

RECORD OF OFFICER DECISION

Economy and Place Scheme of Delegation Section 71

Decision title:	Debt Write Off of £100k, reducing the loan previously made to the Herefordshire County Business Improvement District
Date of decision:	14 May 2025
Decision maker:	Director for Finance
Authority for delegated decision:	The Financial Procedure Rules provide authority for the Director for Finance to approve the write off with a requirement to report to Cabinet.
Ward:	All Wards
Consultation:	Cabinet Member for Finance, Cabinet Member for Economy and Growth
Decision made:	To write off £100k of a £210k loan from the council to the Herefordshire County Business Improvement District (DBID) limited by guarantee company, to be funded from the Hereford Enterprise Zone Business Rates Reserve.
Reasons for decision:	<p>The £100k write off of the loan owed to the council by Herefordshire County Business Improvement District is due to circumstances which have impacted the income which was due to support the repayment of the loan as detailed below.</p> <p>A ballot was held of relevant businesses from across the county in November 2021, who voted in favour of forming the Herefordshire County Business Improvement District (BID). Relevant businesses voted in favour of the delivery of a 5 year business plan, focussed on supporting tourism and independent retail, funded through a 2% levy on business rates collected by the council on behalf of the BID.</p> <p>In 2022 the council provided an initial loan to the Herefordshire County BID to enable the limited by guarantee company to be formed and staffed, while preparations could be made to collect the levy (Decision - Herefordshire County Business Improvement District Advance Request - Herefordshire Council). The loan was to be repaid through the collection of the levy in the first year of operation. During preparations for the collection of the levy a potential issue was identified in terms of the definition of an exemption made in the BID's business plan. As such legal advice was sought to resolve this matter. A delay to seeking legal advice and concluding the issue of circa 6 months meant that the levy could not be collected in the first year of the BID operations in order to repay the loan.</p> <p>The outcome of this issue identified no clear issue or fault by either party, but the delay in resolving it led to the reduction of income. Should the BID now be required to repay the full loan (£210k) in</p>

Further information on the subject of this report is available from Mr Mark Tansley on 01432 261815

	<p>the final 18 months of their current 5 year term (circa 50% of their annual income), it would significantly curtail the support they can provide to independent retail and tourism businesses, and to promote the county's visitor offer.</p> <p>Therefore, it has been agreed that the council will write off £100k of the loan in consideration of the circumstances outlined above, and to enable the BID to continue to deliver critical support to local businesses to the benefit of the local economy.</p>
Highlight any associated risks/finance/legal/equality considerations:	<p>There is a risk that the remainder of the loan will not be paid.</p> <p>To mitigate this risk, assurances have been provided by the company Board, in respect of the company's financial position and performance and ability to repay the remaining loan amount (£110k).</p> <p>A repayment profile has been agreed with monthly instalments scheduled to repay the outstanding amount, in full, by December 2026. As the council collect the levy on behalf of the BID, we are aware that the funds are available.</p> <p>The reduction in the loan will enable the company to continue to provide support to local businesses, in turn supporting the local economy. Therefore, the £100k loan write off will be funded from the Hereford Enterprise Zone Business Rates reserve.</p>
Details of any alternative options considered and rejected:	<p>To not write off the £100k – this would place the company in receipt of the loan in significant financial difficulties, and result in the reduction or cessation of services to support the local economy.</p>
Details of any declarations of interest made:	<p>none</p>

Signed..... Date:

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