have the opportunity to take forward a feasibility to determine the viability of a Digital BID, and the potential to create a Digital BID in Newport at minimal cost to the council. The creation of a Digital BID would be the first of its kind in Wales.

Comments of Chief Financial Officer

This is to be funded from the revenue JV budget for which there is sufficient value on the balance sheet. Therefore there are no implications for the MTFP.

Comments of Monitoring Officer

There are no specific legal issues at this stage. The acceptance of the grant offer and the provision of £5k match funding over a two-year period to commission this feasibility study for the development of a Digital BID is within the Council general economic well-being powers under Section 2 of the Local Government Act 2000. In the event that the feasibility study confirms that this is a viable proposal, then it will be necessary to undertake a ballot on the establishment of the thematic digital BID and the imposition and management of the levy, in accordance with the Local Government Act 2003 and the Business Improvement Districts (Wales) Regulations 2005.

Comments of Head of People and Business Change

This project is supported from a Digital Services perspective. The project team will work with Digital Services to ensure that initiatives are complementary including the potential impact of digital projects such as Local Full Fibre Networks (LFFN).

As required the report considers all five aspects of the sustainable development principle of the Well-being of Future Generations (Wales) Act 2015 (Long-Term, Prevention, Integration, Collaboration and Involvement). The report notes how the proposal is in line with the Council's Well-being Objectives and Corporate Plan. It is also in line with the Newport Offer and Right Skills interventions in the Public Services Board's Well-being Plan. An innovative Digital BID for Newport can contribute positively to promoting the city and changing perceptions, as well as developing a skilled workforce for the future.

There are no HR implications arising directly from this report.

Comments of Cabinet Member

Cabinet Member has been briefed on this report.

Local issues

Scrutiny Committees

None

Equalities Impact Assessment and the Equalities Act 2010

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users.

Children and Families (Wales) Measure

N/A

Wellbeing of Future Generations (Wales) Act 2015

The project has been developed in line with the Well-being of Future Generations Act. The following demonstrates how the Plan's objectives support the goals of the Act, and how it has applied the sustainable development principle (5 ways of working)

1. **Long term:**
The proposal will support the digital sector, increasing their capacity to work together and improve upon the economic environment. Increasing their capacity and promoting/ /appropriate marketing of the sector will improve and increase turnover of these businesses with more of their services being procured within Newport.
2. **Prevention:**
A BID will provide a mechanism for digital businesses to come together, and be supported to build their capacity and become more prosperous. It will bring businesses together to collectively identify issues and opportunities affecting their sector
3. **Integration:**
The activity supports the council well-being objective 'To promote economic growth and regeneration whilst protecting the environment'. The BID will provide an opportunity for the sector to collectively identify issues and opportunities, and to market Newport as a digital destination for businesses; increasing the potential for economic growth.
4. **Collaboration:**
The creation of a thematic BID provides an opportunity to bring businesses in this sector under one 'roof' to provide support through a number of means including, but not restricted to:
 - Bringing businesses together to collectively identify issues and opportunities affecting their sector
 - Marketing Newport as a digital destination for businesses
 - Coordinating strategies to promote existing business and the industry
5. **Involvement:**
Newport businesses will be engaged and consulted during both the Feasibility and Ballot stages of the process, to establish their views on a BID, and to determine the appetite for a BID across the sector. The establishment of a BID will be a result of a ballot process where all affected parties will be provided the opportunity to vote on their preference.

Crime and Disorder Act 1998

N/A

Background Papers

1. Offer of Grant
2. Welsh Government BID Application Form