

Part A

Report to: Cabinet

Date of meeting: 9 November 2020

Report author: Executive Head of Strategy and Communications

Title: Watford BID ballot - February 2021

1.0 Summary

- 1.1 This report outlines the proposals for the Watford Business Improvement District (BID) Ballot, which will take place in February 2021.
- 1.2 Watford Borough Council will need to agree on the named voter/representative who will be responsible for casting the votes on behalf of the council. The council has four hereditaments within the BID area, each of these hereditaments will have a separate vote. The hereditaments include: Watford Town Hall and car park and the Avenue car park. Only hereditaments with a RV of £10,000 or more will have an eligible vote in the ballot.
- 1.3 Under national Business Improvement District Regulations, Watford BID Ltd can only operate for a period of up to five years. Watford BID's first five year term comes to an end on 31 March 2021. Prior to the end of this term the company can go back to businesses, through a ballot, to see if those hereditaments in the proposed levy area wish to continue with the BID as outlined in the renewed five year Business Plan. If the ballot achieves 50% or more votes in favour and 50% or more of the rateable value, of those votes cast, the BID will continue to operate, as outlined in the Business Plan for a second five year term.
- 1.4 Watford BID is not proposing to change the BID area for the next five year term. It is also proposing keeping the levy the same as the first term in years 1 & 2 (at 1.25% and 1% for those paying a service charge to the shopping centre, former intu), rising to 1.5% and 1.25% in years 3, 4 and 5. There will be no inflation increases. In the first term Watford BID secured on average 24% additional income, in addition to the levy collected.

Over the past five years over £3m additional funding will have been invested in Watford town centre, as a result of Watford BID.

- 1.5 This report also presents:

- the responsibility of the council;

- the governance of the BID;
- operating principles of the BID,
- the BID area (including a list of streets); and
- projected budgets and expenditure.

Further detail is contained within the Appendices to this report.

2.0 Risks

2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Council does not ratify the business plan and recommendations	BID ballot may not take place. Watford BID ceases and proposed business plan will not be implemented. Could be an appeal and could be called in by the Secretary of State – reputational damage and financial costs. Breakdown in relationship between Council & BID	Conduct due diligence to ensure the Business Plan is fit for purpose, that it complies with the BID Regulations and does not conflict with council strategies, plans or policies. Early engagement with Electoral Services to schedule ballot and correct governance arrangements are in place. Involvement of all affected council officers to ensure council responsibilities are met and correct governance arrangements	Treat	8 4 (severity) x 2 (likelihood)

Failure to secure a positive outcome at ballot	<p>Significant loss of investment in the town centre. Business community in Watford lose their collective voice</p> <p>Loss of regional and national lobbying voice for town centre based businesses</p>	<p>Extensive business liaison work will take place from November onwards – this supports the existing work the BID team does on a day to day basis.</p> <p>The team will be limited in the approach taken due to COVID 19, but will endeavour to reach all businesses in the town.</p> <p>Those businesses who support the BID will act as BID champions, and ambassadors.</p>	Treat	8 4 (severity) x 2 (likelihood)
Failure to secure partner support	<p>Limits ability of BID to deliver projects.</p> <p>Loss of investment into the town centre</p>	<p>Partners involved and kept informed of proposals</p>	Treat	6 3 (severity) x 2 (likelihood)

3.0 Recommendations

Cabinet is recommended to:

- 3.1 Support the renewal of the Watford Business Improvement District (BID) and agree that the proposed Business Plan 2021-2026 (Appendix 3) meets the required regulatory requirements;
- 3.2 Instruct the Ballot Holder to formally manage the ballot process in accordance with the BID Regulations;
- 3.3 Authorise the Group Head of Place Shaping to vote 'Yes' in relation to the council's votes as a National Non Domestic Rates (NNDR) levy payer in the BID ballot;
- 3.4 Subject to a 'Yes' vote at ballot, confirm that the council as the relevant local billing authority will manage the billing and collection of the BID levy and its transfer to the BID Company in accordance with the BID Regulations, and will recharge the BID Company for the collection costs of the levy, as estimated in Appendix 2; and
- 3.5 Authorises the Executive Head Strategy and Communications to ensure that the legal arrangements are appropriately formulated, the council will continue to hold a Service Level Agreement together with a data protection arrangement with the BID Company.

Further information

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Report approved by: Donna Nolan, Managing Director

4.0 Detailed proposal

4.1 Background – Responsibilities of the Council in relation to Watford BID

- 4.1.1 The Local Government Act 2003 sets out the operation of Business Improvement Districts (BIDs) as a means of enabling businesses to invest in their local trading environment.
- 4.1.2 A BID is a statutory designation which can come into being following a successful ballot in which all eligible business ratepayers (known as hereditaments) in a defined geographic area (known as the BID area) are invited to vote on proposals to invest collectively in local improvements, projects and activities that are additional to those currently provided by local government and other public service providers.

- 4.1.3 Business ratepayers are asked to vote on agreeing and paying an additional levy based on the rateable value of the hereditament, if supported, will be collected by Watford Borough Council, and retained in a ring-fenced account, and is then paid to the BID to be used to finance the delivery of projects, services and activities detailed in the Business Plan.
- 4.1.4 A BID is most commonly managed by a not-for-profit company, directed and funded by businesses.
- 4.1.5 The council has had previous experience of the BID process with the Watford ballot in 2015.
- 4.1.6 When the Council receives a BID proposal, or proposal to renew a BID, the council has a responsibility to ensure that:
 - (1) The Business Plan contains the information as required by BID Regulations (2004).
 - (2) The BID proposal does not conflict with any of its strategies, plans or policies for that area.
 - (3) The BID proposer has undertaken a satisfactory level of consultation with the relevant business communities.
- 4.1.7 It is considered that the Watford BID renewal proposal meets the requirements of the Business Improvement Districts (England) Regulations 2004 and does not conflict with any of the council's policies or plans for the proposed BID renewal area. The council is also satisfied that businesses in the Watford BID area have been made aware of the BIDs renewal proposal.
- 4.1.8 If approved to go to ballot, it is proposed that the BID ballot will be conducted by the council's Electoral Services Team on behalf of the Ballot Holder, with any associated costs related to printing and postage being covered by Watford BID through their existing budgets. The Ballot Holder is defined by the Regulations as the Returning Officer for the purposes of elections of the council, namely the Managing Director (Returning Officer).
- 4.1.9 The council's responsibility, should the ballot return a majority 'Yes' vote, is to collect, administer and distribute the BID levy, which is collected separately from business rates.
- 4.1.10 The BID is anticipating that it will invest in a new software system to support the council collect and administer the levy, which will make the process more efficient and easier to administer. The BID also covers print and postage costs related to

administering the BID levy bills

4.1.11 The council must agree the existing baseline services with the BID, which sets out the standard services provided by the council within the BID area, and must also sign an operating agreement which governs the process for collecting the levy.

4.1.12 The BID Company would continue to be responsible for the implementation of the Business Plan and would be accountable to the BID members through its constitution and Articles of Association.

4.2 The benefits of a BID for Watford Town centre

4.2.1 Business ratepayers in Watford Town Centre originally voted to establish a BID in 2015 and the Watford BID Limited came into existence from 1 April 2016. Statute governs the length of a BID term to 5 years and the current term expires on 31 March 2021.

4.2.2 Watford BID Limited is now seeking a second term of the BID.

4.2.3 A BID provides businesses with the opportunity to decide what happens in the BID area and to influence key stakeholders, such as the council, as to what they want to see happen in this area. By acting together, business in the town will have a stronger, collective voice.

4.2.4 Each identified business will pay a levy to the BID. It is the businesses who will decide where, and how, the money is invested over five year term of the BID. This is outlined in the five year business plan. It will also mean that by buying in certain activities collectively businesses may get more for their money.

4.2.5 The BID does not replace existing statutory services (those services the Council and other agencies such as the Police are legally obliged to provide), although it is recognised that these agencies may well continue to be under pressure to reduce spend on activities they are not statutorily obliged to provide. The town and its businesses need to be well placed to face the challenges presented by Covid-19, EU Transition and other economic circumstances as they emerge.

4.2.6 Overall, the BID seeks to facilitate and encourage investment in the town while also building on the opportunities provided by the ongoing developments within the town. A BID will also provide the town and businesses with stability and support the Council in its ambitious plans for the future of the town.

4.3 The BID Proposer

4.3.1 The 'BID Proposer' for the Watford town Business Improvement District is Watford BID Ltd. Watford BID Ltd is a not for profit, company limited by guarantee. It is

funded via an annual BID levy placed on each hereditament within the BID area, collected by the council on behalf of the BID. The BID delivers projects and activities as identified in its 5 year business plan.

4.4 **BID management**

- 4.4.1 Subject to a successful vote, the Watford BID will be managed by the existing Watford BID Limited, which has its own legal identity, corporate structure and accounts.
- 4.4.2 If a BID ballot is successful the second term of the Watford BID will commence operation from 1 April 2021, and be in operation for a 5 year period. There will be a smooth transition from the current BID to the new 5 year term.
- 4.4.3 Watford BID Limited has a Board. If the ballot successful the existing Board will be retained, but will include new members if deemed appropriate by the Board i.e. if a sector representative is required.

4.5 **The BID's vision for Watford town centre**

- 4.5.1 It will be a town where everyone feels safe, confident and comfortable, and where businesses thrive and prosper. Watford town centre should continue to be competitive and dynamic, a place that is attractive to businesses and investors.
- 4.5.2 The Watford BID will do this by delivering projects and activities against three key theme areas:
 - **Working together to secure the future of the town** – building on opportunities and developments ensuring the town is future proofed; working in partnership with the public sector and other organisations and agencies to develop the aspirations of the town; developing and assisting social and community enterprise and entrepreneurship; supporting business and skills development in the town; managing vacant units and information; supporting the town with the development of new technologies; benchmarking and maintaining the quality of the town centre.
 - **Enhancing the look and feel of the town centre** – managing the Retail Business Against Crime Scheme, improving the environment of the town centre, through items such as floral displays, and Christmas lights; enhancing pedestrian routes and access to and from car parks; improving facilities in the town to meet the aspirations of the town its businesses and customers. Supporting the early evening and night time economy and maintaining reputation of town as a welcoming and safe place to spend time and do business.
 - **Promotion, marketing & events** - improving perceptions & raising awareness of the town; developing a comprehensive communications and marketing strategy

supported by relevant branding, campaigns and activities, including the creation of an employee app. Supporting and enhancing existing events and projects (such as the Gift Card and Visit Watford), and developing new, relevant events and promotional activities.

4.5.3 Further details are outlined in the BID draft Business Plan (Appendix 3).

4.6 A statement of baseline services

- 4.6.1 Much is already being achieved through the activities and resources of Watford Borough Council, Hertfordshire County Council and Hertfordshire Constabulary. For the purpose of this BID, the services provided by Hertfordshire County Council are excluded from the resourcing baseline. These will be monitored and managed through the on-going relationship with Watford Borough Council. It should be noted that not all resources are listed, there are some activities that may be delivered as part of on-going partnership agreements with other agencies and will be monitored through these.
- 4.6.2 To ensure BID resources are directed towards delivering real added value Service Level Agreements (the agreements) have been prepared to secure the ongoing commitment of Watford Borough Council and define a baseline service specification and performance monitoring arrangements. Watford BID will not only be committed to monitoring these baseline standards, but also to pursuing higher standards where possible.
- 4.6.3 The agreements will, in practice, provide an essential input into the annual BID business planning process. The baseline services cover the following categories:
- CCTV
 - Footfall counters
 - Street cleansing & maintenance of street furniture
 - Christmas lights
 - Hanging baskets
 - Town Centre Events
- 4.6.4 Watford Borough Council provides other services, which, while not possible to baseline for their specific impact on the BID area, will have significant implications for existing and future investment in the area. The agreement seeks to promote effective engagement and dialogue between Watford BID and Watford Borough Council on matters of mutual interest.
- 4.6.5 Copies of the Service Level Agreements can be found at Appendix 1.

4.7 The proposed BID area

- 4.7.1 It is not intended to change the BID area for this ballot.

List of Streets in the BID Area:

- Albert Road South
- Cambridge Road
- Carey Place
- Charter Place
- Church Street
- Crown Passage
- Clarendon Road (Numbers: 1-35 & 2-24)
- Escort Road (only Sutton Car park)
- Exchange Road (East side of road, including: the British Telecom Exchange buildings, Church Car Park, and Wren House (numbers 15-23))
- Gaumont Approach
- George Street
- Granville Road
- Halsey Road
- Hempstead Road (up to and including the Leisure Centre & Avenue Car Park)
- High Street (down to numbers: 165 & 174)
- King Street
- Market Street (from the High Street to numbers: 24 and 25)
- New Street
- Peace Prospect
- Peace Drive (The Peace Hospice and Prospect House)
- Queens Road (Numbers: 1-19A)
- Rickmansworth Road (Numbers 1-5 and up to Peace Drive)
- Rosslyn Road (Numbers: 13-27, plus Gade Car Park and Halsey House)
- Smith Street
- St Mary's View
- St Mary's Close
- St Mary's Churchyard
- The Cloisters
- The Crescent
- The Parade including Rigby House
- Upton Road (Numbers: 14-20)
- Watford House Lane
- Water Lane (the section west of Beechen Grove)
- Wellstones
- Wilmington Close
- Meeting Alley

4.7.2 Map of the BID area can be found at Appendix 2.

4.8 Statement of who is within the BID area and how the BID levy is calculated

- 4.8.1 Any NNDR business rate payer for a hereditament will be liable to pay the levy in respect of that hereditament if at time on the Chargeable Day the hereditament is in the BID area and is on the Rating List. If a hereditament becomes empty, the liability for the BID Levy will fall on the organisation or person entitled to possession on the relevant day, or the administrator for any business that has ceased trading. For this purpose ‘entitled to possession’ shall have the same meaning as under section 65 of the Local Government Finance Act 1988. It is compulsory to pay the BID levy if a yes vote is secured, regardless of whether or not you voted in the ballot, or how you cast your vote.
- 4.8.2 The levy rate is set against the rateable value of a property or hereditament.
- 4.8.3 The BID levy rate is set locally at 1.25% of the rateable value for each property as at 31 March 2021. The levy will be a fixed charge per annum for 2 years of the BID term, increasing in years 3,4,5 to 1.5%, based on the rateable value (RV) as at the 31 March for each subsequent year, for all businesses within the BID area excluding those businesses within the intu shopping centre who already pay a service charge. Those businesses in the intu shopping centre who are paying an annual service charge will receive a discount of 0.25% on the headline levy rate, meaning the levy payable by those businesses is 1% in years 1 and 2 rising to 1.25% in years 3, 4 and 5.
- 4.8.4 Local charities (Peace Hospice, YMCA and Homestart and Shopmobility), where the business is not in a retail premise will be charged at a reduced levy of 0.5% over the course of the BID term. Retail premises associated with the charities will be charged at the standard levy rate of 1.25% increasing to 1.5%.
- 4.8.5 The Watford BID area includes 465 hereditaments with a rateable value of £10,000 and over. Their combined rateable value (RV) is a calculation based on the existing RV survey information. The combined rateable value is £38,920,900. This should raise £428,841 per annum in years 1 and 2 and £514,143 in years 3, 4 and 5 or £2,400,111 over the 5 years of the Watford BID.
- 4.8.6 Re-ballot BID development work or ballot costs will be met through the BID core costs, and Watford Borough Council will make charges for setting up the collection of the BID levy on behalf of the Watford BID, this involves setting up the template and other works related to the pre-collection works. It is estimated these works will cost £30,000 with an annual charge for updates of £5,000.
- 4.8.7 The Watford BID will not be limited to income derived from the BID levy and can expect to raise further funds from:
- Voluntary contributions
 - Grants

- Sponsorship and advertising revenue
- Other extra income

4.8.8 The BID levy is calculated for each hereditament for each Chargeable Day as follows:

Amount payable by the hereditament = $0.0125 \times$ Listed Rateable Value as at 31 March each year (excluding those businesses listed within the intu centre), for years 1 & 2, rising to $0.0150 \times$ Listed Rateable Value as at 31 March for years 3, 4 & 5.

For those businesses listed within the intu centre the Amount payable by the hereditament = $0.01 \times$ Listed Rateable Value as at 31 March years 1 & 2, increasing to $0.0125 \times$ Listed Rateable Value as at 31 March in years 3,4 & 5.

4.9 Costs associated with going to ballot

- 4.9.1 The costs for the printing and distribution of the ballot papers will be met from existing BID core budgets.
- 4.9.2 If the ballot is successful there will be costs associated with purchasing the relevant levy collection software, licence costs, setting up templates for billing. These are estimated to be in the region of £30,000 but will be confirmed if the ballot is successful.

These costs will be met by Watford BID.

4.10 A statement of any relief (threshold, discounts etc)

4.10.1 The BID levy will be applied annually from 1 April 2021 to all NNDR business ratepayers within the defined area of the Watford BID before any discounts or exemptions have been applied to the individual account and above with no exceptions.

4.10.2 In other words charitable organisations who receive 80% mandatory discounts and in some cases an additional 20% discretionary rate relief, meaning they have no NNDR liability, will still be required to pay a levy on the original RV as outlined above.

4.10.3 In the case of an empty, partly refurbished or demolished hereditament the property owner will be liable for the BID levy, and they will be entitled to vote. There will be no void period and every property will pay for all 365 days of the year.

4.10.4 The levy will be charged annually in advance for each chargeable period to be April to March each year starting in 2021. The levy will then be calculated on the RV as at 31 March each subsequent year. No refunds will be made.

4.10.5 Those hereditaments that are within the intu shopping centre (still the name of the centre at the time this report was written) and are subject to a service charge for services such as security and cleaning will receive a reduction of 0.25% of the levy rate payable.

4.10.6 The following hereditaments will be eligible for a discounted levy rate of 0.5%:

- Peace Hospice (non retail)
- YMCA
- Home Start
- Shopmobility

4.10.7 The Ratings List (including the 2021 list) will be examined for new entries each year prior to the issue of levy invoices. There will be no other reduction to the BID levy other than specified above.

4.11 Other associated costs with collecting the BID levy

4.11.1 Watford Borough Council will issue an annual bill to each business, which is separate from the normal NNDR bill. The council will endeavour to collect all outstanding amounts of the levy, using the same processes and mechanisms for collecting the usual NNDR liability. This includes charging businesses where a summons is issued and passing debts to bailiffs, for which the bailiffs will make a charge.

4.11.2 The recovery processes for the NNDR liability and the BID levy are separate processes. Businesses will be liable to pay two sets of costs where they are summoned for each debt. The costs that are collected by the council are retained by the council to meet its additional administrative costs and are not passed to the BID levy company.

4.12 A statement of any alteration/variation provision

4.12.1 The BID Board will develop projects that meet the three theme areas, these must be appropriate to the prevailing state of the economy.

4.12.2 All budget headings and project costs can be altered within the constraints of the revenue received through the levy, and the BID Board will be empowered to move the funds between budgets providing the BID's aims are adhered to.

4.12.3 Any proposed variance to budgets and significant projects must be agreed by the Board and reported in the annual financial report and action plan.

4.13 A statement of the duration of the BID

- 4.13.1 If the BID is approved then it will commence operation on 1 April 2021 for a period of five years. At this date all occupiers of eligible properties will be required to pay the BID levy on receipt of an invoice from Watford Borough Council.
- 4.13.2 A postal ballot of business ratepayers in the BID area based on the list of non-domestic ratepayers will take place between 8 January and 4 February 2021. The result of the ballot will be published on the Watford Borough Council website and Watford BID website on 5 February 2021.
- 4.13.3 If successful in 2021, the Watford BID will seek a renewal ballot in 2026. From August 2025 the BID Board will allocate funds to manage the required consultation for the re-ballot in 2026.

4.14 Start date of the BID

- 4.14.1 If successful at ballot, the new BID company will continue delivery of services on 1 April 2021 and will continue for a period of 5 calendar years to 31 March 2026.

4.15 Voting

- 4.15.1 As the council has rateable hereditaments within the BID area it has one vote for each eligible hereditament. It is recommended that the votes be delegated to the Group Head of Place Shaping as the Managing Director is on the BID board as a council representative.

- 4.15.2 It is also recommended that the council support a further BID period and that the Group Head be directed to vote in favour of the BID.

5.0 Implications

5.1 Financial

- 5.1.1 The Shared Director of Finance comments that there are no financial implications for the council contained within the body of the report. However it should be noted that if successful at ballot, the BID will continue to operate for another five years and the council, as an owner of four hereditaments within the BID area, will need to continue making budget provision for the levy payable.

5.2 Legal Issues (Monitoring Officer)

- 5.2.1 The Group Head of Democracy and Governance comments that the legal implications are that the council's electoral services team will run the postal ballot process.

Appendices

- Appendix 1 - Service Level Agreements
- Appendix 2 – Map of the BID area
- Appendix 3 – Watford BID 2021 – 2026, Draft Business Plan
- Appendix 4 – Notification of intention of going to ballot

Background papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

- Watford BID Business Plan 2016 to 2021