

## PART A

**Report to:** Cabinet  
**Date of meeting:** 1 September 2014  
**Report of:** Jane Custance, Head of Development & Regeneration  
**Title:** Business Improvement District – Application for Loan

### 1.0 SUMMARY

- 1.1 Following an initial feasibility study and further work with British BIDs the Town Centre Partnership has agreed to progress the project to establish a Business Improvement District for Watford town centre. This will entail a significant amount of work and commitment of resources. To support towns on the journey to a BID the DCLG has created a loan fund (£10,000 to £50,000) which partnerships can apply for.
- 1.2 Criteria for the loan fund requires the support of the local authority and for the local authority to act as the accountable body should the partnership be successful in its application. This report seeks the Council's approval to act as the accountable body and support the Town Centre Partnership's application to the fund.
- 1.3 The closing date for the loan application is 1 October 2014. If the partnership is successful in its application and secures a 'yes' ballot, the new BID company will repay the loan within 12 months. If the ballot is unsuccessful the loan will not need to be repaid.

### 2.0 RECOMMENDATIONS

- 2.1 The Council supports the Town Centre Partnerships application for a loan to the DCLG Business Improvement District Loan fund for £49,822
- 2.2 The Council agrees to act as the accountable body for the administration of loan. Subject to a successful ballot the loan, and any interest, will be repaid in full within 12 months of the creation of the Business Improvement District company and no later than April 2017.

**Contact Officer:**

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**Report approved by:** Jane Custance, Head of Development & Regeneration

### 3.0 DETAILED PROPOSAL

- 3.1 Business Improvement Districts (BID) were introduced in England in 2003/04. The first BID was established in Kingston in January 2005. BIDs now exist in over 180 locations throughout England, Scotland, Wales and Ireland.
- 3.2 A Business Improvement District provides funding towards a range of services and improvements that are specific to any place and are in addition to those services provided by the local authority. Such additional services are funded by a small levy paid by occupiers, usually between 1% and 2.5% who then manage delivery through an approved governance arrangement.
- 3.3 The creation of any BID follows a successful ballot amongst those occupiers within the proposed BID area.
- 3.4 A BID runs for a five year term, although this can be shorter, a BID must go through a renewal vote prior to the end of the five year term. Overall there is an 83% success rate at first ballot and 90% success rate at the renewal stage.
- 3.5 For any town to successfully secure a BID there are a number of stages it is required to go through:
- Feasibility
  - Planning
  - Local Authority
  - Campaign
  - Establishment

Some of these stages will run in parallel to each other. Progressing through each of these stages will significantly reduce the risk of failure.

- 3.6 A DCLG loan fund of between £10,000 - £50,000 is available to support organisations/towns through the BID process: this can only be accessed if the above stages are followed. The loan is based on a phased stage release and can be used to support the use of external consultants, local resources, or a mix of both. The Watford application is proposing a mix of both.
- 3.7 As part of the loan application the local authority must confirm their commitment to the proposed timeline and principles of a town moving to a Business Improvement District, and their agreement to act as the accountable body for the loan fund.
- 3.8 If successful in its loan application, the loan will be released in phases. If the outcome of ballot for BID in Watford is successful the loan will be repaid in full within 12 months by the new BID company. If the ballot is unsuccessful the loan does not need to be repaid. Applications to the BID loan fund are assessed on their ability to potentially secure a positive outcome at ballot.
- 3.9 In June 2013 the Watford Town Centre Partnership was formed. The partnership is supported by the Council and comprises of businesses and business interest groups who all agreed on the need to work together to ensure the future success and vitality of Watford town. The partnership is an informal partnership with a Board structure and

an agreed terms of reference. This structure is common prior to the development of a BID company.

3.10 An initial BID feasibility study was completed for Watford in August 2013. This report established that Watford had the capacity to support a BID. The feasibility study concluded:

- Watford town centre would seem to suit a BID
- There appears to be considerable enthusiasm amongst the private sector to work in partnership with the local authority, this is reciprocal
- Any BID in Watford is likely to comprise circa 500 hereditaments and yield approx £500,000 per annum.
- From the research carried out this would appear to be appropriate in scale to meet with business expectations.

3.11 The Town Centre partnership has agreed to progress work to establish a BID. This report seeks authority for the Council to act as accountable body and to support the TCP in their application for a loan to facilitate this process.

## 4.0 **IMPLICATIONS**

### 4.1 **Financial**

4.1.1 The Shared Director of Finance comments that the Council will become the accountable body for the loan and will manage this on behalf of the TCP. If the BID is successful then the loan will be repaid by the BID company.

If the BID company is unable to make the payments then the Council will be expected to underwrite the loan. However, WBC will have first call on any money raised through a BID to enable repayment of the loan. The loan repayments will be deducted from any money raised through the Levy, prior to the funds being passed to the BID. This is part of the loan conditions.

Interest will be payable on the loan at 1% above the rate of inflation and any late payments will be subject to a penalty of 5% above the rate of inflation on the outstanding amount.

If the BID ballot is unsuccessful then there will be no requirement to repay the loan.

### 4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that whilst the Council is the accountable body for the loan, repayment is made out of the levy generated on the businesses within the BID prior to it being used to fund improvements. Should the result of the ballot be a no vote then the loan is not repayable. It is a requirement of any application for the loan that the local authority formally supports the application to proceed to a BID and agrees to be the accountable body.

### 4.3 **Equalities**

4.3.1 Initial consultation has taken place with businesses in the town centre, further consultation and engagement is on-going via the Town Centre Partnership, Town Centre Manager and Watford For You.

#### 4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall score
<i>The Town Centre Partnership is unsuccessful with the loan application</i>	1	4	4
<i>The TCP fails to secure a 'yes' vote at ballot</i>	3	4	12
<i>The TCP is unable to meet the initial proposed deadlines for ballot</i>	3	3	9
<i>ICT failure makes business engagement difficult</i>	4	4	12
<i>Service levels agreements cannot be agreed within the required timeframe</i>	2	4	8

#### 4.5 Staffing

4.5.1 WBC have committed resources to support the development of a BID via the appointment of a Town Centre Manager. The post is currently supported by the Watford For You marketing Manager and part-time administrative support, also provided by the Council.

#### 4.6 Accommodation

4.6.1 The Town Centre Manager is based at the Town Hall, there are no other accommodation implications for the Council.

#### 4.7 Community Safety

4.7.1 No implications

#### 4.8 Sustainability

4.8.1 A successful BID would initially run for 5 years during this times additional services would be delivered in the town supporting the sustainability, viability and economic prosperity of the town and broader borough.

#### Appendices

None

#### 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.”

- Loan Fund Application Guidance
- Loan Fund one pager
- Leadership Team report - August

#### File Reference

None