

Meeting:	Harrow Town Centre Forum
Date:	Wednesday 31 October 2007
Subject:	THE TOWN CENTRE FORUM, PROPOSED BID COMPANY AND BOARD STRUCTURE
Responsible Officer:	Graham Jones
Enclosures:	Appendix 1 – Town Centre Forum Structure (as elected at AGM July 2006) Appendix 2 – Board Membership Structure Options Appendix 3 – BID Company Structure Options

Section 1 – Summary and Recommendations

This report sets out possible structures for the Harrow Business Improvement District (BID) Board and Company. It particularly looks at the relationship between the current Town Centre Forum and a new BID Company structure.

Recommendations:

The Forum is requested to:

- Agree that a Shadow BID Board be established as soon as possible to lead the BID development process until the ballot
- Agree that the Town Centre Forum will act as a consultation body to the Shadow BID Board as set out in this report
- Note and comment on the proposed BID Company Structure options as set out in the report
- Note and comment on how the Town Centre Forum will be merged into this new structure if and when a BID Company is established.

Section 2 – Report

Background

Following a decision of the Harrow Town Centre Forum in October 2006, the Council's Strategic Planning Unit has been looking at the feasibility of establishing a Business Improvement District (BID) in the Town Centre.

Current best practice suggests that BIDs need to be business-led and to operate in a business-like manner. Although the BID regulations do not require establishment of a BID company, it is believed that this is an essential step in making the BID partnership ready to become a formal BID.

The current Town Centre Forum (TCF) was established to co-ordinate and be representative of all stakeholders in Harrow Town Centre. With the potential establishment of a BID for Harrow, the role of the TCF needs to be reconsidered in relation to the BID, its Board and a future BID Manager.

What is the process?

1. Formalising the BID Company

A BID company should be set up with a Board and Chair to lead the BID development process. This can be an informal organisation (a "Shadow Board") initially but eventually the partnership should be formalised into a legal company structure, with its own memorandum and articles of association and appropriate corporate governance procedures. For example, at Hammersmith BID, the shadow Board managed the BID Company for the first year of operation. After the first year of operation, one third of places on the Board will be up for re-election.

Currently all BID companies are formalised as companies limited by guarantee, which means that the director's liabilities are limited (usually to £1 each) and the company does not have share capital or distribute profits.

2. The Role of the Board

A Board of company directors leads the BID partnership making all major decisions at Board meetings. The BID needs a strong board which is not only committed to the BID concept but also capable of being BID champions in order to sell the BID to their peers.

Day-to-day management of the BID partnership is delegated to the staff team. Board sub-groups may also be set up to oversee particular areas of the BID partnership's activities. The BID Board needs to be made up of individuals who are capable of acting as strategic thinkers for the area.

The Board must be representative of the entire local business community and not dominated by a particular sector or interest group. However, in the initial stages of setting up the partnership the involvement of property owners and local professional services like solicitors and accountants can be particularly effective. Heart of London established a six-member BID Advisory panel to make recommendations to the main BID Board in order to reduce the time taken making decisions at Board meetings.

The structure and membership of the board should be decided with input from businesses but it should have a private sector chair who is a well-known and

trusted member of the business community. Typically there will be between 12 and 17 directors. In allocating Board places between sectors, a balance needs to be struck between size of the sector in terms of absolute numbers and rateable value.

3. The Role of the Chair

Selecting a good Chair is a key starting point because developing a BID requires leadership and direction. The Chair needs to be from the private sector so as to gain support of the overall business community (Both Boots the Chemist and the Inter Bank Rating Forum - that represents Banks and Building Societies - require a private sector chair before they will support a BID proposal).

The function of the role can vary from a nominal head to tight day-to-day involvement but it is vital that the Chair is someone who can drive forward the agenda. Ideally he/she should also be a capable and willing public speaker who is prepared to devote time and effort to leading development of a BID in the area.

Originally all but one of the Circle Initiative Chairs came from big business, developers or professional services based in, or adjacent to, the BID area. These individuals brought their own professional skills to the pilot and an inherent understanding of the role of Chair and the functioning of a Board. They had an additional advantage in that their time was 'corporately-funded' by their organisations.

4. Public Sector Representation

Public sector agencies such as the local authority and the Police, as well as residents and voluntary contributors such as property owners can also be involved in the Board. It is likely that these places will be observer places only as they are unlikely to contribute to the BID income, but this should be decided as a group.

Recommendation

Based on the issues highlighted above, the following summarises a possible approach and structure for taking forward the BID within Harrow, taking account of local circumstances. The following section sets out proposals over the short and medium term.

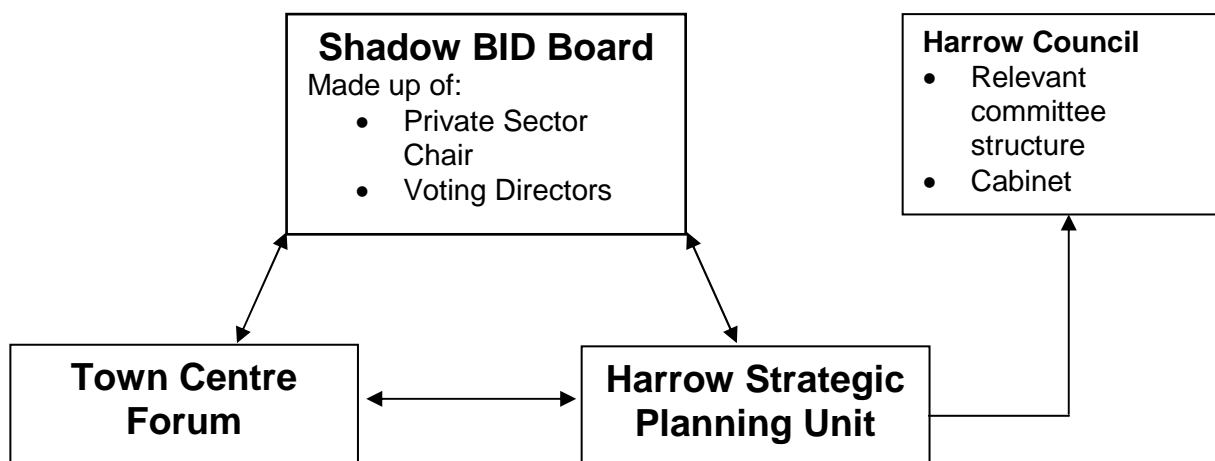
(i) Short Term Proposals

Shadow Board

It is proposed not to formally establish a BID company until and unless there is a successful BID ballot. This will save time and money. Instead, a "Shadow Board" will guide the development of the BID Proposal/Business Plan over the coming months.

It is proposed to establish this Shadow Board as soon as possible. The role of the Shadow BID Board, made up of a small group of potential BID payers (say 4- 6 people), will become more and more important as the proposals for the BID are slowly developed. Ultimately, the Shadow BID and Board will act as the proposer for the BID ballot.

Fig 1 Proposed Short Term Structure



Town Centre Forum

It is proposed that the current Town Centre Forum (TCF) will continue with its present form (the membership as agreed at the previous AGM in July 2006 is attached as appendix 1). The Town Centre Forum would continue to co-ordinate and be representative of all stakeholders in Harrow Town Centre. However, the TCF would link directly to the BID Board and act as a consultation/sounding board for BID related proposals.

Harrow Strategic Planning Unit

Members of the Council's Strategic Planning Unit would continue to undertake the majority of the work in relation to BID development. It would also formally report progress on BID development through the Council's Committees.

(ii) Medium Term Proposals

Board Membership and BID Company Structure

In the medium term, the relationship of the BID Company to the TCF and the Council and the membership of the formal BID Board will have to be agreed.

Although the exact membership of the BID Board does not have to be decided at this time (Possible Board membership examples are given in appendix 2), **BID Company Structures** and related groups need to be considered and agreed prior to the ballot. Possible options are set out in **Appendix 3**. These show how the TCF could link with the BID Company and BID Board.

Both options include a BID Company and BID Board, and a BID Manager. However, in option 1, the current Town Centre Forum is developed into a Town Centre Consultation Group while in option 2, the Town Centre Forum is developed into a more formal Town Centre Partnership.

They also show optional Implementation Sub groups which would be established to lead particular projects similar to the current Town Centre Forum's Promotion and Marketing Sub-Group.

Option 1

This proposed structure assumes a relatively large Board membership and therefore also includes an "Executive Group" similar to the current Town Centre Forum Executive (and Heart of London's "BID Advisory panel"). If there is a small Board, there may be no need for the Executive Group.

The Consultation Group will be based on the existing Town Centre Forum and include non –business representatives who are not able to vote at the BID ballot but still have an interest in the town centre.

Option 2

The main difference assumes that the existing Town Centre Forum develops into a more formalised Town Centre Partnership. Membership of the Town Centre Partnership could be expanded to include a wider stakeholder interest. The BID Company and Board would be focussed on delivering a specific programme to address specific issues within a defined geographical area.

This possible structure assumes a relatively small Board membership and therefore it is assumed that there is no need for the Executive Group.

Options considered

The alternative approach would be to set up a more formal BID company at this stage to lead the BID development process. However, firstly the cost and time in legally establishing a company although relatively small could be wasted if a “NO” vote is obtained. Secondly, there is currently limited interest from the private sector in the BID process. It is considered that to identify a number of business representatives to act as a BID Board would take time; this time would be better spent in developing the BID proposals. Finally, given the limited budget, it is considered that any money should be spent directly on the BID development process at this stage.

Considerations

Legal

The Local Government Act 2003 provided the legislative framework to enable BIDs to be established in England.. The Business Improvement District Regulations (England) 2004 relating to BIDs were passed in September 2004. These give details of precisely how BIDs should be set up and the ballot process. It also sets out the circumstances under which the billing authority ie Harrow Council may veto the proposals. These are:

- If the proposals conflict to a material extent with any policy adopted by the billing authority
- If the proposals mean that a voter has a significantly disproportionate financial burden compared to others in the BID area
- And that burden is caused by the manipulation of the BID area or BID levy and the burden is inequitable

The proposals may also be vetoed up to 14 working days after the day of the ballot under a certain number of given criteria.

Financial Implications

Once established, the Shadow BID Board would decide on how the Town Centre Forum’s budget is spent in progressing towards a BID ballot.

Officers within the Council’s Strategic Planning section will continue to support the development of the BID during this period through officer time.

Performance Issues

It should be noted that Harrow Council includes the “Regeneration of the town centre” within its Vision and Corporate Priorities for 2007/2008 while the Council’s Economic Development Strategy “Enterprising Harrow - Building North West London’s Competitive Edge” includes a commitment to improving the offer of the Town Centre through the development of a Business Improvement District.

Section 3 - Contact Details and Background Papers

Contact: David Sklair, Regeneration Project Manager, 020 8736 6084

APPENDIX 1: TOWN CENTRE FORUM STRUCTURE (as elected at AGM July 2006)

Chair - St Georges Shopping Centre Manager (Mr Steve Kent)

Vice Chair - Cllr Narinder Singh Mudhar (Greenhill Ward Councillor)

Core Funders

No nominations were received for additional Core Funders to serve as members of the Forum.

Ordinary Members

(Leisure Industry) Vacancy

(Small Retailers) Vacancy

(Residents) Roxborough Resident's Association

(Business Sector) Orient Rice and Foods Ltd

(Education) Harrow College

Executive

Chair

Vice-Chair

Harrow Town Centre Manager (until October 2006)

Debenhams Manager

St Ann's Shopping Centre Manager

Promotion and Marketing Sub-Group:

St Ann's Shopping Centre Manager

TCF Chairman St George 's Shopping Centre Manager

Orient Rice and Foods Ltd Mr Amin Lalljee

Harrow Town Centre Manager Ms Linda Arlidge (Until October 2006)

Harrow Council Tourism Officer (from October 2006)

Other attendees

Cllr Marilyn Ashton, Planning, Development and Enterprise Portfolio Holder

Anthony Wood – Harrow Passenger Transport Users Association

Rev Bob Gardiner – Harrow Churches

PC Mick Milner

Sgt Kate Rogers

DEFINITIONS

Core Funder - any organisation who contributes a minimum of £1,000 per annum to the Forum's budget or offers relevant contribution(s) in kind equal to a minimum value of £1000 per annum (or such other amount as the Forum may agree from time to time)

Permanent Member - any organisation which is not a Core Funder but which is appointed to Permanent Membership by the Forum from time to time.

Ordinary Member - any organisation (up to a maximum of 5) appointed or elected by the Forum to represent relevant stakeholders in the Town Centres in accordance with clause 3.3.4

Non-Voting Advisers - any organisation which is appointed by the Forum from time to time to advise on particular matters.

APPENDIX 2: BOARD MEMBERSHIP STRUCTURE OPTIONS

Approach A

The board could have a membership structure where places are assigned by sector, and numbers allotted by a combination of percentage levy contribution and total numbers.

Approach B

The board membership is such that the occupiers never make up more than 49% of the board, whilst property owners make up 51%. This means that the property owners will always have a controlling vote.

Examples

Better Bankside – In the transition to a formal BID the Board became a lot stronger and more representative. The Board was extended, through invitation, in line with the new Memorandum and Articles of Association. The first elected Board came into effect after the first AGM in Feb 2006.

The Holborn partnership – There was a smooth transition when the BID was formalised. About half of the Board remained the same after the ballot and the existing Sub groups were enlarged to become more representative of the BID company membership. Board representation is allocated according to the value of BID levy contributions as follows:

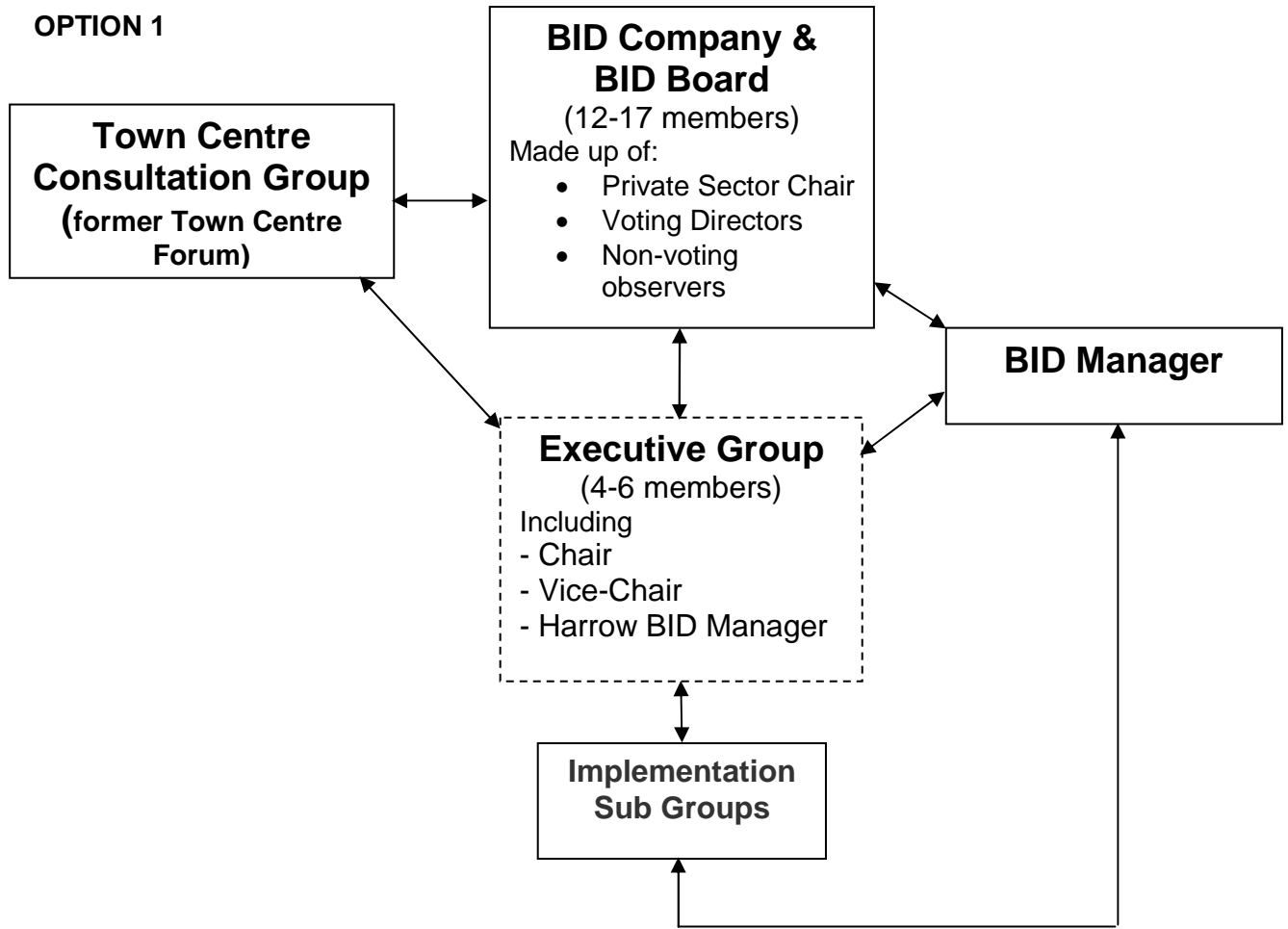
Tier	BID Levy per annum	Total Board Representatives
1	£10,000 or more	6
2	£5,000 and £10,000	3
3	£1,000 and £5,000	1
4	£500 and £1,000	1
5	£100 and £500	1

Heart of London's BID board has 17 Directors, with the following allocation of places: 8 property owners, 7 BID levy payers, 1 local authority, and 1 for the Chief Executive. In addition, Heart of London established a six-member BID Advisory panel to make recommendations to the main BID Board in order to reduce the time taken making decisions at Board meetings. This group comprises 50% property owners and 50% BID levy payers.

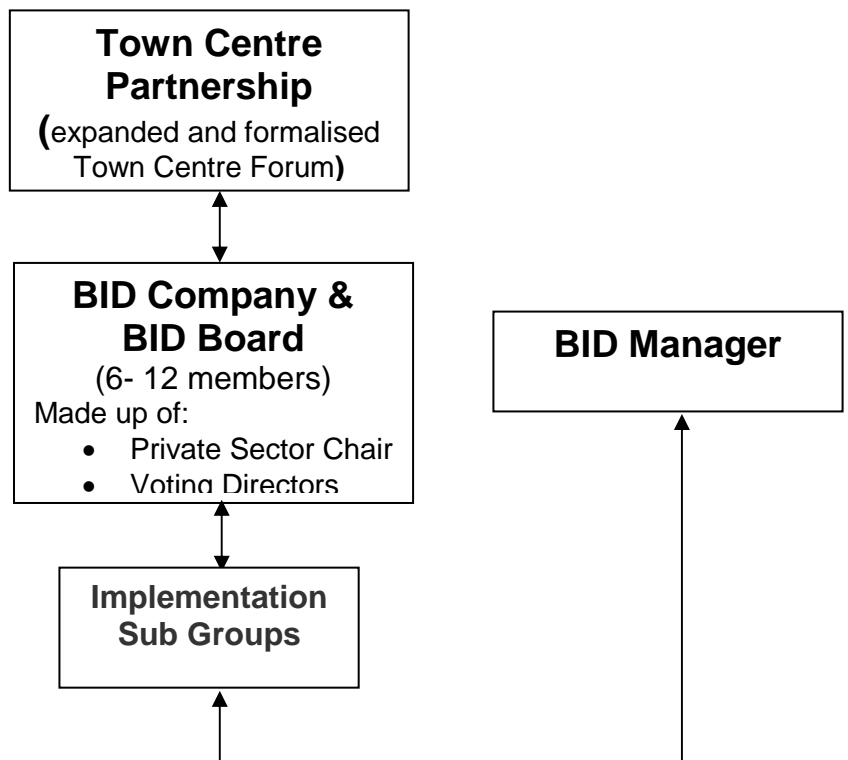
An exception to their Articles of Association states that property owners cannot fall below 51% of Board places because they are the major contributors to the company through voluntary contributions.

APPENDIX 3: PROPOSED BID COMPANY STRUCTURE

OPTION 1



OPTION 2



DEFINITIONS

Board: A Board of company directors leads the BID partnership making all major decisions at Board meetings.

Executive Group: is a small (numbers and membership to be agreed) BID advisory group to make recommendations to the main BID Board in order to reduce the time taken making decisions at Board meetings.

Town Centre Consultation Group: This is the current Town Centre Forum – membership could be altered. The new group will provide a consultation function to the BID Company and Board.

Town Centre Partnership: Would develop the role of the current Town Centre Forum by taking a more sophisticated role in the future of the town centre.

BID Manager: would look after the day to day running of the BID Company and take on the town centre manager role.

Implementation Sub Groups: made up of a BID board member as a chair and other businesses not on the main board to maximise local business involvement. This has the added bonus of potentially minimising time commitments on most of the main board members.