



THE BID LOAN FUND

APPLICATION GUIDANCE NOTE

Principles of the Loan Fund

The BID Loan Fund process adopts the British BIDs Five Stages of BID Development and as such loan applications are invited to fund all five stages of the process or just later stages if some progress has already been made on the earlier stages.

Loan Fund Value

Loans of between £10,000 and £50,000 are available. The five stages will, as a general rule, govern the profile of the funding. Exceptions to this rule may be made in certain circumstances where it is demonstrated that a variation to the spending profile is required.

Release of Funds

Following approval of a Loan Fund application, a BACS transfer of agreed funds will be made to the nominated Local Authority acting as the accountable body for the loan recipient. The Local Authority will be instructed as part of the Fund transfer documentation to pass across the designated funds to the loan recipient according to the loan fund agreement issued by British BIDs.

Funds will be released on a stage payment basis from application form approval through to establishment following satisfactory submission of the required outputs. The required outputs for delivery within each stage are set out below together with an indicative breakdown of funds per stage. These percentages can be varied if required.

- **Stage 1: Feasibility stage** – 10% funds released on successful application to resource the following outputs:
 - Feasibility report containing evidence and outcomes of all key aspects

- **Stage 2: Planning stage** – 40% funds released on satisfactory feasibility stage to resource the following outputs:
 - Summary report of research and consultation undertaken
 - Evidence of database completion
 - Summary of the modelling undertaken to reach the conclusions on BID levy rule
 - Draft BID proposal document

- **Stage 3: Local Authority stage** – 20% funds released on satisfactory planning stage to resource the following outputs:
 - Evidence of completed legal agreements
 - Outline of Council processes to ballot

- Evidence of voter database compilation
- Completed ballot checklist covering all details of the proposed ballot operation
- **Stage 4: Campaign stage** – 20% funds released on satisfactory local authority stage to resource the following outputs:
 - Evidence of communications strategy implementation
 - Summary of ballot process and successful ballot result
 - Detailed establishment proposals
- **Stage 5: Establishment stage** – 10% funds released on satisfactory campaign stage to resource the final establishment stage.

A deadline for submission for each stage would be given with an opportunity to resubmit any unsatisfactory materials once within an agreed timeframe. Please note that it is not essential to apply for funding for all consecutive steps but the outputs for all steps are required to release loan fund payments.

Repayment of Funds

As part of the loan fund agreement there will be agreed repayment terms that will be set based on the amount of loan together with the annual levy income due following successful ballot. It is a condition of the loan that the relevant loan investment and repayment commitment has been written into the BID Business Plan that goes to ballot to ensure repayment from levy income will be permissible. A letter of commitment to this principle will be a requirement of the eligibility criteria.

The responsibility for repayment of funds lies with the local authority as accountable body. The local authority is required to make the repayment at source from the BID Revenue Account prior to passing over the levy funds to the BID company. It is a condition of the loan that this principle is enshrined within the legal Operating Agreement, which defines the levy collection and enforcement terms. There will be no requirement on the part of the local authority to scrutinise successful completion of each stage of development as this is undertaken by British BIDs and no obligation on the part of the local authority for the debt to be repaid in the event of an unsuccessful ballot.

Interest on the Loan

Interest will be charged on the loan at 1% above the rate of inflation calculated as an annual uplift at the time of award. For example, if the repayment is due in one instalment in one year, it will just be 1% above inflation once. Alternatively, if the repayment is due in two instalments over two years, it will be 1% above inflation on the full amount once and 1% above inflation on the second instalment amount once.

Late repayments would be subject to a penalty rate of 5% above inflation calculated on the total sum owing at the repayment deadline and charged monthly thereafter at the time of administering the loan.

Application Procedure

Interested parties are invited to submit an application using the BID Loan Fund Application Form and the BID Loan Fund Timeline. Both documents must be submitted before consideration will be given to the application. Please note that detailed dates of the Timeline will not be possible at the very early stages of development and therefore the initial submission will only require indicative dates by month. However the Timeline will need to be updated and resubmitted with each stage payment submission.

It is essential that applicants are able to satisfy the required Eligibility Criteria as follows:

- Formal inclusive partnership in place with defined governance arrangements
- Costed proposal for management and other resource to support the process
- Demonstration of initial preparatory work to show probable scale of the BID and budget
- Evidence of business interest in the BID concept (5% of probable levy payers)
- Commitment from the local authority to the proposed timeline and principles
- Agreement from the local authority to act as accountable body

Who can Apply?

The Loan Fund is open to new developing BIDs in town centre locations. Applications from renewing BIDs, industrial BIDs and TBIDs will not be considered. Locations that have previously failed a BID ballot may apply for the loan fund as long as their failure was at least three years before the loan application date.