

*PART A

Report to: Cabinet
Date of meeting: 1st December 2014
Report of: Head of Regeneration and Development
Title: Business Improvement District

1.0 SUMMARY

- 1.1 This report provides an update on the proposal to establish a Business Improvement District (BID) for Watford town centre, which has been led by businesses in the town and supported Watford Borough Council.
- 1.2 The report outlines Watford Borough Council's role as a partner/Board Member on the Town Centre Partnership which is as:
- the Town Centre Manager's employer;
 - the organisation that approves the BID business proposal and business plan prior to ballot;
a town centre rate payer itself;
 - the organisation responsible for management of the ballot and collecting the levies charged and transferring payments to the BID Company, which the authority is legally obliged to do.
- As the Council is a business ratepayer within the designated area in the town centre, the report outlines the financial implications for the Council should the ballot to establish the BID return a positive majority.

2.0 RECOMMENDATIONS

- 2.1 Cabinet agree to support the principle of Watford BID subject to the approval of the BID proposal and business plan.
- 2.2 Subject to the approval of a BID Business Proposal by Committee in 2015 Cabinet agree to nominate the Head of Regeneration and Development as the named person to cast the vote in respect of the Council's eligible properties in the BID boundary area, in consultation with the appropriate portfolio holder.

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Report approved by: Jane Custance, Head of Regeneration and Development.

3.0 DETAILED PROPOSAL

- 3.1 The Council's corporate objectives are to 'Enhance the town's sustainability' and 'Enhance the town's economic prosperity and potential' by exploiting and enhancing its potential as a major retail and business centre.
- 3.2 To achieve this ambition businesses and agencies need to work together to bring investment into the town, to enhance the environment, and promote Watford as the region's primary town centre with the aim of attracting more shoppers, visitors and businesses. A BID provides the opportunity to support this ambition.
- 3.3 The Watford BID will cover the area set out in Appendix 1 and is led by the Town Centre Partnership and an internal, council, BID project group. The Town Centre Partnership includes representatives from across the town, including Intu, the College and the Council. Watford Borough Council is represented by Manny Lewis, Managing Director; other members include the elected mayor, Dorothy Thornhill.
- 3.4 Business Improvement Districts already operate in over 180 locations across the UK. A BID would establish a professional, sustainable and accountable organisation with a specific vision of working together for the benefit of Watford town centre users and businesses.
- 3.5 A BID is a business led initiative. It is an arrangement whereby businesses in a clearly defined area come together as a group and agree what additional improvements they want to see happen in their area in order to stimulate business growth; how they will manage and deliver those improvements and what will it cost them. All of this information is captured in a Business Plan, and a ballot needs to be held, with all businesses within the BID area voting as to whether they would support a specified increased in their business rates which can be used to deliver the improvements specified within the Business Plan.
- 3.6 A BID can last for a maximum of 5 years and must be able to demonstrate how it has benefited businesses who have funded it. The Council would be responsible for collecting the additional business rate levy and the costs of administration and collection could be recovered from the BID receipts.
- 3.7 **The Watford town BID**
Timescales on the Watford BID are progressing quickly. It is proposed the Watford ballot will take place in October 2015; with the result know at the end of October 2015. The vote needs to be satisfied on two counts; a majority of those voting by number and a majority of those voting by rateable value of the premises they occupied or are entitled to occupy. These dates align with a 1 April 2016 start date for implementation

of the BID, so the BID operates across full financial years.

- 3.8 The Watford BID is being developed by the Town Centre Partnership, supported by the Council through a Town Centre Manager, Town Centre Partnership Support Officer, Technical Admin support and a BID project group. Technical support will be sourced externally on an as needs basis. The Business Plan which forms the basis for the ballot will be developed by the Town Centre Manager in summer 2015. This will need to include the costs of billing and collection, including an assessment of non-payment and the required amendments to the Council's business rates systems.
- 3.9 Baselines of current service delivery will need to be established in consultation with relevant WBC service groups to ensure the BID only delivers services over and above what is currently provided in the town.
- 3.10 Businesses were consulted in November 2014 and this will continue into 2015, this consultation will help shape a future BID Business Plan while also feeding into other relevant corporate policy documents.
- 3.11 The Business Proposal will be presented to Committee ahead of the production of the final Business Plan for Council approval in summer 2015.
- 3.12 Colleagues in Legal Services and Democracy (co-ordination of the ballot and service level agreements) and Revenues (will be responsible for billing and collection arrangements) will be involved in the development of the BID proposals as part of the BID working group. Whilst the detail on the costs of billing and collection is still being finalised (the Council will need to implement a new BID module within its business rates system as the BID levy is a separate liability), the view is the BID could be implemented in time of the annual billing in March 2016.
- 3.13 The ballot area has been agreed by the Town Centre Partnership and a voters list will be established, to support this proxy arrangements will have to be put in place. The costs of the ballot are likely to be met by the Council. The BID ballot will be managed by Electoral Services at a cost of approximately £5,000. They will handle all statutory notices, pre-ballot notifications and will issue and collect ballot papers. The ballot is planned to take place in October 2015.
- 3.14 In the proposed Watford BID area it is likely that businesses with a rateable value of less than £10,000 will be exempt from the levy. There are approx 550 businesses in the proposed area above this threshold; based on a levy of 1% an additional income of around £500,000 per annum or £2.5m over the period of the BID term could be generated. However, at this time the levy rate has to be agreed, and given that businesses within the Intu centre already pay service charges for a range of additional services any proposed rate will need to ensure a fair and equitable rate across the town.
- The levy will be determined in advance of the completion of the Business Proposal, and will be confirmed in the Business Plan.
- 3.15 Watford Borough Council has three properties (Town Hall, toilets and car park) in the BID area, based on a 1% levy this would result in a potential levy of £4,798 per

annum.

3.16 The Council is legally obliged to collect levies and can charge the BID company a fee for this arrangement.

3.17 **Next steps for the BID**

- Agree the business priorities for the business plan - this will be achieved via a number of business engagement events and via the TCP Board Members visiting businesses on a one to one basis.
- Agree the BID levy – The TCP Board need to establish what the prospective BID company will be expected to deliver and the probable costs of this. The levy will be set based on this and on an assessment of business tolerance of any levy.
- Agree exemptions – it is being considered that any business with a rateable value of less than £10,000 should be made exempt from the BID levy.
- Consult with business rate payers – Members of the TCP are looking to engage and consult with a minimum of 200 businesses within the BID area. The TCP are supported by the Town Centre team. This is currently being undertaken and will inform the content of the Business Plan.
- Ensure all statutory dates for the ballot have been complied with – the BID project group will track and identify all the relevant dates.
- Finalise billing and collection/accounting arrangements – new ICT systems will need to be implemented and costs of billing and collection/accounting arrangements fully baselined so they can be factored into the Business Plan.

3.18 **Funding a the BID process**

The TCP has applied for a BID loan of £50,000 to help fund the process, if the loan is approved and the ballot is successful the loan will be repaid in full, if unsuccessful the loan does not have to be repaid.

3.19 **Experience from other BIDs**

There is documented evidence from across the UK that demonstrates the success of BIDs in other areas. In Bedford they now have 6 main events per year attracting over 200,000 people, in Derby's Cathedral Quarter (celebrating their third anniversary as a BID), they have developed a ranger service who meet and greet members of the public and liaise on a daily basis with businesses and partners; they have launched loyalty cards, secured funding for new Christmas lights and support large events. The projects and services delivered by BIDs vary from town to town and should be unique and relevant to the town.

3.20 Generally local authorities have been supportive of BIDs developed in their area and have been supportive of the process and like Watford have assisted with early funding to develop the proposal and cashflow to support the establishment of the BID following a positive vote. Many authorities vote in public to further demonstrate their support for the proposal.

4.0 IMPLICATIONS

4.1 Financial

4.2 The Shared Director of Finance comments that the actual cost to the Council will only be known once the full details of the scheme are known.

4.3 There are a number of organisations within the proposed BID district with which the Council has contractual and/or financial relationship. A review of the existing arrangements needs to take place to review the details of the financial arrangements to understand where the responsibility for paying any BID Levy sits. It may be that some of these responsibilities remain with the Council, which may increase the costs to the Council.

4.4 There will be additional costs to the Council for collection of the BID Levy. It is currently assumed that these will be passed on to the BID. In addition there will be set up and training costs which may also be incurred. It is also assumed that these will be passed back to the BID.

4.5 The Council will also incur additional costs in relation to the ballot for the BID. These costs are not currently contained in the existing budget and a growth bid will need to be submitted to cover the additional costs.

5 Legal Issues (Monitoring Officer)

5.1 The Head of Democracy and Governance comments that the legislation requires the Council to approve the final BID proposal before it can go forward to a ballot. The Council as a rateable occupier in the proposed BID levy area will be entitled to vote on the BID proposal. It will have one vote for each eligible rateable heraditament in the BID area.

6 Equalities

6.1 There are no direct impact on equalities from this report.

7 Potential Risks

Potential Risk	Likelihood	Impact	Overall score
The local authority don't support the creation of a BID	2	5	5
The TCP fail to engage with businesses	2	5	10
The TCP fail to secure a YES vote at ballot	3	4	12
<i>These will be added to the risk register going forward as the BID progresses.</i>			

8 Staffing

8.1 Staffing is being put in place to support the development of a BID for Watford.

9 Accommodation

9.1 No accommodation impacts.

10 **Community Safety**

10.1 There are no specific community safety issues.

11 **Sustainability**

11.1 The creation of a BID is a sustainable way of maintaining investment in the town centre and supports the Council's corporate objectives.

Appendices

Appendix 1: Outline of the BID area

Background Papers

No papers were used in the preparation of this report.